



ӨСАБ КАЗАХСТАН

Өндіруші салалар ашықтығы
бастамасын асыру туралы.



ИПДО КАЗАХСТАН

Реализация инициативы
прозрачности добывающих
отраслей в Республике
Казахстан.



EITI KAZAKHSTAN

Implementation of the extractive
industry transparency initiative in
the Republic of Kazakhstan.

ҰЛЛТЫҚ ЕСЕП

НАЦИОНАЛЬНЫЙ ОТЧЕТ

NATIONAL REPORT



МУНАЙГАЗ СЕКТОРЫ
НЕФТЕГАЗОВЫЙ СЕКТОР
OIL AND GAS SECTOR



ТАУ-КЕН СЕКТОРЫ
ГОРНОРУДНЫЙ СЕКТОР
MINING SECTOR

2017



THE 13th NATIONAL REPORT

On the implementation of the Extractive Industries Transparency Initiative in the Republic of Kazakhstan for 2017

The work is performed by “UHY SAPA Consulting” LLP in accordance with the contract on public procurement of services № 75 dated June 22, 2018 entered into with the RSI “Committee of Geology and Subsoil Use of the Ministry of Investment and Development of the Republic of Kazakhstan”

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List of definitions and abbreviations

EITI	Extractive Industries Transparency Initiative
BP	British Petroleum
CRIRSCO	Committee for Mineral Reserves International Reporting Standards
EIA	Energy Information Administration (EIA) — independent agency within the US Federal Statistical System responsible for collecting, analyzing and disseminating energy and energy information.
JSC	Joint Stock Company
KASE	Kazakhstan Stock Exchange
LSE	London Stock Exchange
NCOC	International Consortium of North Caspian Operating Company
LTD	Limited Liability Partnership
FATF	Financial Action Task Force on Money Laundering - FATF
SWAP	is a derivative contract through which two parties exchange financial instruments
AMME	Association of Mining and Metallurgical Enterprises
JSC	Joint Stock Company
«KMG» JSC	«National Company «KazMunayGas» JSC
«EP KMG» JSC	«Exploration Production «KazMunayGas» JSC
Samruk-Kazyna JSC	«National Welfare Fund «Samruk-Kazyna» JSC
«CNPC-Aktobemunaygaz» JSC	«China National Petroleum Corporation–Aktobemunaygaz » JSC
APP	Aktau Plastics Plant
BIN	Business Identification Number
GDP	Gross domestic product
MPP	Mining and Processing Plant
MC	Mining company
GE	Geological exploration
SI	State institution
USSUMS	Unified State Subsoil Use Management System
IIS USSMS RK	Integrated Information System of the Unified State Subsoil Management System of the Republic of Kazakhstan
EITI	Extractive Industries Transparency Initiative
NAC «Kazatomprom»	«National Atomic Company «Kazatomprom» JSC
NF	National Fund of the Republic of Kazakhstan
NMH	National Managing Holding
BCC	Budget classification code
SRC	State Revenue Committee
KIOG	Kazakh Institute of Oil and Gas
KPO	Karachaganak Petroleum Operating B.V.
CIT	Corporate income tax
CS	Committee on Statistics

CPC	Caspian Pipeline Consortium
LCT	License and contract terms
IAEA	International Atomic Energy Agency
LB	Local budget
MID	Ministry of Investment and Development of the Republic of Kazakhstan
MOP	Main oil pipelines
MEMR	Ministry of Energy and Mineral Resources
DE	Department of Energy
IC	Interdepartmental Commission
MoU	Memorandum of understanding
MCI	Monthly Calculation Indicator
ISA	International Standards on Auditing
IFRS	International Financial Reporting Standards
MF	Ministry of Finance
MET	Mineral Extraction Tax
VAT	Value Added Tax
R & D	Research and Development
NC SEC «Aktobe»	National company «Social-entrepreneurial corporation «Aktobe»
EPT	Excess profits tax
NCS	National Council of Stakeholders
PP	Petrochemical plant
NHC	National Holding Company
FPSA	Final Production Sharing Agreement
PC	Production company
PKOP	«PetroKazakhstan Oil Products» LLP
RB	Republican budget
RK	Republic of Kazakhstan
SBC	Socio-business corporation
PSA	Production Sharing Agreement
TAI	Total annual income
SSOMPPA	Sokolovsko-Sarbaysk ore mining and processing production association
TS	Technical Specification
LLP	Limited Liability Partnership
FS	Feasibility study
TCO	«Tengizchevroil» LLP
UMP	Ulba Metallurgical Plant

The weighted average exchange rate of the tenge for 2017 amounted to 326.00 tenge per 1 US dollar

050036, Республика Казахстан
г. Алматы, мкрн. Мамыр-4, д. 14

Тел +7 727 380 01 82
+7 727 380 02 95
Факс +7 727 380 01 57

Email office@uhy-kz.com
Web www.uhy-kz.com

14, Mamyр-4, Almaty
050036, Republic of Kazakhstan

Tel +7 727 380 01 82
+7 727 380 02 95
Fax +7 727 380 01 57

Email office@uhy-kz.com
Web www.uhy-kz.com

Report on the results of the implementation of the agreed procedures

The EITI Secretariat and members of the National Stakeholder Council for the implementation of the EITI in the Republic of Kazakhstan:

We are reconciled the “Report on significant tax and non-tax Payments / Receipts” and “Report on Payments / Receipts on socially significant goals for subsoil users”, whose tax payments were recognized by the NSC significant, submitted by Payers of the oil and gas and mining sectors, according to the requirements of the Technical Specification (TS) to prepare a national report on the implementation of the Extractive Industries Transparency Initiative (EITI) for 2017 and Recipients data.

The recipient of taxes and other obligatory payments to the budget (hereinafter - the "Recipient") is:

- State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan (RK), - on tax and other payments to the budget, including customs payments.

The purpose of the reconciliation is to ensure the completeness, accuracy and availability of information on payments / receipts to the state from the extractive industries for 2017 in connection with the implementation of the EITI in the Republic of Kazakhstan.

The reconciliation was carried out on the basis of the EITI Memorandum of Understanding (hereinafter referred to as the MoU) on the implementation of the EITI of October 9, 2013, signed by the Government of the Republic of Kazakhstan, deputies of the Parliament of the Republic of Kazakhstan, representatives of companies working in the extractive industries and non-governmental organizations and Agreement No. 75 on public procurement of services from 22 June 2018 with the RSU “Committee of Geology and Subsoil Use of the Ministry of Investment and Development of the Republic of Kazakhstan”.

The reconciliation was conducted in accordance with International Auditing Standards (ISA) applicable to ancillary services (ISSAC 4400 “Agreements on the Implementation of the Agreed Procedures for Financial Information”). The agreement on the implementation of the agreed procedures included checking, analyzing data and comparing them with primary documents, personal taxpayer accounts data, Recipient reports, and currency conversion, according to which the reconciliation was performed to obtain sufficient information and evidence to express an opinion on the audit purpose.

Responsibility for the quality and accuracy of the information of the Taxpayer shall be borne by the first head or representative of the Payer, who has been delegated the appropriate authority, and has the right to sign, as well as head of financial and economic services. Responsibility for the quality and accuracy of the Recipient's information is borne by the head of the relevant Authorized state body and / or organization.

The reconciliation includes verification, on the basis of testing, of evidence confirming the reconciliation of reports submitted by Payers with the Recipient's data.

We have performed the following procedures:

- We received completed reports on receipts and payments from relevant government agencies and extractive companies from the IIS USSMS RK portal, who participated in EITI reporting;
- Compared budget revenues with extractive companies' payments for the 2017 fiscal year;
- When identifying discrepancies between the amounts that were included in the reports of mining companies and government agencies:
 - found out the reasons for each difference from mining companies and government agencies through meetings, emails and phone calls;
 - to the extent possible, reconcile explanations of discrepancies that were submitted by mining companies and government agencies, with supporting documents, such as statements of personal accounts on the status of settlements with the budget, payment orders, checks, reconciliation acts;
 - for each discrepancy described the amount and provided supporting documents;
 - combined all outstanding discrepancies, described in section IV «Summary report on significant tax and non-tax payments / receipts», determined the percentage of unexplained discrepancies from the amount of tax, and assessed how significant the effect on the distortion of information.

As a result of the work done - collecting, reconciliation, analysis and a set of reports submitted by Payers and Recipient, studying primary documents, personal accounts and acts of reconciliation of mutual settlements requested from Payers and Recipient, analyzing and comparing them, determining the causes of discrepancies, came to the opinion that the submitted reports of Payers and Recipient for 2017 were compiled in accordance with the approved Instruction. The identified discrepancies are explained and described.

In accordance with the requirements of TS and the new EITI Standards, the national report includes a review of the extractive sector (contextual information) in Chapter III, describing the legal framework and fiscal regime operating in the extractive industries, extractive industries, production and export volumes, export directions, contribution of industries in the economy in 2017, information on the state's participation in the mining industries,

as well as the management of revenues and expenditures, the licensing process and registry, and also on beneficial ownership and contracts.

The result of the work performed was the compilation of the 13th National Report for 2017, containing an overview of the extractive industries and a reconciliation of significant tax and non-tax Payments / Receipts for 2017, in accordance with the requirements of the TS, approved by the NCS.

General Director,
Auditor of the Republic of Kazakhstan
Qualification certificate №0318
Of May 2, 1997


T.E. Nurgaziyev

Project Manager,
Auditor of the Republic of Kazakhstan


M.S. Ilyasov

Auditor of the Republic of Kazakhstan:
Qualification certificate № – 0000238
Of February 18, 2015


S.A. Seitmagzimova

Dated of October «26», 2018 year

RK, Almaty, md. Mamyr - 4, 14

EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE REPORT FOR THE YEAR ENDED DECEMBER 31, 2017

I. REPORT ON THE ACTUAL RESULTS OF ASSEMBLING AND VERIFICATION OF CASH FLOWS, PERFORMANCE OF AGREED PROCEDURES

1.1. EITI in the Republic of Kazakhstan

The implementation of the EITI has been carried out in Kazakhstan since 2005, since the announcement of N.A. Nazarbayev as president. relevant statement.

According to the Government Decision on the approval of the provisions of the MID of the Republic of Kazakhstan dated September 19, 2014. No. 995 (Chapter 2., paragraph 12, subparagraph 73), the functions of the MID of the RK provide for the implementation of the Extractive Industries Transparency Initiative (hereinafter - the EITI). Accordingly, the provision of the State Committee of the Ministry of Education and Science of Kazakhstan also provides for this function.

EITI activities in Kazakhstan are coordinated by the National Council of Interested Parties, headed by the Minister for Investment and Development Zhenis Kasymbek. It includes deputies of the Mazhilis, representatives of the Ministry of Economic Development, the Ministry of Economy, the Ministry of Finance, companies of the oil and gas and mining sectors, as well as civil society (three main members and 3 substitutes). The working body is the Secretariat in the RCGE «Kazgeoinform» of the State Scientific Committee of the Republic of Kazakhstan.

During the implementation period, 12 national reports were issued, the production of which is financed from the state budget.

Legislative basis. Article 76 of the Subsoil and Subsoil Use Code, paragraph 3. Subsoil users conducting mineral exploration and mining operations, with the exception of mining and mining operations for common minerals, are required to submit to the competent authority the reports provided for by the EITI Standard, confirmed by an auditor in accordance with The Law of the Republic of Kazakhstan «On Auditing».

The form of these reports and the guidelines for their completion are developed and approved by the state body authorized to implement the standard of the Transparency Initiative of the Extractive Industries in the Republic of Kazakhstan.

The goal of the EITI for the country is to ensure transparency in the management of the country's natural resources and the disclosure of government revenues from the extractive sector. The mechanism of the standard is that extractive companies publish information about payments, the government will make public the amount of income. Data is collated on an annual basis in the National EITI Report and is accompanied by international peer review. The process is monitored by the NCS. All decisions of the NCS are made on the basis of consensus.

In 2013, according to the results of Validation, the International EITI Board assessed Kazakhstan's compliance with all EITI requirements and was assigned the status of «EITI Compliant Country» (*Protocol of the 25th Meeting of the International EITI Board* <http://eiti.geology.gov.kz/ru/homepage/normative-base>)

Since 2014, Kazakhstan has introduced EITI reporting by companies - subsoil users (tax payers) online through the USSMS portal. The reconciliation with the data of the Ministry of Finance of the Republic of Kazakhstan (tax recipient) is carried out automatically, and the final reconciliation reports, including disaggregated information for each company, are available online to all interested parties http://egsu.energo.gov.kz/webapp/pages/ipdo/appendix_1_5.jsf?faces-redirect=true

A popular version of the EITI report was made, which is of a graphical and analytical nature, which reflects the history of EITI implementation in the country, the dynamics of payments over the past 5 years, the share of the mining and oil and gas sectors, income distribution by region, social investments, basic macroeconomic indicators <http://eiti.geology.gov.kz/ru/national-reports>.

Since 2015, reporting on the expenses of companies - subsoil users for the social development of regions online through the USSMS portal, accessible to everyone, has been introduced. Reconciliation of data on the expenditures of companies - subsoil users on the social development of the regions and the data of akimats who used these funds is being carried out. The final social investment reconciliation report is available on the EITI National website.

In 2017, a pilot study on the integration of EITI into state open data monitoring systems «Mainstreaming» was completed, the essence of which was to eliminate duplication of data in EITI reports with existing reports of companies and the Government, taking into account the available open data.

According to the **EITI Rules**, implementing countries are validated for compliance with the EITI standard every 3 years.

In 2017, Kazakhstan underwent another validation process. On February 13-14, 2018 in Oslo (Norway), during the 39th Meeting of the International EITI Board, a decision was made regarding the status of Kazakhstan. The EITI International Board decided that Kazakhstan had made significant progress in implementing the EITI, with a number of recommendations for improving the further implementation of the EITI <http://eiti.geology.gov.kz/ru/validation>.

II. Approach for data reconciliation

2.1 Purpose

The purpose of the reconciliation is to ensure the completeness, accuracy and availability of information on payments / receipts to the state from the extractive industries for 2017 in connection with the implementation of the EITI in the Republic of Kazakhstan.

2.2. Scope of work

The reconciliation was carried out on the basis of the cash method of accounting. In carrying out the work, we relied on reports, information and clarifications received from relevant government agencies and mining companies. We make no representations about the accuracy or completeness of such information. If there were payments that were not reflected in the submitted reports of companies and government agencies, and they were not detected by us in other ways, then our procedures were not enough to identify them.

This report was prepared in English, Russian and Kazakh languages. In case of discrepancies or inconsistencies between versions in 3 languages, the Russian version will prevail.

This report should be read in conjunction with the annexes of this report. All amounts in this report are in thousands of tenge, unless otherwise indicated.

The reconciliation is carried out in accordance with the list of companies in the oil and gas and mining sectors, as well as the minerals transportation sector, with the threshold of materiality for the oil and gas sector approved by the NCS (Protocol No. 52 dated March 10, 2015), according to the list (Appendix 10 to the TS (see Section 7.2).

Companies with an established materiality threshold were subject to reconciliation of payers and recipients. At the end of 2017, the State Revenue Committee of the MF of the RK requested the amounts of receipts from payers of the oil, gas and mining sectors to determine the list of companies for reconciliation with the threshold established by the NCS. Of the 181 payers in the oil and gas sector, the total amount of revenues from 72 companies with the threshold of materiality set by the NCS - more than 1 billion tenge per year amounted to 99.56% of all revenues in the oil and gas sector.

Of the 369 payers in the mining sector, the total amount of income from 90 companies with a threshold of materiality established by the NSCS - more than 100 million tenge per year accounted for more than 99.53% of all income in the mining sector.

The fulfillment of obligations to pay taxes and other obligatory payments to the budget Payers make in accordance with the Code «On taxes and other obligatory payments to the budget» and Subsoil Use Contracts concluded with the Government of the Republic of Kazakhstan.

The national report was prepared in accordance with the requirements of the 2016 EITI Standard.

2.3. Approach to data reconciliation

- Get a full understanding of the EITI procedures established for the Republic of Kazakhstan by discussing with the EITI Secretariat and reviewing relevant documents, including, in particular, accounting principles and procedures established for reporting forms;
- Receive and verify completed reporting forms on fees and payments from both Payers and Recipients;

- If there are discrepancies between the amount paid by the Payer and the amount received by the Recipient, additional information was requested from various government agencies and extractive companies.

For the purpose of reconciliation of data and preparation of a report in the framework of the EITI for 2017, the following forms of reports on government receipts and payments of companies made in 2017 fiscal year were used:

- Report form on tax and non-tax payments, completed by Payers / Recipients: it reflects payments of companies to government bodies (Appendix 1 of the TS);
- Form for payments made in US dollars (Appendix 1-1 for the Payer, Appendix 1-2 for the TS Receiver);
- The form on expenditures for social development and local infrastructure under contractual obligations (LCT) with the exception of funds transferred to BCC 206114 (Appendix 3 for the Payer of TS);
- Form on expenditures for social development and local infrastructure for 2017 (Appendix 3-1 for akimats of TS areas);
- Report on quasi-fiscal bodies (Appendix 4 of the TS);
- Form for payments on state shares in property (dividends) (Appendix 2 for Payers, Appendix 2-1 for TS Recipients);
- Consolidated reports on the receipts of all Recipients, for each Payer, confirmed on the basis of an audit carried out in the Ministry of Finance of the Republic of Kazakhstan by the Accounts Committee for monitoring the execution of the republican budget for each Payer;
- Other applications provided by the Terms of Reference.

The transcripts of the payments presented in the reports were received and viewed by both state bodies and mining companies.

As far as possible, we received confirmation of clarifications on discrepancies revealed in the process of verification. Recorded all identified discrepancies along with supporting documentation. Noted all issues and areas for further improvement.

The following procedures were performed for each identified discrepancy:

- Confirmation that the information provided by the Recipient and Payers is consistent with the amounts presented in Appendix 1 of the TS. Receipt of clarification from Payer and Recipient regarding any discrepancies identified;
- Further requests for supporting documentation for the amounts for which such discrepancies were identified;
- In the absence of discrepancies, no further action was taken.

The following procedures were performed for articles requiring additional clarification:

- A review of payment details and instructions provided to identify transactions that could lead to discrepancies;

- On identified discrepancies, explanations were received from relevant companies and government agencies through meetings, electronic messages and telephone calls;
- All material discrepancies were quantified and presented in Section IV, «Summary Report on Substantial Tax and Non-Tax Payments».

Table 1. List of payments and receipts to be reconciled

№	Type of tax or payment	Budget Allocation
1	Corporate Income Tax, CIT	RB/NF
2	Individual Income Tax, IIT	LB
3	Social tax	LB
4	Property tax of legal entities and individual entrepreneurs	LB
5	Land tax	LB
6	Tax on vehicles from legal entities	LB
7	Value Added Tax (VAT)	RB
8	Excise taxes	RB
9	Other tax revenues	RB /LB
10	Rental tax on exported crude oil, gas condensate, incl.	RB/NF
11	Excess profits tax	RB/NF
12	Bonuses	NF
13	Mineral Extraction Tax	RB/NF
14	Share of the Republic of Kazakhstan by product division	RB/NF
15	Additional payment by a subsoil user operating under a production sharing contract	RB/NF
16	Payment for the use of specially protected natural territories of republican (local) value	RB /LB
17	Payment for use of land	LB
18	Payment for emissions to the environment	LB
19	Historical Cost Reimbursement Payment	RB
20	Charges for the use of the radio-frequency spectrum, for the use of navigable waterways, water sources for forest sources	RB
21	Funds received from users of natural resources in claims for compensation for harm by organizations of the oil sector	RB
22	Administrative fines, penalties, sanctions, penalties imposed by central government agencies, their territorial divisions, on organizations of the oil sector	NF
24	Other penalties, fines, sanctions, penalties imposed by state institutions financed from the republican budget on organizations of the oil sector	NF
25	Funds received from nature users in claims for compensation for harm, with the exception of revenues from organizations of the oil sector	RB
26	Other non-tax revenues from oil sector organizations	NF
27	Other non-tax revenues in the republican budget, with the exception of revenues from organizations of the oil sector	RB
28	Other non-analog revenues from oil sector organizations	NF
29	Deductions of subsoil users for the socio-economic development of the region and the development of its infrastructure	LB

№	Type of tax or payment	Budget Allocation
30	Customs duties	RB
31	Proceeds from the implementation of customs control and customs procedures	RB
32	Special protective, anti-dumping and countervailing duties	RB
33	Report on payments (dividends) on the state share in the property (Appendix 2 of the TS);	
34	Report on payments (dividends) on the state share in the property (Appendix 2-1 of the TS);	

The distribution of revenues to the republican, local budgets and the National Fund is carried out in accordance with the Order of the Minister of Finance of the Republic of Kazakhstan dated September 18, 2014 No. 404 «On approval of the distribution table of budget revenues between budget levels and the control cash account of the National Fund of the Republic of Kazakhstan»¹ (as amended by as of December 4, 2015) <http://eiti.geology.gov.kz/ru/homepage/normative-base>

The list of data that can not be reconciled:

- Form for payments made in kind (Attachment 1-3 of the TS), since payments in kind were not made;
- Report on quasi-fiscal bodies (Appendix 4 of the TS);
- The form according to the means directed to the treatment plant, monitoring of the pollution of the subsoil, the social sphere and the training of specialists on the basis of reporting on LCT forms (Appendix 5 of the TS);
- Production and export volumes by types of minerals in the oil and gas and mining sectors (Appendix 6 of the TS);
- A description of the shipping information, including the following: product / product (s); transportation route (s); and relevant companies and government organizations, including those involved in transportation (Appendix 7 of the TS);
- Description of the methodology used by the company for their calculation for this type of activity (Appendix 7 of the TS);
- Disclosure of tariff rates and the volume of goods transported (Appendix 7 of the TS);
- Disclosure of income received in connection with the transportation of oil, gas and mineral resources (Appendix 7 of the TS);
- The size of the extractive industries in absolute terms and as a percentage of GDP (Appendix 8 of the TS);
- Total government revenues generated by the extractive industries (including taxes, royalties, bonuses, commissions and other payments) in absolute terms and as a percentage of total government revenues (Appendix 8 of the TS);
- Export volumes from the extractive industries in absolute terms and as a percentage of total exports (Appendix 8 of the TS);

¹<http://eiti.geology.gov.kz/ru/homepage/normative-base>

- Employment in the extractive industries in absolute terms and as a percentage of total employment (Appendix 8 of the TS);
- Information on the Kazakhstan content of the procurement of goods, works and services of subsoil users of the oil and gas and mining sectors (Appendix 9 of the TS);
- The list of subsoil users to be reconciled (Appendix 10 of the TS).

III. OVERVIEW OF THE MINING INDUSTRY IN 2017

3.1. Licenses and contracts

3.1.1 Legal basis and fiscal regime (2.1)

Legal basis

The Code of the Republic of Kazakhstan «On Subsoil and Subsoil Use», adopted in December 2017, led to significant changes in the legislation on subsoil use:

1. Granting the right to subsoil use. A licensing system has been introduced for solid minerals (TPI), and the contract, as a legal instrument for the emergence of subsoil use rights, has been retained in relation to hydrocarbons (HCS) and uranium. The application for a license will be considered by the authorized body within 10 working days, and the term for concluding a contract for subsoil use is reduced to 40 days.

The subsoil use right at TPI will be granted on a non-competitive basis by issuing a license at the request of the interested person:

- 1) for the geological study of the subsoil for a period of not less than 3 years;
- 2) to explore TPI for 6 consecutive years;
- 3) to mine TPI for a period of not more than 25 consecutive years;
- 4) for the extraction of common minerals for a period of not more than 10 consecutive years;
- 5) to use the subsoil space for a period of not more than 25 consecutive years;
- 6) to work for 3 years.

Subsoil use right on the basis of an auction will be granted by **concluding a contract:**

- 1) for exploration and production of hydrocarbons for a period of no more than 6 consecutive years, and for a subsoil section at sea or for complex projects - no more than 9 years (the terms of such a contract will completely differ from the terms of existing contracts for combined exploration and production of hydrocarbons);
- 2) for the production of hydrocarbons for a period not exceeding 25, and at large and unique fields - no more than 45 years;
- 3) for the extraction of uranium for a period not exceeding 25 years, including the period of pilot industrial mining.

Thus, instead of the three types of contract for hydrocarbons («exploration», «production», «combined exploration and production»), the new code provides for two types («exploration and production» and «production») with clear conditions for ending the exploration period and moving to preparatory period and mining.²

² The key provisions of the article by Dosov M., Kuzhatov B., Review of the key provisions of the new Code of the Republic of Kazakhstan “On Subsoil and Subsoil Use. Pwc https://forbes.kz/process/expertise/obzor_klyuchevyih_polojeniy_novogo_kodeksa_rk_o_nedrah_i_nedropol_zovanii/

2. Subsoil Use Contract

As noted above, a subsoil use contract is concluded for the exploration and production or extraction of hydrocarbons, as well as for the extraction of uranium. The mandatory conditions contained in a subsoil use contract include:

- 1) type of subsoil use operations;
- 2) the term of the contract;
- 3) boundaries of the site (sites) subsoil
- 4) obligations of the subsoil user in terms of the volumes and types of work on the subsoil plot during the exploration period provided for by the program of work (additional works);
- 5) **obligations of the subsoil user to finance training of Kazakhstan personnel during the production period;**
- 6) obligations of the subsoil user for the minimum proportion of local content in the frames;
- 7) obligations of a subsoil user in terms of the local content in works and services that meet the requirements of this Code, including the types of work and services included in the list of priority works and services approved by the authorized body in the field of hydrocarbons;
- 8) obligations of the subsoil user to eliminate the consequences of subsoil use;
- 9) **obligations of the subsoil user for the costs of research, scientific, technical and development work in the territory of the Republic of Kazakhstan during the period of production;**
- 10) **obligations of the subsoil user for the costs of socio-economic development of the region and the development of its infrastructure during the period of production;**
- 11) the obligations of the subsoil user to comply with the procedure for the acquisition of goods, works and services used in the exploration or production of hydrocarbons and the extraction of uranium determined by authorized bodies in the field of hydrocarbons and uranium mining
- 12) responsibility of a subsoil user for violation of contractual obligations, including violation of indicators of basic project documents for hydrocarbon exploration and production attributed by this Code to contractual obligations, as well as violation of the obligation to respect the subsoil user and (or) its contractors in the established procedure for the acquisition of goods and services during hydrocarbon exploration or production and uranium mining operations;
- 13) other conditions on which the right of subsoil use was granted.

3. Project Documents

The Code provides for changes in the composition and types of project documents depending on the types of minerals.

The Code focuses on a number of technical and economic indicators in project documents, which will be indicators in the implementation of monitoring the performance of obligations.

Project documents on the HCS are divided into two groups: basic and technical. The availability of approved project documents will no longer be one of the conditions for the

conclusion of a subsurface use contract for HCS, which greatly simplifies the procedure for concluding a contract. The preparation of such project documents will be carried out after the conclusion of the contract.

4. Subsoil user's obligations

All the obligations of a subsoil user in the contract are listed above, we note that there are changes in part of the obligations of a subsoil user.

Social obligations

The Code excludes the obligations of a subsoil user at the exploration stage under contracts for exploration and production of hydrocarbons for the payment of deductions for:

- training;
- socio-economic development of the regions;
- R & D.

These obligations arise only **during the production** of hydrocarbons and uranium.

Work program and project documents

According to the Code, an integral part of the contract for the exploration and production of hydrocarbons will be a work program containing general minimum indicators for the scope, description and timing of work during the exploration period. In part of the TPI at the exploration stage, in addition to the obligations of the subsoil user to pay the subscription bonus and payment for the use of land plots, the amount of obligations for the annual minimum expenses for operations was established. Annual minimum costs will be set depending on the number of blocks of minerals.

Measures to ensure commitment to liquidate the field

The procedure has been changed in respect of securing commitments to eliminate the consequences of subsoil use. The fulfillment of the liquidation obligation by the subsoil user will be ensured:

- guarantee;
- pledge of bank deposit;
- and (or) insurance.

Providing the domestic market with raw materials

Previously, the obligation of the subsoil user in the field of supplying the domestic market with raw materials was provided for under contracts. Now this obligation is enshrined in the Code as a separate article, according to which the subsoil user is obliged, in accordance with the delivery schedules, to supply oil for processing in the Republic of Kazakhstan in order to meet the needs of the domestic market with oil products.

Local maintenance

The Code preserves state regulation of the procedure for the procurement of goods, works and services (TRU) by subsoil users, obligations for reporting of TRU and local content, taking into account WTO requirements. The share of local content in works and services acquired for carrying out operations on subsoil use, established in terms of contracts for subsoil use, licenses for the extraction of solid minerals, must be **not least 50%** of the total volume of acquired works and services during the calendar year.

In the field of support of Kazakhstani personnel and producers in respect of the HCS, the authorized body will determine the operator who will perform the functions of monitoring the subsoil users' fulfillment of obligations for local content, as well as the formation and maintenance of the register of TRU used in the mining operations.

As for the issues of purchasing goods, works and services by subsoil users and their contractors operating under production sharing agreements (contracts) (PSAs) or under a subsoil use contract for the Tengiz field, in such cases the order is determined by the procedures established in accordance with with such agreements (contracts).

Amendments and additions to the license and subsoil use contract

The Code clearly identifies changes to licenses and contracts. Changes in the license for subsoil use are made by the state body that issued the licenses by reissuing them, and the contracts for subsoil use are made by the parties concluding addenda to the contracts. In respect of subsoil use contracts, an exhaustive list of cases is provided where supplements to the contract are concluded.

The Code retains the provisions and approaches of the former Law of the Republic of Kazakhstan «On Subsoil Use and Subsoil Use» regarding regulation of the status of national companies, as well as such provisions as «early termination of a contract», «responsibility of subsoil users», «priority right», «permission to transfer the right to use subsoil» and etc.

The Code has divided the mineral resource management regimes *into hydrocarbons, uranium and solid minerals*. In this connection, the competence of the authorized bodies is divided into:

- authorized body for the study of subsoil (Article 687);
- authorized body in the field of solid minerals (Article 687-1);
- authorized body in the field of hydrocarbons (Article 688);
- the authorized body in the field of uranium mining (Article 688-1);
- authorized body in the field of environmental protection (Article 697).

Amendments have been made to legislative acts regulating the extractive industry in accordance with the Subsoil Code. The Law of the Republic of Kazakhstan «On Amendments and Addenda to Certain Legislative Acts of the Republic of Kazakhstan on Subsoil Use Issues» dated December 27, 2017 No. 126-VI was amended with the following Laws and Codes.

Law of the Republic of Kazakhstan «On Auditing» dated November 20, 1998 № 304.

- The concept of *an audit of information on the expenses of a subsoil user has been introduced* - an audit of the expenses of a subsoil user on exploration and mining operations (subparagraph 10-4) of Article 1).
- In addition to the audit, the list of services that can be provided by Auditing organizations adds services for *conducting an audit of information on the expenses of a subsoil user* (sub-clause 4-3) of the first part of clause 2 of Article 3).
- The legal entities with the right to extract solid minerals are added to the list of legal entities subject to mandatory audit: in cases provided for by the Code of the Republic of Kazakhstan «On Subsoil and Subsoil Use», *legal entities with the right of subsoil use to conduct exploration and production of hydrocarbons or*

exploration and mining of solid minerals (paragraph seven of the first part of paragraph 2 of article 5).

The Land Code of the Republic of Kazakhstan dated June 20, 2003 № 442:

Changes have been made to the rules governing the rights of individuals and legal entities in the field of land relations, as well as the competence of state bodies in the field of land relations:

- ***the rights of individuals and legal entities*** in the field of land relations cannot be limited, except in cases expressly provided for by the laws of the Republic of Kazakhstan (paragraph 5 of Article 6 of the Land Code³);
- the competence of authorized bodies of districts, cities of oblast significance within the boundaries of the district, boundaries (lines) of the city and on the territory transferred to its administrative subordination include the preparation of proposals and draft decisions of the local executive body of the district, a city of regional significance for ***the establishment of public servitudes*** (in previous editions - “Provision of land plots”) for the purposes of subsoil use related to the geological study and exploration of mineral resources (subparagraph 2-1, paragraph 3 of article 14-1);
- the competence of the district (except for districts in cities) executive body in the field of regulating land relations within the boundaries of the district includes: establishing public servitude (in the previous editions - “providing land plots”) for the purposes of subsoil use associated with geological exploration and exploration of mineral resources (subparagraph 1-1) of Article 17).

The rules governing land ownership have changed significantly:

- land plots reserved in the prescribed manner for the development of specially protected natural areas, main railways, public roads and main pipelines, communications, subsoil use, energy, as well as intended in accordance with the approved architectural and town planning and (or) construction documentation for construction objects of administrative and social importance (airports, airfields, railway stations, stations, public roads, administrative buildings agencies, hospitals, schools, public housing, parks, boulevards, public gardens and other public facilities) may be provided to land users for other purposes on the right of temporary land use prior to the development of land for the purposes for which they were ***reserved be granted to private property for other purposes*** (clause 4 of article 26).

The grounds and conditions for ***granting land use rights*** to a land plot and types of operations for subsoil use are added (paragraph 4 of article 32):

- if the land plot is intended for carrying out activities or performing actions that require a permit, ***a license for subsoil use*** or a contract for subsoil use, then the right to use the land is granted after obtaining the appropriate permit, ***license for subsoil use*** or signing a contract for subsoil use;
- upon early termination by the competent authority of a subsoil use contract, title documents for a land plot are reissued to a trustee on the basis of ***a trust management agreement for a subsoil plot entered*** into by the competent authority with the national company in accordance with the Code “On Subsoil and Subsoil Use”.

³ Assuming that in 2018 changes can be made to the Land Code of the Republic of Kazakhstan, hereinafter the link will be to the Land Code of the Republic of Kazakhstan from June 20, 2003 № 442 with amendments and additions on December 27, 2017.

- ***a license to extract solid minerals, to use the subsoil space or to develop***, to enter into a contract for the extraction of hydrocarbons or to supplement a contract for the exploration and production of hydrocarbons, providing for the securing of a production site and a production period or a preparatory period, or ***trust the third part of this clause are the basis for the immediate provision of the land*** in the manner prescribed by the Land Code.

The following objects have been added to the list of land plots where no redemption of **the right of temporary paid land use (lease) is required** (paragraph 1 of article 33):

- 1) a land plot that is occupied by buildings (buildings, structures) transferred free of charge to republican and (or) communal property;
- 2) a land plot that is occupied by buildings (buildings, structures) transferred to trust management.

The types of subsoil use operations and the grounds for granting ***The right of temporary paid land use (lease) are added:***

- the rights of temporary paid land use (lease) are granted for ***the purposes of mining operations, use of the subsurface or prospecting*** - for subsoil users for the entire duration of ***the license for subsoil use*** or for subsoil use contracts (clause 5 of article 37);

Changes have been made to ***The rules governing the procedure for granting rights to a land plot:***

- in the case of granting a land plot to individuals and legal entities ***for the purposes of mining, use of the subsurface space or diligence***, the application shall be accompanied by copies of the relevant subsoil use licenses or subsoil use contracts (clause 3 of Article 43);
- under the new provision, ***land reservation*** is also carried out ***for the purposes of subsoil use*** (Article 49-2);
- in the category of persons entitled ***to the limited use of a neighboring or other land plot***, apart from a private owner and a land user, a subsoil user is ***involved in conducting exploration or geological exploration operations*** (Article 69)

The Land Code is supplemented by a norm regarding the specifics of regulation of ***the use of land for mineral exploration and geological exploration*** (Article 71-1):

- mineral exploration or geological exploration operations can be carried out by subsoil users on land owned by the state and not provided for land use, on the basis of a public servitude, without obtaining such land for ownership or land use.
- subsoil users engaged in mineral exploration or geological exploration on privately owned land or land use plots can carry out the necessary work on such plots on the basis of a private or public servitude without seizing land plots from private owners or land users.
- public servitude, established for exploration of mineral resources or geological study, is made out by decisions of local executive bodies of regions, cities of republican significance, capital, districts, cities of regional significance, akims of cities of regional significance, settlements, villages, rural districts upon the subsoil user's request relevant subsoil use licenses or subsoil use contracts.
- dates and place of work for mineral exploration or geological exploration, obligations for land reclamation and other conditions are determined by the

agreement on the establishment of a private servitude, and in the absence of an agreement on the establishment of a private servitude, by a court decision.

- unless otherwise provided by the agreement on the establishment of a private servitude, the subsoil user is not entitled to start mineral exploration or geological exploration before paying the amount of servitude and compensation for damages to owners and land users in accordance with the agreement on establishing a private servitude or a court decision.

The Water Code of the Republic of Kazakhstan of July 9, 2003 № 481:

The following concepts have been introduced or changed: *groundwater, a tubular filter well, industrial groundwater, thermal water, a shaft well* (Article 1 of the Water Code⁴).

The list of *water bodies of the Republic of Kazakhstan* has been clarified: these include the concentration of water in the reliefs of the land surface and subsoil of the earth, having boundaries, volume and water regime. They are: seas, rivers, canals equated to them, lakes, glaciers and other surface and groundwater bodies (Article 5).

The Environmental Code of the Republic of Kazakhstan dated January 9, 2007 № 212:

The definition, use cases and duration of *the regulations for the placement of sulfur in open form* (Article 27) and the procedure for determining emission standards (Article 28 of the Environmental Code⁵) are given:

- standards for maximum permissible emissions, with the exception of greenhouse gas emissions and pollutant emissions, standards for disposal of production and consumption wastes, *standards for placing sulfur in open form* are emission values, which are established based on calculations for each stationary source of emissions and the enterprise as a whole with such a condition to ensure compliance with environmental quality standards.
- standards for maximum permissible emissions and discharges of pollutants, standards for placement of industrial and consumption waste, *standards for placing sulfur in open form* are used when issuing permits for emissions into the environment as part of projects containing calculated values of standards, established values of technical specific emission standards for stationary and mobile emission sources, processes and equipment.
- the period of validity of the established standards for maximum permissible emissions and discharges of pollutants, standards for the disposal of production and consumption waste, *standards for the placement of sulfur in open form* for objects of categories I, II and III is established according to the application of the nature user, but not more than ten calendar years, for objects of category IV - according to the application of the nature user or for an indefinite period, if the requested term is not specified in the application.
- *environmental emission standards* are justified as part of the environmental impact assessment of the planned economic and other activities or in the form of separate documents (draft emission standards) for existing enterprises.

⁴Hereinafter, the link will be to the Water Code of the Republic of Kazakhstan dated July 9, 2003 № 481 with amendments and additions as of December 27, 2017

⁵Hereinafter, the link will be to the Environmental Code of the Republic of Kazakhstan dated January 9, 2007 № 212 with amendments and additions as of December 27, 2017

- when establishing *emission standards*, quantitative and (or) qualitative characteristics of emissions, existing environmental pollution are taken into account. Data on the background concentrations of environmental quality parameters are submitted by the National Hydrometeorological Service under an agreement with the project customer or project organization. Presentation of data on background concentrations of environmental quality parameters refers to activities technologically related to the conduct of environmental monitoring.

The economic and other activities for which the environmental impact assessment is carried out, according to their *importance and completeness*, are divided into 4 categories - I, II, III, IV (Article 40). New objects have been added to the list of activities related to categories I and II:

- Category I includes activities related to hazard classes 1 and 2 according to the sanitary classification of production facilities, as well as mineral exploration and mining, except for common ones, *wastewater discharge (into water bodies, terrain, storage ponds and (or) evaporation ponds, sewage treatment plants)*.
- Category II includes activities related to hazard class 3 according to the sanitary classification of production facilities, mining of common minerals, all types of forest use and special water use, with the exception of *wastewater discharge (into water bodies, terrain, storage ponds and (or) evaporation ponds, sewage treatment plants)*.

The environmental assessment of projects has been added to the list of types of environmental impact assessments⁶ (*state environmental impact assessment and public environmental impact assessment*) (Article 45).

The rules governing the *objects of state environmental review* are supplemented by the provision that project documents in the field of subsoil use, which, in accordance with the Code of the Republic of Kazakhstan “On Subsoil and Subsoil Use,” are coordinated with the authorized body in the field of environmental protection, are not subject to mandatory state environmental impact assessment (paragraph 1-1 of article 47).

The norms governing the “*conclusion of the state environmental review*”, which previously existed in the Environmental Code, the term “cancellation of the conclusions”, were replaced by the term “deprivation (recall) of a positive conclusion,” also changed significantly:

- *the deprivation (revocation) of a positive conclusion* of the state environmental review is carried out by the body that issued it, on the basis of a written request or the consent of the nature user. If a violation of the requirements of the environmental legislation of the Republic of Kazakhstan is identified, the *deprivation (revocation) of a positive conclusion* of the state environmental review is carried out in a court of law (clause 7 of Article 51).

Changes have been made to the rules governing *permits for emissions into the environment*, where the category of users of nature is specifically indicated, who are issued permits for emissions into the environment, as well as the conditions for obtaining permits:

⁶Ecological expertise is carried out in order to: 1) determine and limit the possible negative consequences of the implementation of the planned managerial, economic, investment, regulatory and other activities on the environment and public health; 2) respect for the balance of interests of economic development and environmental protection, as well as the prevention of damage to third parties in the process of environmental management (Article 46).

- permits for emissions into the environment are issued to *individuals, legal entities, as well as branches and representative offices of foreign legal entities registered in the Republic of Kazakhstan* that issue emissions to the environment in the Republic of Kazakhstan, according to their applications in the manner prescribed by this Code (clause 2 of article 69);
- to obtain permission for emissions into the environment, the nature user submits to the permitting body the necessary package of documents in *electronic form* (excluded "on paper") (clause 1, article 72);
- for users of nature having objects of categories I, II and III, the package of documents for obtaining a permit for emissions into the environment includes (clause 2 article 72):
 - 1) an application for a permit;
 - 2) the conclusion of the state environmental impact assessment *or the conclusion of a comprehensive private expertise of construction projects*, containing the approved emission standards;
 - 3) an action plan for environmental protection.
- emissions to the environment from all stationary sources of emissions without an environmental permit is prohibited.

Changes made to the rules governing *the directions of state environmental control* (subparagraphs 9, 11, 12, 13 and 14 of article 114) and *the rights of officials exercising state environmental control are given:*

- bringing the land released as the subsoil use operations are completed or other disturbing processes and works into a condition suitable for their further use in accordance with the requirements of the land legislation of the Republic of Kazakhstan;
- the preservation of the subsoil from pollution, irrigation and man-made processes, leading to damage to environmental objects;
- conservation of the subsoil area and the subsoil use objects, liquidation of the consequences of the subsoil use operations
- compliance with environmental standards and regulations in the use of mineral resources and mineral processing;
- compliance with design decisions on environmental issues in the extraction and processing of minerals;
- in the order established by the legislation of the Republic of Kazakhstan, to make proposals for the suspension or deprivation of environmental and other permits for nature use in cases when the nature user violates environmental standards and requirements, nature use conditions stipulated by environmental or other permission, causing especially large damage to the environment and (or) public health (subparagraph 5) of paragraph 1 of Article 117).

Changes made to the rules governing *the monitoring of natural resources* relate to the accounting facility, which provides information on the monitoring of the subsoil and the authorized body that monitors the subsoil:

- subsoil monitoring is a system of observations of the state of the subsoil, including using remote sensing data from the Earth to ensure the rational management of the state subsoil fund and the timely detection of subsoil changes, assessment, prevention

and elimination of the effects of negative processes. Subsoil monitoring data are summarized in the *Unified Cadastre of the State Subsoil Fund* (formerly referred to as the “State Subsoil Cadastre”) (clause 5 of article 142);

- monitoring by the *unified cadastre of the state subsoil fund* is carried out by the authorized state body for the study of the subsoil in the whole republic, and its territorial bodies⁷ are carried out within the administrative-territorial units (sub-clause 4 of article 150).

Also, changes have been made to *the Environmental Code regarding the Environmental Requirements*.

The Entrepreneurial Code of the Republic of Kazakhstan dated October 29, 2015 № 375- V.

Amendments were made to the Entrepreneurial Code, according to which *state control and supervision* does not apply to relations connected with the control of compliance by subsoil users with the terms of contracts and / or licenses for subsoil use (subparagraph 1, paragraph 4 of article 129 of the Entrepreneurial Code⁸).

The sphere of activity of business entities in which control is exercised controls “over compliance with the terms of subsoil use contracts” (sub-paragraph 3 of Article 138) and the previous wording of sub-clause 7 of article 138 “in the area of oil operations” is replaced with a more specific “*during the subsoil use in the field of hydrocarbons, uranium mining*”.

According to clause 8 of Article 140, “it is prohibited to conduct inspections on a special procedure for conducting inspections based on risk assessment, random inspections of small businesses, including microenterprises, within three years from the date of state registration (except for established legal entities by way of reorganization and legal successors of reorganized legal entities)”. However, according to the latest amendments made to the Business Code, the actions of this paragraph do not apply to the exercise of control and supervision related to “*compliance with the requirements of the legislation of the Republic of Kazakhstan on subsoil and subsoil use*” (subparagraph 5, clause 8, article 140).

In the list of objects of state control and supervision, where a special procedure is applied for conducting inspections in the exercise of control and supervision in respect of entities classified as high-risk, *the scope of subsoil use* has been added.

The Law of the Republic of Kazakhstan “On the main pipeline” dated June 22, 2012 № 20-V.

Introduced the concept of “terminal owner” - an individual or legal entity owning an industrial facility for storing products that are not part of the main oil pipeline facilities, as well as a platform for receiving and (or) shipping oil for transport (railway tanks, tank trucks, tankers and others) or oil pipelines (subparagraph 20-1) of Article 1 of the Law of the Republic of Kazakhstan “On the main pipeline”⁹).

⁷According to subparagraph 1) of paragraph 3 of Article 1 of the Law of the Republic of Kazakhstan “On Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Subsoil Use Issues” № 126-VI dated December 27, 2017, the text “On the study and use of subsurface resources” has been replaced by the words “On the study of the subsoil.”

⁸Hereinafter, a reference to the Entrepreneurial Code of the Republic of Kazakhstan dated October 29, 2015 № 375 with amendments and additions as of December 27, 2017.

⁹Hereinafter, a reference to the Law of the Republic of Kazakhstan “On the main pipeline” dated June 22, 2012 № 20-V as amended as of December 27, 2017.

Amendments have been made, according to which the submission of the “monthly report on the actual execution of the oil transportation schedule indicating the volumes and direction of transportation”, as well as the deadline for its submission has been excluded. Now “the owner of the main pipeline or the person owning the main pipeline on a different legal basis to the authorized body submits data on oil transportation required for institutional statistical monitoring or administrative accounting in accordance with the legislation of the Republic of Kazakhstan on subsurface resources and subsoil use (paragraph 3 of article 8).

Supplemented by the provision of the provision by the owners of terminals of services for the storage, reception and (or) shipment of products (Article 25-1):

1. services for the storage, reception and (or) shipment of oil are provided to senders by the owners of the terminals along the existing routes of oil transportation at their industrial facilities for storing products that are reservoirs, as well as platforms for receiving and (or) shipping oil for transport (railway tanks, tank trucks , tankers, etc.) or oil pipeline, in accordance with the contract for the provision of services for the storage, reception and (or) shipment of oil, internal documents of the owner of the terminal and the legislation of the Republic of Kazakhstan.
2. the owners of the terminals equip their industrial facilities with control metering devices in accordance with the legislation of the Republic of Kazakhstan on subsoil and subsoil use.
3. the terminal owner is obliged to submit to the authorized body in the field of the main pipeline data on the flow of oil required for institutional statistical monitoring or administrative accounting, in accordance with the legislation of the Republic of Kazakhstan on subsoil and subsoil use.

The Code of the Republic of Kazakhstan “On Administrative Offenses” dated July 5, 2014 № 235-V of the legislation of the Republic of Kazakhstan.

The scope of the rules governing *exemption from administrative liability due to the expiration of the statute of limitations has been expanded.*

The rules governing the imposition of a violation in the sphere of subsoil use (the grounds and procedure for imposing administrative penalties in the form of fines, warnings) to individuals and legal entities, business entities and non-profit organizations, in particular, have been changed or supplemented, in particular for:

- violation of the rules for the rational and integrated use of the subsoil during the subsoil use transactions under the subsurface use *contracts for hydrocarbons and uranium*, which led to a deterioration in the quality of the remaining reserves, unjustified over-design and excessive mineral losses (Article 345);
- conducting exploration and (or) mining of *solid minerals using types, methods and methods of work not covered by the project document*, as well as failure to notify the competent authority (the state body that is a party to the contract and (or) who issued the license for subsoil use) in project documents within the prescribed period (Article 346);
- violation of environmental norms and rules in the conduct of mining operations, if this act did not cause significant damage (Article 347);
- carrying out work on the extraction of hydrocarbons without the state examination of mineral reserves (Article 348);
- violation by the subsoil user of the procedure and deadlines for submission of reports provided for by the Code of the Republic of Kazakhstan “On Subsoil and Subsoil Use” (Article 349);

- failure to provide reliable accounting of the extracted solid minerals, hydrocarbons (Article 350);
- non-fulfillment of the obligation to eliminate the consequences of carrying out operations on subsoil use within the terms established by the legislation of the Republic of Kazakhstan on subsoil and subsoil use (Article 353)
- refusal or evasion from providing state control bodies with timely, complete and reliable information on the use of mineral resources, mined minerals, as well as geological information (Article 354);

Amendments have been made to the rules governing *the violation of the rules for subsoil use operations*:

- Failure to comply with environmental requirements when using subsoil
- Violation of conditions for conducting operations on subsoil use in the field of hydrocarbons, provided for by the legislation of the Republic of Kazakhstan on subsoil and subsoil use, as well as violation of the requirements of project documents for exploration and production of hydrocarbons
- Carrying out prospecting, appraisal and mining operations without project documents approved in the established procedure in the field of subsoil use
- Combustion of raw gas without permission or without observance of conditions of permission of the authorized body in the field of hydrocarbons, with the exception of cases provided for by the Code of the Republic of Kazakhstan “On Subsoil and Subsoil Use”
- Work by the subsoil user on the extraction of hydrocarbons without utilization and (or) processing of raw gas –
- Carrying out operations for the exploration and (or) extraction of hydrocarbons at sea without a permit, with the exception of cases provided for by the Code of the Republic of Kazakhstan “On Subsoil and Subsoil Use”, or without complying with the conditions of permission of the authorized body in the field of hydrocarbons
- The absence of a natural person or a legal entity operating at sea associated with the risk of an oil spill at sea, that has been approved by the plan for the organization of work to prevent and eliminate oil spills, for a subsoil user conducting exploration and / or production of hydrocarbons at sea
- Carrying out operations for the exploration and (or) extraction of hydrocarbons at sea without our own materials and equipment necessary to eliminate the consequences of an oil spill of the first and second levels at sea, or without an agreement with a specialized organization –

The Law of the Republic of Kazakhstan “On Permits and Notifications” dated May 16, 2014 № 202-V:

The changes mostly come down to the fact that the previously used terms “oil and gas”, “hydrocarbon raw materials” and “minerals” were replaced in several articles by the term “hydrocarbons”, the term “with oil operations” by the term “with operations on hydrocarbon exploration and (or) extraction; ”offshore facilities” - on “offshore facilities”.

The Law of the Republic of Kazakhstan “On the National Wealth Fund” dated February 1, 2012 № 550-IV:

Amendments have been made to the rules governing the special powers of the Fund to ensure national welfare, in terms of the alienation of *the right to use subsoil resources*.

The Law of the Republic of Kazakhstan “On the State Border of the Republic of Kazakhstan” dated January 16, 2013 № 70-V.

Changes have been made to the norms governing the monitoring of compliance with the regime of the continental shelf¹⁰, in terms of the functions of the authorized body¹¹:

- control over compliance with the regime of the continental shelf is assigned to the authorized body for the study of the subsoil and the Border Guard Service of the National Security Committee of the Republic of Kazakhstan (paragraph 5 of article 53).
- in case of detection of offenses related to violation of the regime of the continental shelf, the authorized committee on the study of the subsoil of the National Security Committee of the Republic of Kazakhstan shall take the necessary measures to terminate illegal activities in accordance with this Law (paragraph 2 of article 54).

The Law of the Republic of Kazakhstan “On Specially Protected Natural Territories” № 175 dated of July 7, 2006.

Changes have been made to the rules governing access to mining in the state protected areas, in terms of the functions of the authorized body¹²: “mining operations are allowed in exceptional cases based on the decision of the Government of the Republic of Kazakhstan on the submission of the authorized body to study the subsoil, agreed with the authorized body, taking into account the special environmental requirements established by the Environmental Code of the Republic of Kazakhstan, part two of paragraph 6 of Article 72”.

The Law of the Republic of Kazakhstan “On Concessions” dated July 7, 2006 № 167 (as amended up to December 27, 2017).

The clarifications have been made that “the provisions of the Law do not apply to relations connected with the conduct of subsoil use operations. Relations related to the conduct of subsoil use operations are regulated and implemented in accordance with the Code of the Republic of Kazakhstan “On Subsoil and Subsoil Use” (part two of clause 1 of article 2).

State bodies regulating the mining industry, which includes the oil and gas and mining sectors, include the Ministry of Energy of the Republic of Kazakhstan (ME), the Ministry of Investment and Development of the Republic of Kazakhstan (MID), the Ministry of National Economy of the Republic of Kazakhstan (MNE) and the Ministry of Finance of the Republic of Kazakhstan (MF) .

In accordance with the Regulation on the Ministry of Energy of the Republic of Kazakhstan, approved by Government Decree dated September 19, 2014 № 994, the Ministry of Energy carries out state management of the oil and gas industry, the formation and implementation of state policy.

The ME also “exercises trust management of the shares of a company identified as an authority in production sharing agreements”. The state functions of the Authorized Body in

¹⁰The continental shelf regime is established within the continental shelf - the procedure for carrying out activities related to the exploration and development of natural resources of the seabed and subsoil, the creation and use of artificial islands, installations and structures, their conservation and dismantling, disposal of waste and other materials, as well as marine scientific research on the continental shelf. (Clause 1 of Article 53 of the Law of the Republic of Kazakhstan "On the State Border of the Republic of Kazakhstan" № 70-V dated January 16, 2013).

¹¹According to Article 64 of the Codex of the Republic of Kazakhstan “On Subsoil and Subsoil Use” dated December 27, 2017 № 125-VI of the legislation of the Republic of Kazakhstan;

¹²According to Article 64 of the Codex of the Republic of Kazakhstan “On Subsoil and Subsoil Use” dated December 27, 2017 № 125-VI of the legislation of the Republic of Kazakhstan;

the Production Sharing Agreements for the North Caspian and Karachaganak projects on the basis of powers of attorney issued by the Ministry of Energy of the Republic of Kazakhstan are performed by PSA LLP. The founder of PSA LLP is KazMunayGas National Company JSC.

In accordance with the Regulation on the Ministry of Investment and Development of the Republic of Kazakhstan,¹³ the MID performs state management of the mining industry.

The Ministry of National Economy of the Republic of Kazakhstan¹⁴ (MNE) is responsible for developing coherent macroeconomic policies through strategic and budget planning.

The Ministry of Finance of the Republic of Kazakhstan (MF) is responsible for the development and implementation of fiscal policy, including policies for managing the National Fund, which accumulates revenues from the oil and gas sector. The MF oversees assets that the state considers strategic. In particular, the list of strategic assets includes the largest producers of oil and gas.

Reforms in the extractive industry are associated with changes introduced by the Code of the Republic of Kazakhstan “On Subsoil and Subsoil Use” to disclose the beneficiaries:

1. after the subsurface use contract for hydrocarbons, the subsoil user is required to submit a report on the composition of the persons and (or) organizations that directly or indirectly control the subsoil user (article 132, clause 7);
2. under the contract for the extraction of uranium, the subsoil user is obliged to submit a report on the composition of persons and (or) organizations that directly or indirectly control the subsoil user (article 180, paragraph 11);
3. under a license for exploration of solid minerals, a subsoil user is required to submit a report on the composition of persons and (or) organizations that directly or indirectly control a subsoil user (clause 3 of article 195).

In 2018, a form for reporting on the composition of persons and (or) organizations directly or indirectly controlling the subsoil user was approved, the form was included in the USSUMS and from 2019 companies must fill it out.

In addition, the Code on Subsurface Use and Subsoil Use provided a transition to international standards for reporting and assessing hydrocarbon reserves SPE-PRMS. Harmonization with the international system of reserves will allow maintaining a unified system for calculating reserves, eliminate duplication of reports, improve the reliability of estimates and the degree of accuracy of production forecasting. In general, this will increase the investment attractiveness of the industry.

In 2017, **Kazakhstan became an associate member of the OECD Investment Committee**, and the 48th country to accede to the OECD Declaration on International Investment and Multinational Enterprises¹⁵.

¹³The Government Decree "On some issues, the Ministry of Energy of the Republic of Kazakhstan" dated June 20, 2016 № 355

¹⁴ Some issues of the Ministry of Investment and Development of Kazakhstan. Resolution of the Government of the Republic of Kazakhstan dated September 14, 2014 № 995

¹⁵ <http://mid.gov.kz/ru/pages/tezisy-vystupleniya-ministra-po-investiciyam-i-razvitiyu-rk-zhenisa-kasymbeka-na-kollegii-mir>

In 2017, together with the World Bank, the Government of the Republic of Kazakhstan dated August 22, 2017 № 498 developed and approved **the National Investment Strategy for 2018-2022**. In 2018, Kazakhstan will start implementing this strategy.

Fiscal regime

The Tax Code provides for a number of measures that **improve the investment climate in the field of subsoil use** in 2017:

- cancellation of the commercial discovery bonus, cancellation of excess profit tax for the mining sector, cancellation of payment on reimbursement of historical costs for subsoil users who received licenses in accordance with the Code of the Republic of Kazakhstan “On Subsoil and Subsoil Use” of December 27, 2017 № 125-VI;
- reduced tax rates on the extraction of underground minerals on tin and groundwater;
- introduced an alternative tax on subsoil use.

The alternative tax on subsoil use was introduced to stimulate the development of marine and ultra-deep hydrocarbon deposits and *is not additional*, since it represents the opportunity for a subsoil user to fulfill his tax obligations for a number of special payments and taxes of subsoil users in an alternative way. By introducing an alternative tax on subsoil use, the tax burden is transferred *at the time of earning income*, thereby encouraging subsoil users to increase the amount of investment.¹⁶

Consider the main changes to the new Code of the Republic of Kazakhstan “On taxes and other payments to the budget” (Tax Code) of December 25, 2017 № 120 –VI from the provisions of the previous Code of the Republic of Kazakhstan “On taxes and other payments to the budget” (Tax Code) from December 20, 2008 № 99 – VI.

The following concepts have been amended or supplemented (Article 1 of the new Tax Code):

- **subsoil use contract** – an agreement between the competent authority or an authorized body for the study and use of subsoil or a local executive body of a region, a city of republican significance, the capital, in accordance with the competence established by the legislation of the Republic of Kazakhstan on subsoil and subsoil use, and a natural and / or legal entity conducting exploration, mining, combined exploration and mining, or the construction and (or) operation of underground facilities not related to exploration and (or and) mining, or on the state geological study of the subsoil. Subsoil use contracts also include subsoil use licenses. The terms “exploration contract”, “production contract”, “combined exploration and production contract” and “exploration or production license” used in the Code are identical to the term “contract for subsoil use”, the term “contract for exploration and production” is identical to the concept “contract for combined exploration and production” (sub-clause 22);

subsoil use operations – works related to the geological study of the subsoil, exploration and (or) mining, including those related to the exploration and production of groundwater, therapeutic mud, exploration of the subsoil for discharge of wastewater, as well as construction and (or) operation of underground facilities not related to exploration and (or) mining;

hydrocarbon preparation – a complex of technological processes for the preparation of hydrocarbons, including the collection, delivery for preparation, the delivery of well

¹⁶<http://kgd.gov.kz/ru/news/segodnya-22-fevralya-tg-v-komitete-gosudarstvennyh-dohodov-sostoyalsya-brifing-o>

fluid to metering units, degassing, dehydration, desalting, stabilization, demercaptanization;

raw materials – the part of the subsoil extracted to the surface (rock, ore raw materials and others), containing minerals (minerals);

primary processing (enrichment) of mineral raw materials – a type of mining activity that includes gathering on-site, crushing or grinding, classification (sorting), briquetting, agglomeration and enrichment by physico-chemical methods (without a qualitative change in mineral forms of minerals, their aggregate-phase state crystal chemical structure), and may also include processing technologies, which are special types of mining operations (underground gasification and smelting, chemical and bacterial leaching, dredging and hydraulic development of placer deposits);

oil operations – exploration, production of hydrocarbons, construction and (or) operation of the necessary technological and production facilities;

minerals – natural mineral formations contained in the subsoil, hydrocarbons and groundwater, as well as natural mineral formations and organic substances containing useful components, whose chemical composition and physical properties make it possible to use them in the sphere of material production and (or) consumption and (or) other needs directly or after processing.

The concept of “**production**” was introduced into the **Tax Code**, which is not in the new Code of the Republic of Kazakhstan “On Subsoil and Subsoil Use”, but was in the Law of the Republic of Kazakhstan “On Subsoil and Subsoil Use” of June 24, 2010 № 291-IV.

The section of the Tax Code “**Taxation of Subsoil Users**” establishes the procedure for the fulfillment of tax obligations on special payments and taxes of subsoil users, as well as the specifics of the fulfillment of tax obligations on activities carried out under the agreement (contract) on production sharing (paragraph 2 of article 720).

Special payments and taxes of subsoil users include:

Tax Code dated of December 10, 2008 (Clause 3 of Article 307)	Tax Code dated of December 25, 2017 (Clause 3 of Article 720)
1) special payments by subsoil users: a) subscription bonus; b) commercial discovery bonus (it is abolished as a type of tax from January 1, 2019); c) reimbursement payment historical costs; 2) tax on mining; 3) excess profits tax.	1) subscription bonus; 2) payment for reimbursement of historical costs; 3) alternative tax on subsoil use; 4) royalties; 5) the share of the Republic of Kazakhstan in the production division; 6) tax on mining; 7) excess profits tax.

According to the norms of the new Tax Code, “the subsoil user is obliged to keep **separate tax records** for calculating the tax liability for activities carried out within each contract for subsoil use, as well as when developing a low-margin, highly viscous, water-flooded, marginal or depleted field ...” (paragraph 1 of article 723).

However, these provisions do not apply to **contracts for the exploration and (or) extraction of common minerals, non-metallic solid minerals**¹⁷, groundwater, therapeutic mud, as well as the construction and (or) operation of underground structures not related to exploration and (or) mining , with the exception of the requirements for maintaining

¹⁷ indicated in line 13 of the table of Article 746 of the Tax Code.

separate tax accounting for the calculation and execution of *the tax obligation for the mineral extraction tax* under these contracts (clause 1 of article 723).

It should be noted that the tax regime defined *in the agreement (contract) on production sharing (PSA)*, concluded between the Government of the Republic of Kazakhstan or the competent authority and the subsoil user before January 1, 2009 and passed a mandatory tax examination, as well as *in the contract for subsoil use approved by the President The Republic of Kazakhstan* is reserved for taxes and payments to the budget, in respect of which, in accordance with the provisions of such an agreement (contract), *the stability of the tax regime* is provided for, acts exclusively for the parties agreement (contract), as well as in relation to the operators during the entire prescribed period of its validity and can be changed by mutual agreement of the parties (clause 1 of Article 722).

In case of cancellation of certain types of taxes and payments to the budget stipulated by the tax regime of the *PSA* concluded between the Government of the Republic of Kazakhstan or the competent authority and the subsoil user before January 1, 2009 and underwent a mandatory tax examination, as well as the tax regime of *the subsoil use contract approved by the President of the Republic of Kazakhstan*, the subsoil user continues to make their payment to the budget in the manner and amount established by the PSA and (or) the contract for subsoil use, until the expiration of their validity period or the submission of appropriate x changes and additions in the manner determined by the legislation of the Republic of Kazakhstan (paragraph 1 of Article 722).

For contractual activities, separate tax records are maintained for the following taxes and payments to the budget:

Tax Code dated of December 10, 2008 (Clause 4 of Article 310)	Tax Code dated of December 25, 2017 (Clause 4 of Article 723)
1) corporate income tax; 2) subscription bonus; 3) commercial discovery bonus **); 4) mineral extraction tax; 5) excess profits tax; 6) other taxes and other obligatory payments to the budget.	1) corporate income tax; 2) subscription bonus; 3) payment for reimbursement of historical costs; 4) mineral extraction tax; 5) excess profits tax; 6) alternative tax on subsoil use; 7) other taxes and payments to the budget,

** commercial discovery bonus is abolished as a type of tax from January 1, 2019.

When calculating *corporate income tax* by the subsoil user for contractual activities for each individual subsoil use contract, *the income from the sale of extracted hydrocarbons* and (or) mineral raw materials that have only undergone primary processing (enrichment) is determined based on the price of their sale subject to compliance with legislation of the Republic of Kazakhstan on transfer pricing, *but not below the production cost of hydrocarbons produced* (including the preparation of hydrocarbons), mineral raw materials and (or) commercial products, gender studied as a result of hydrocarbon preparation or primary processing (enrichment) of mineral raw materials, determined in accordance with international financial reporting standards and the requirements of the legislation of the Republic of Kazakhstan on accounting and financial reporting (paragraph 12 of article 723) of the new Tax Code.

- With the exception of:

If, in accordance with the legislation of the Republic of Kazakhstan on gas and gas supply, *raw gas* is acquired by the national operator within the framework of the preemptive right

of the state, then ***the income from the sale*** of such ***raw gas*** is determined by the subsoil user in accordance with article 227 (in previous editions, “with article 86”) of Tax Code.

Tax Code dated of December 10, 2008 (paragraph 1 of article 86)	Tax Code dated of December 25, 2017 (paragraph 1 of article 227)
Revenue from the sale <i>is the cost of goods, works, services sold</i> , except for income included in the total annual income	Revenue from sales is recognized as the amount of income <i>arising from the sale of goods, works, services</i> , except for income included in total annual income.

- An exception has been added to the list:

When the subsoil user sells the extracted ***oil for export***, if the world price of oil at the date of sale of such oil is lower than the production cost of producing such oil, the income from the sale of such oil is determined in accordance with article 227 of the Tax Code.

In the case of transfer of extracted hydrocarbons and (or) mineral raw materials that have undergone primary processing (enrichment), for subsequent processing to another legal entity (without transferring ownership) and (or) to a structural or other technological division within one legal entity or using its own production the needs of the subsoil user determines ***the income from such an operation at the actual production cost of production***, including the preparation of hydrocarbons or primary processing (enrichment) of raw materials determined in accordance with international standards of financial reporting and the requirements of the legislation of the Republic of Kazakhstan on accounting and financial reporting, increased by 20%.

Subscription bonus

The subscription bonus is a one-time fixed payment by the subsoil user for the acquisition of subsoil use rights in the contract territory (subsoil plot), as well as in the expansion of the contract territory (subsoil plot) in the manner specified.

The payer of the subscription bonus is a natural or legal person who has become the winner of the competition for obtaining the right to use subsoil or has received the right to use subsoil through direct negotiations to grant the right to use subsoil in accordance with the legislation of the Republic of Kazakhstan on subsoil and subsoil use, as well as concluded RK, one of the following ***subsoil use contracts*** by the legislation of the Republic of Kazakhstan (Article 725).

Tax Code dated of December 10, 2008 (article 313)	Tax Code dated of December 25, 2017 (article 725)
1) contract for exploration; 2) contract for the extraction of minerals; 3) contract for combined exploration and production.	1) contract for exploration; 2) contract for the extraction of minerals; 3) contract for combined exploration and production; 4) license for geological study; 5) license to use the subsoil space; 6) license for prospecting.

The provision ***of a mining contract*** does not apply to subsoil users who have entered into a contract on the basis of the exclusive right to obtain mining rights in connection with commercial discovery under an ***exploration contract*** in the relevant contract area (subsoil plot).

The concept of “competition”, conducted in accordance with the legislation of the Republic of Kazakhstan on subsoil and subsoil use, is identical to the concept of “auction” held in accordance with the Code.

Calculating the subscription bonus

1. The starting amount of the subscription bonus is set separately for each subsurface use contract in the following amounts (Article 726):

1) *for exploration contracts:*

in the territory where there are no approved mineral reserves, by:

- **hydrocarbons** – 2 800 times the MCI¹⁸ established by the law on the republican budget and valid at the date of publication of the conditions of the competition or the date of signing the protocol of direct negotiations on granting the right to use subsoil in accordance with the legislation of the Republic of Kazakhstan on subsoil and subsoil use;
- **solid minerals**, with the exception of *licenses for the exploration of solid minerals, mining* and contracts for the development of man-made mineral formations - 280 times the MCI established by the law on the republican budget and valid at the date of publication of the conditions of the competition or the date of signing the protocol of direct negotiations on the granting of rights subsoil use in accordance with the legislation of the Republic of Kazakhstan on subsoil and subsoil use;
- **common minerals**, groundwater and therapeutic mud - 40 times the MCI established by the law on the republican budget and valid at the date of publication of the conditions of the competition or the date of signing the protocol of direct negotiations on the granting of subsoil use rights in accordance with the legislation of the Republic of Kazakhstan on subsoil and subsoil use;
- **in the territory** where there are approved mineral reserves - in the manner specified in sub-clause 2) of this clause to determine the starting amount of the subscription bonus for mining contracts, combined exploration and mining of the relevant minerals for which the reserves are approved;

2) *for mining and combined exploration and mining contracts:*

- **hydrocarbons**
- if the reserves are not approved, - 3 000 times the monthly calculation index established by the law on the republican budget and valid on the date of publication of the conditions of the competition or the date of signing the protocol of direct negotiations on the granting of subsoil use rights in accordance with the legislation of the Republic of Kazakhstan on subsoil use.

At the same time, if the subsoil use right is granted to a subsoil plot, ***the territory of which is divided into blocks*** in accordance with the legislation of the Republic of Kazakhstan on subsoil and subsoil use, then the starting amount of the signature bonus increases ***for each block following the 300th one by 10 times*** the MCI established by the law on the republican budget and valid at the date of publication of the conditions of the competition or the date of signing the protocol of direct negotiations on granting the right of subsoil use in accordance with the legislation of the Republic of Kazakhstan on subsoil resources and subsoil use;

- if the reserves are approved, then the starting amount of the subscription bonus is determined by the formula

¹⁸MCI from January 1, 2017 is set at 2269 tenge. Article 7 of the Law of the Republic of Kazakhstan of November 29, 2016 № 25-VI “On the Republican Budget for 2017-2019”

- *for contracts for the extraction of mineral raw materials and for combined exploration and production*, with the exception of contracts for the development of technogenic mineral formations and licenses for the extraction of solid minerals, mining (the starting amount of the subscription bonus is set depending on whether reserves are approved or not approved):

- *for contracts for common minerals*,

3) *for contracts for the processing of man-made mineral formations*

4) *for exploration contracts for wastewater discharge*

2. The value of mineral reserves is determined by:

- 1) *for hydrocarbons*, with the exception of raw gas, based on the arithmetic mean of the quotations of the price of hydrocarbons in foreign currency, using the market exchange rate determined on the last business day preceding the date of payment of the subscription bonus.
- 2) *for raw gas under a subsoil use contract*, which provides for obligations of a subsoil user on the minimum volume of supply of extracted raw gas to the domestic market of the Republic of Kazakhstan at a price determined by the Government of the Republic of Kazakhstan.
- 3) *for minerals*, based on the arithmetic mean of the price of mineral prices in foreign currency, using the market exchange rate determined on the last business day preceding the date of payment of the subscription bonus.

Peculiarities of calculating the subscription bonus for licenses for geological research, prospecting, exploration or mining of solid minerals, with the exception of licenses issued as a result of the auction.

The amount of the subscription bonus *under the license for geological research, prospecting, exploration or mining of solid minerals*, with the exception of the license issued on the basis of the auction, is calculated based on the rate expressed in the MCI established by the law on the republican budget and valid on the date of payment of the subscription bonus (article 727):

Tax Code dated of December 25, 2017

№	Name	Rate in MCI
1.	Exploration license	100
2.	Mining license	50
3.	Prospecting license:	
3.1.	with an area of up to 0.3 km ²	9
3.2.	with the area of the territory provided from 0.3 to 0.5 km ²	12
3.3.	when the area of the territory provided is from 0.5 to 0.7 km ²	15
4.	Geological Exploration License	2000

Historical Cost Reimbursement Payment

The payment for reimbursement of historical costs is a fixed payment by the subsoil user for reimbursement of the total costs incurred by the state for the geological study of the contract area (subsoil plot) and exploration of deposits before the subsoil use contract is concluded (Article 731).

Payers are subsoil users operating under a subsoil use contract for mineral deposits for which the state has incurred expenses for the geological study of the contract area (subsoil plot) and exploration of deposits before the subsoil use contract is concluded (Article 732).

It is not a payer of the payment for the recovery of historical costs of a subsoil user operating under a *license for the exploration or mining of solid minerals*, while meeting the following conditions:

- license for exploration or mining of solid minerals issued *after December 31, 2017*;
- the territory for which a license was granted for the exploration or mining of solid minerals does not apply to the territory for which the right to use subsoil under subsoil use contracts was granted *until January 1, 2018*.

The procedure for establishing payment for the recovery of historical costs.

1. The amount of historical costs incurred by the state for the geological study of the contractual area (subsoil plot) and exploration of deposits is calculated by the authorized state body of the Republic of Kazakhstan in the manner specified by the legislation of the Republic of Kazakhstan and is payable to the budget (Article 733):

1) in the form of payment for the reimbursement of historical costs in the amount established by the agreement on confidentiality, minus fees for the acquisition of geological information that is in state ownership;

2) in the form of payment for the acquisition of geological information in state ownership, in the amount established by the confidentiality agreement.

Mineral Extraction Tax

1. The mineral extraction tax (MET) is paid by the subsoil user separately for each type of mineral raw materials produced in the Republic of Kazakhstan, hydrocarbons, groundwater and therapeutic mud.

2. MET for all types of extracted mineral raw materials, hydrocarbons, groundwater and therapeutic mud, regardless of the type of mining carried out, is paid at the rates and in the manner established by the Tax Code.

Tax Code dated of December 10, 2008 (article 331)	Tax Code dated of December 25, 2017 (article 738)
The mineral extraction tax payers are subsoil users engaged in the extraction of oil, minerals, groundwater and therapeutic mud, including the extraction of minerals from man-made mineral formations that <i>are state property</i> , within each individual contract for subsoil use.	The mineral extraction tax payers are subsoil users engaged in the extraction of hydrocarbons, mineral raw materials, groundwater and therapeutic mud, including the extraction of minerals from man-made mineral formations for <i>which the mineral extraction tax and / or royalties are not paid</i> , within each individual subsurface use contract, except for subsoil users operating solely within the framework of the <i>exploitation license</i>

Previously, the terms “oil”, “crude oil, gas condensate and natural gas” were used to replace the new term “hydrocarbons” and the terms “crude oil, gas condensate” by the term “oil”, “natural gas” by the term “crude gas "Or the term" gas ".

The object of taxation on mineral extraction tax is the physical volume of hydrocarbons produced by the subsoil user over the tax period. In order to calculate the mineral extraction tax, the total amount of hydrocarbons produced by the subsoil user over the tax period is divided into:

- 1) **oil** sold for processing at a refinery located in the Republic of Kazakhstan;
- 2) **oil** transferred for processing as a customer-supplied raw material to a refinery located in the territory of the Republic of Kazakhstan;

- 3) *oil* used by the subsoil user for its own production needs;
- 4) *oil* transferred by the subsoil user in kind on account of the mineral extraction tax, rent tax on exports, royalties and shares of the Republic of Kazakhstan on the division of products to the recipient on behalf of the state in accordance with the "Procedure for meeting the MET tax liability, rent tax on hydrocarbons , royalties and the share of the Republic of Kazakhstan on the division of products in kind ”;
- 5) *raw gas* sold on the domestic market of the Republic of Kazakhstan and (or) used for own production needs.
- 6) *associated gas* used to produce liquefied petroleum gas in the amount attributable to liquefied petroleum gas sold on the domestic market of the Republic of Kazakhstan.
- 7) *raw gas* used by a subsoil user-subject of industrial and innovative activity, the implementation of which is provided for by the Business Code of the Republic of Kazakhstan;
- 8) *commodity hydrocarbons* - the total volume extracted by the subsoil user for the tax period in the framework of each individual contract for the use of hydrocarbons in the subsoil minus oil, raw gas and associated gas,

The mineral extraction tax is not paid on raw gas in the amount pumped back into the subsoil in order to increase the oil recovery rate stipulated by the approved project documents.

The tax base for calculating the mineral extraction tax is the value of the volume of hydrocarbons produced during the tax period (article 740).

The cost of commodity hydrocarbons produced by a subsoil user within the framework of each individual subsurface use contract for a tax period is defined as the product of the volume of commercial hydrocarbons produced and the world price per unit of product calculated for the tax period.

The world price of oil is defined as the product of the arithmetic average of the daily price quotations for the tax period and the arithmetic average market exchange rate for the corresponding tax period using the formula below.

Price quotation means the price quotation of oil in foreign currency of each individually standard grade of oil “Urals Mediterranean” (UralsMed) or “Dated Brent” (BrentDtd) in the tax period based on information published in the PlattsCrudeOilMarketwire source of TheMcgraw-HillCompaniesInc.

In the absence of information on prices for these standard grades of crude oil, this source uses the prices for these standard grades of crude oil:

- 1) according to the source “ArgusCrude” of the company “ArgusMedia Ltd”;
- 2) in the absence of information on prices for these standard grades of crude oil in the above sources, according to data from other sources determined by the legislation of the Republic of Kazakhstan on transfer pricing.

To determine the world price of oil, the conversion of units of measurement from a barrel to a metric ton taking into account the actual density and temperature of produced oil, reduced to standard measurement conditions and specified in the oil quality data sheet, is in accordance with the national standard approved by the authorized state body implementing state regulation areas of technical regulation.

For the purposes of **calculating the mineral extraction tax, the conversion of units of measurement from metric ton to barrel** is carried out on the basis of the weighted average barrelization coefficient by the formula. The weighted average barrelization coefficient is calculated to four decimal places.

Barrelization coefficients are determined at the beginning of the export route in the territory of the Republic of Kazakhstan.

The world price for raw gas is defined as the product of the arithmetic average of the daily price quotations in foreign currency for the tax period, taking into account the conversion of international units of measure into cubic meters in accordance with the approved ratio and the arithmetic average market exchange rate for the corresponding tax period using the formula.

Price quotation means the ZeebruggeDay-Ahead natural gas price quotation in a foreign currency in the tax period based on information published in the PlattsEuropeanGasDaily source by TheMcgraw-HillCompaniesInc.

In the absence of information on the price of natural gas "ZeebruggeDay-Ahead" in this source is used the price of natural gas "ZeebruggeDay-Ahead":

1) according to the source "Argus European Natural Gas" of the company "Argus Media Ltd";

2) in the absence of information on the price of natural gas "ZeebruggeDay-Ahead" in the above sources - according to other sources determined by the legislation of the Republic of Kazakhstan on transfer pricing

Calculating MET:

- The amount of MET, payable to the budget, is determined based on the object of taxation, the tax base and the rate (paragraph 7 of article 742)
- For calculating the mineral extraction tax, the subsoil user during the calendar year applies the rate corresponding to the planned production volume for the current tax year for each individual subsoil use contract.

In this case, in the case of transfer (transfer) of a subsoil use right ***under one subsoil use contract***, the MET rate is applicable corresponding to the declared total annual production volume under such a subsoil use contract, regardless of whether the subsoil use right is transferred (transfer).

- In order to ensure the correctness of calculation and full payment of the mineral extraction tax to the budget, the authorized body in the field of hydrocarbons submits to the tax authority information on the planned volumes of hydrocarbon production in the context of subsoil users for the coming year for each individual subsoil use contract to the tax authority ***until January 20 of the current calendar year***.
- If, according to the results of the reporting calendar year, the actual volume of hydrocarbons extracted under a subsoil use contract does not correspond to the planned volume under such a contract and leads to a change in the MET rate, the subsoil user is obliged to make an adjustment to the MET amount calculated for the reporting year.
- The amount of the MET is adjusted in the declaration for the last tax period of the reporting tax year by applying the MET rate corresponding to the actual volume of hydrocarbons produced, determined in accordance with the MET tax rates, to the tax base calculated in the MET tax returns for 1–3 quarters of the tax year.

- The amount of MET, taking into account the adjustment made, is a tax liability for MET for the last tax period of the reporting year.

Mineral Extraction Tax Rates

№	Annual production	Rates, %
1.	up to 250,000 tons inclusive	5
2.	up to 500,000 tons inclusive	7
3.	up to 1,000,000 tons inclusive	8
4.	up to 2,000,000 tons inclusive	9
5.	up to 3,000,000 tons inclusive	10
6.	up to 4 000 000 tons inclusive	11
7.	up to 5,000,000 tons inclusive	12
8.	up to 7,000,000 tons inclusive	13
9.	up to 10,000,000 tons inclusive	15
10.	over 10,000,000 tons	18

In the event of the sale and (or) transfer of oil on the domestic market of the Republic of Kazakhstan, including in-kind in payment of *the mineral extraction tax, rent tax on exports, royalties and shares of the Republic of Kazakhstan on the division of products* to the recipient on behalf of the state the procedure specified in subparagraphs 1), 2), 3) and 4) of paragraph 2 of Article 739 of the Tax Code, a reduction factor of 0.5 is applied to the established rates.

The tax rate on the extraction of minerals for raw gas is 10%. When selling raw gas in the domestic market, the mineral extraction tax is paid at the following rates, depending on the volume of annual production:

№	Annual production	Rates, %
1.	up to 1.0 billion cubic meters inclusive	0,5
2.	up to 2.0 billion cubic meters inclusive	1,0
3.	over 2.0 billion cubic meters	1,5

The MET rates for oil for fields (group of fields, part of the field) classified as low-margin, high-viscosity, water-flooded, low-yield, worked out, under the contract for hydrocarbon production are set by the Government of the Republic of Kazakhstan.

Mineral extraction tax on minerals, with the exception of common minerals

The object of taxation is the physical volume of mineral reserves contained in mineral raw materials (the taxable amount of redeemed reserves).

The tax base for calculating the mineral extraction tax is the value of the taxable amount of the redeemed mineral reserves contained in mineral raw materials for the tax period (paragraph 1 of Article 745).

MET rates for minerals (article 746).

Reduced mineral extraction tax rates on tin from 6% to 3%.

According to the MNE, at the level of the MET rate (6%), which previously existed, the project's profitability is close to zero (Syrymbet is the only tin deposit in the Republic of Kazakhstan).

The list of mineral extraction tax rates, mineral raw materials, including those that have only undergone primary processing, has added the rates for “Other non-metallic mineral raw materials”.

MET rates for minerals

№		Name of minerals, mineral raw materials, including those that have only undergone primary processing	Rates, %
1	Other non-metallic minerals	Alumina-containing rocks (feldspar, pegmatite)	2,5%
		Kaolin, vermiculite and other non-metallic solid minerals, mineral raw materials containing non-metallic solid minerals	4,7%

Excess profits tax

Excess profit tax is calculated for the tax period for each individual subsoil use contract for which the subsoil user is a payer of excess profit tax (Article 752).

For the purpose of calculating the excess profits tax, the subsoil user determines the object of taxation, as well as the following objects related to taxation, for each individual subsoil use contract in accordance with the procedure established below (Article 753):

- 1) net income for the purpose of calculating excess profits tax;
- 2) taxable income for the purpose of calculating excess profits tax;
- 3) gross annual income from a subsurface use contract;
- 4) deductions for the purpose of calculating excess profits tax;
- 5) corporate income tax under the subsoil use contract;
- 6) the estimated amount of tax on the net income of a non-resident permanent establishment under a subsoil use contract.

Payers of excess profits tax are subsoil users for the activities carried out under each individual subsoil use contract, with the exception of the subsoil use contracts specified below.

Non-profit taxpayers are not payers of subsoil users for activities carried out on the basis of the following subsoil use contracts:

- 1) an agreement (contract) on production sharing (PSA) concluded between the Government of the Republic of Kazakhstan or the competent authority and the subsoil user before January 1, 2009, as well as subsoil use contracts approved by the President of the Republic of Kazakhstan (in accordance with paragraph 1 of Article 722 of the Tax Code).
- 2) for the exploration and (or) extraction of solid minerals, groundwater and (or) therapeutic mud, provided that these contracts do not provide for the extraction of other groups of minerals;
- 3) for the construction and operation of underground facilities not related to exploration and mining.

Excess profit tax is paid by the subsoil user on a sliding scale of rates determined in the following order:

№	The scale of distribution of net income by level for the purpose of calculating the excess profits tax, a percentage of the amount of deductions	The percentage to calculate the maximum amount of the distribution of net income for the purposes of calculating the excess profits tax	Rate (%)
1.	less than or equal to 25%	25	Not installed
2.	from 25% to 30% inclusive	5	10
3.	from 30% to 40% inclusive	10	20
4.	from 40% to 50% inclusive	10	30
5.	from 50% to 60% inclusive	10	40
6.	from 60% to 70% inclusive	10	50
7.	over 70%	in accordance with the procedure for calculating the excess profits tax	60

Rental tax on export

Payers of rental tax on exports are individuals and legal entities that sell for export:

1) crude oil and petroleum products, crude, with the exception of exports of crude oil and gas condensate produced:

- subsoil users under contracts;
- subsoil users under contracts for the extraction or exploration and production of hydrocarbons on the continental shelf of the Republic of Kazakhstan or on offshore and ultra-deep deposits.

2) coal.

The object of imposing a rental tax on exports is the amount of crude oil and crude oil products, coal sold for export, excluding the volume of minerals sold for export, transferred by the subsoil user to meet tax obligations in kind and sold by the recipient on behalf of the state or by a person authorized by the recipient on behalf of the state for such implementation (Article 714).

The tax base for calculating the *rent tax on exports of crude oil and crude oil products* is the cost of exported crude oil and crude oil products, calculated on the basis of the actual volume of crude oil and crude oil products and world prices sold for export. At the same time, for crude oil and crude oil products the world price is determined on the basis of the world price of crude oil (Article 715).

When exporting crude oil and crude oil products, the rental tax on exports is calculated at rates of 0% -32%¹⁹.

To determine the world price of crude oil for the purpose of calculating rental tax on exports, *the conversion of units of measure from a barrel to a metric ton is based on a weighted average barrelization rate.*

The weighted average barrelization coefficient is calculated to four decimal places;

¹⁹ In the case of falling world prices for crude oil below 40 USD per barrel, a zero tax rate is applied.

Barrelization coefficients are determined at the beginning of the export route in the territory of the Republic of Kazakhstan.

The tax base for calculating *the rent tax on exports of coal* is the value of exported coal, calculated on the basis of the actual volume of coal sold for export.

When exporting coal, rental tax on exports is calculated at a rate of 4.7%.

The increase in the rate of rent tax on exports of coal from 2.1% to 4.7% is due to the abolition of the excess profits tax on solid minerals in order to compensate for budget losses.

At the same time, for the purpose of calculating the rent tax on exports of coal, *transactions made in foreign currency are recalculated in tenge* using the market exchange rate determined at the date of transfer of ownership of the exported coal according to the contract (contract).

Thus, in the new Tax Code, controversial issues were eliminated in connection with the use of the barrelization coefficient and transactions made in foreign currency.

Alternative tax on subsoil use

The fulfillment of tax obligations *under contracts for the extraction or exploration and production of hydrocarbons* on the continental shelf of the Republic of Kazakhstan and offshore and ultradeep fields can be carried out by calculating and paying an alternative *tax on subsoil use* (paragraph 5 of article 720).

1. Alternative tax on subsoil use is entitled to apply in exchange (Article 766):
 - payment of reimbursement of historical costs;
 - MET;
 - excess profits tax;
 - rent tax on oil exports.

Legal entities-subsoil users, concluded in accordance with the legislation of the Republic of Kazakhstan on subsoil and subsoil use:

1) contract for the production and / or combined exploration and production of hydrocarbons *on the continental shelf of the Republic of Kazakhstan;*

2) contract for the extraction and (or) exploration and production of hydrocarbons from the Pomorskie and ultradeep fields.

The alternative tax on subsoil use is applied from the date of the conclusion of a mining contract or the start of the mining period under a combined exploration and production contract to the expiration date of the relevant subsoil use contract and *is not subject to change*.

Notification of the application of this right shall be sent by the taxpayer to the tax authority at the place of location no later than 30 calendar days from the date of conclusion of the extraction contract or the start of the extraction period under the joint exploration and mining contract.

In the absence of such a notification, the fulfillment of the tax obligation to pay for the reimbursement of historical costs, the mineral extraction tax and excess profits tax is performed in

2. From January 1, 2018, the right to apply the alternative procedure for fulfillment of the tax obligation for special payments and taxes of subsoil users under contracts concluded before January 1, 2018 is made for the entire remaining period of the subsurface

use contract and is not subject to change, about which the taxpayer sends a notice to tax authority at its location no later than March 1, 2018

The procedure for calculating the alternative tax on subsoil use is defined in Article 767.

The alternative tax on subsoil use is calculated at the following rates based on the world price of oil:

№	World price	Rates,%
1.	Up to 50 USD per barrel inclusive	0
2.	Up to 60 USD per barrel inclusive	6
3.	Up to 70 USD per barrel inclusive	12
4.	Up to 80 USD per barrel inclusive	18
5.	Up to 90 USD per barrel inclusive	24
6.	Over 90 USD per barrel	30

Payment for use of land

Payers of land use fees are persons who have received:

- 1) land for temporary paid land use (rent);
- 2) subsoil plot on the basis of a license for exploration or mining of solid minerals.

For a subsoil block provided on the basis of a license for the exploration or extraction of solid minerals, the rates of payment are determined based on the size of the MCI, established by the law on the republican budget and valid for the first number of the tax period, and are:

Rates of land use fees

№	Period	Pay Rates (MCI)
1.	from 1 to 36 months of validity of the license for exploration, for 1 block	15
2.	from 37 to 60 months of validity of the license for exploration, for 1 block	23
3.	from 61 to 84 months of validity of the license for exploration, for 1 block	32
4.	from 85 months of exploration license valid and further, for 1 block	60
5.	from 1 month of a mining license and beyond, for 1 km ²	450

A **block** is a territory for which, in accordance with the legislation of the Republic of Kazakhstan on subsoil and subsoil use, a license has been issued for the exploration or mining of solid minerals. Each block has its identifying coordinates and an individual code assigned to it by the authorized body for the study and use of subsoil.

Subsoil users for a subsoil site granted on the basis of a license for exploration or mining of solid minerals pay the annual fee not later than February 25 of the reporting tax period - if the license is valid as of January 1 of the reporting year and before it expires or when a license is received before 1 February of the reporting year, inclusive - in the amount of the annual fee, determined at the rates, fees for the use of land plots.

3.1.2. Licensing (2.2)

Licenses are granted through the information system “State database” E-licensing²⁰. Applicants can obtain a license through the Internet portal “E-licensing” for the type of activity in the section “Subsoil Use”.

In accordance with the Annex to the Decree of the Government of the Republic of Kazakhstan dated November 17, 2017²¹ № 754 the Ministry of Energy of the Republic of Kazakhstan has defined the licensors for the implementation of licensing activities in the field of oil and gas; the Committee for Environmental Regulation and Control of the Ministry of Energy of the Republic of Kazakhstan defines services for individuals and legal entities.

Annex to the Resolution of the Government of the Republic of Kazakhstan dated June 29, 2015 № 489.

Permissions of the first category (license)

Name of the license and type of activity for which the license is required	Name of the type of activity for which a license is required
Licensing of activities in the field of oil and gas	
License for design (technological) and (or) operation of mining operations (hydrocarbon raw materials), petrochemical industries, operation of main gas pipelines, oil pipelines, oil product pipelines in the field of oil and gas	1) production of oil, gas, gas condensate; 2) technological operations (field research; seismic exploration; geophysical work) at hydrocarbon fields; 3) shooting and blasting operations in oil; gas; gas condensate; injection wells; 4) drilling of wells in hydrocarbon fields on land; on the sea; on inland waters; 5) underground repair (current; overhaul) wells in the fields; 6) cementation; testing; development, testing of wells in hydrocarbon fields; 7) conservation; liquidation of wells in hydrocarbon fields; 8) increase oil recovery of oil reservoirs and increase well productivity; 9) work to prevent and eliminate spills in the fields of hydrocarbon raw materials on land; on the sea; 10) design (technological) and (or) operation of petrochemical plants;

²⁰General information on e-licensing is available on the E-licensing web portal at <http://elicense.kz>

²¹Decree of the Government of the Republic of Kazakhstan dated November 17, 2017 № 754 “On Amendments to the Decree of the Government of the Republic of Kazakhstan dated June 29, 2015 № 489” Resolution of the Government of the Republic of Kazakhstan dated December 26, 2012 № 1684 “On Certain Issues of Licensing Activities for the Execution of Works and the Provision of Services in the Field of Environmental Protection”

Name of the license and type of activity for which the license is required	Name of the type of activity for which a license is required
	11) preparation of project documents; technological regulations; feasibility studies of projects for hydrocarbon deposits; 12) operation of main gas pipelines, oil pipelines, oil product pipelines
Licensing of activities in the field of services to individuals and legal entities	
License to perform work and provide services in the field of environmental protection	1) environmental design, regulation for the first category of economic and other activities; 2) environmental audit for the first category of economic and other activities.

In accordance with the Annex to the Decree of the Government of RKot on November 2, 2017 № 708²² list of goods, export and (or) import of which is subject to licensing, licensors and government agencies that coordinate the issuance of a license.

The list of goods, the export and (or) import of which is subject to licensing, licensors and government agencies that coordinate the issuance of a license

The list of goods, export and (or) import of which are subject to licensing	Licensor	Coordinating authority
Exports of precious metals and commodities containing precious metals	MID	-
Mineral exports	MID	-

Permits are required for the following activities:

- Registration of a pledge agreement for the right of subsoil use for exploration, extraction or combined exploration and extraction for groundwater, therapeutic mud and solid minerals
 - Accreditation of gas network organizations
 - Registration of contracts for subsoil use in terms of hydrocarbons, coal and uranium
 - Registration of a pledge agreement for subsoil use rights in terms of hydrocarbons, coal and uranium
 - Approval of a project for the development of mineral deposits
 - Mining allotment
 - Coordination by the subsoil user of the procedure for ensuring fire protection of artificial islands, dams, structures and installations, as well as other facilities related to oil operations in the course of their operation with state control authorities
- Issuance of a permit for flaring of associated and (or) natural gas during

²² Resolution of the Government of the Republic of Kazakhstan № 708 dated November 2, 2017 “On Amendments to the Resolution of the Government of the Republic of Kazakhstan № 287 dated April 24, 2015 “On Approving the List of Goods Exported and (or) Imported to Licensing, Licensors and Government Agencies that Agree on Issuing a License”. The Decree enters into force 6 months after the day of its first official publication.

technologically unavoidable gas combustion during commissioning, operation, maintenance and repair of process equipment

- Issuance of a permit for the construction or placement of offshore structures
- Issuance of permits for drilling a prospecting, exploration, production well or another well at sea
- Issuance of permits for construction, installation or laying of oil and gas pipelines at sea

Notification procedure:

- Notice of the beginning or termination of activities for the conduct of marine scientific research
- Notification of the commencement or termination of activities for the importation into the territory of the Republic of Kazakhstan from countries outside the Eurasian Economic Union, and the export from the territory of the Republic of Kazakhstan to these countries of precious metals and gems, jewelry and other products made of precious metals and precious stones, commodities containing precious metals
- Notification of the start or termination of activities related to the wholesale supply of petroleum products

The Ministry of Energy is registering contracts for subsoil use in terms of hydrocarbons, coal and uranium, a pledge agreement for subsoil use rights in terms of hydrocarbons, coal and uranium.

The Ministry of Investment and Development of the Republic of Kazakhstan approves a project for the development of mineral deposits.

3.1.3. Register of licenses / contracts (2.3, 2.4)

Information on the registry of subsurface use contracts of all companies, and not only those participating in the EITI, indicating the type and number of contracts, duration, licensor, status is available on the website of the Committee of Geology and Subsoil Use of the MID of RK: List of hydrocarbon raw materials as of January 1, 2018

<http://info.geology.gov.kz/images/stories/spravochnik/ubs01.01.18.pdf>

The list of solid minerals on April 1, 2018.

<http://info.geology.gov.kz/images/stories/spravochnik/tpi.01.04.18.pdf>

One company may enter into several contracts, and one contract may also have the right to use subsoil for several objects. After selecting the appropriate list, information is available about the name of the company - the subsoil user, the address, the manager, the year of creation, the main type of activity and the subsoil use object by clicking on a specific object. The window below will be displayed. Thus, you can choose any company of interest - the subsoil user and get acquainted with the information.

Interactive map of the Committee of Geology and Subsoil Use of the Ministry of Investment and Development of the Republic of Kazakhstan (MID RK) <https://gis.geology.gov.kz/geo/> allows you to select the information displayed on the map, search for information on the map.

On the Interactive map all active objects are indicated by TPI, PV, HCV, OPI: contract territories, at the registration stage, plots provided in a simplified manner, according to received bids, put up for auction, occupied objects, poorly studied. For each site there is data that includes the contract number, type of activity, type of mineral, data on the subsoil user, as well as its details.

The map in standard mode opens by default. On the left, the control menu consists of four sections in the form of icons.

1) Legend - the legend of objects.

To view the legend of a layer, expand the layer by clicking on the icon. A list of symbols opens.

2) List of layers - control layers.

In the “List of layers” section of the content pane, the layers are displayed containing all objects in the republic. In this section, you can control the display of layers of objects on the map by removing or ticking the layer next to the name. By default, the layers “Valid objects for TPI, PV, HCV, OPI” and “Program for the management of the state fund of mineral resources (PMSFMR)” are displayed.

To view the legend of a layer, expand the layer by clicking the icon to the left of the layer name. A list of symbols opens.

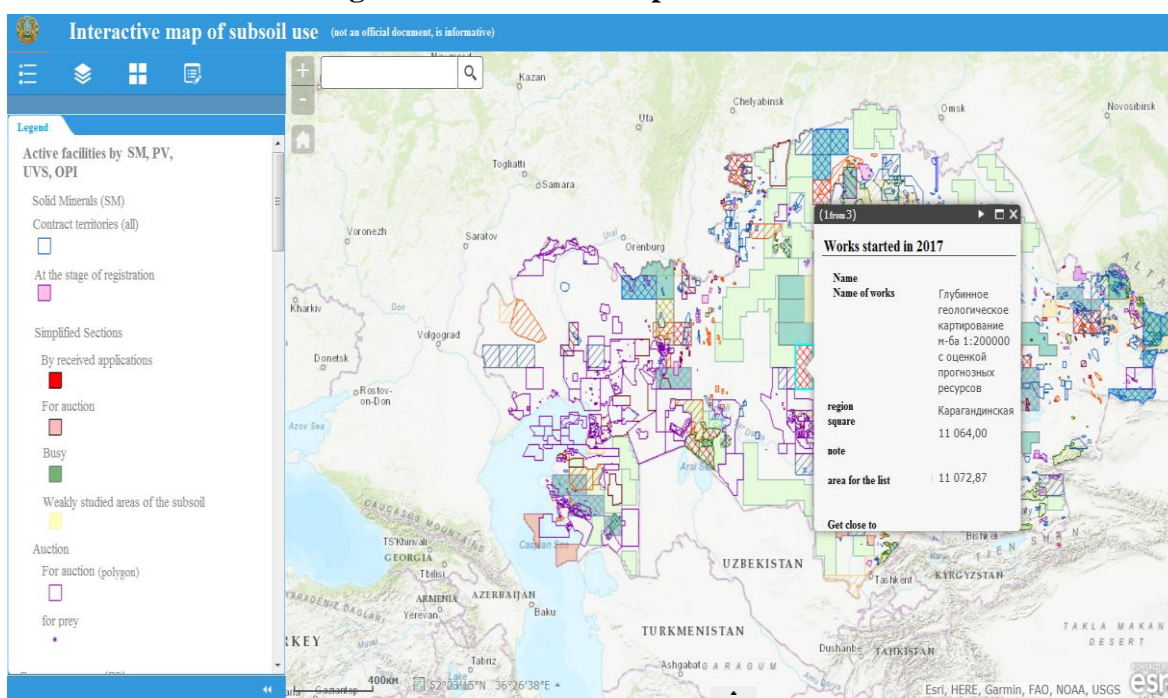
3) Gallery of maps - control substrates. The substrate can be selected only one.

4) Create a cartogram - filling in the free fields to determine the location, the contour of the object.

“Cartogram” allows you to find objects of interest to users by the completed attributes.

To identify objects, click on it with the cursor. The polygon will be highlighted in color (green) and a window will appear with information on all the objects contained in the selected area.

Figure 1. Interactive map of subsoil use



Source: <https://gis.geology.gov.kz/geo/>

3.1.4. Contract Information and PSA (2.4)

Contracting (2.4)

According to the Committee of Geology and Subsoil Use of the Ministry of Investment and Development of the Republic of Kazakhstan, as of January 1, 2018, 582 contracts for subsoil use are in force, **including 403 for solid minerals (SM)**, of which exploration (E) - 182, mining (M) - 101, exploration and mining (E&M) - 109 and **groundwater (GW) - 179**, of which exploration - 2, mining -134, exploration and mining - 44.

More than 90% of hydrocarbon fields are contracted: a total of 214 contracts for the use of mineral resources for hydrocarbon raw materials, including: for exploration - 62, for combined exploration and production - 71, for mining - 70, PSA - 11.

Number of Subsoil Exploration Contracts: 2015 - 3, 2016 –19, 2017 –3. **In the framework of the contracts for the geological study of the subsoil:** at present, work is carried out within the framework of 19 contracts. The amount of investment amounted to - 32 billion tenge.

The number of contracts for 2017 is 42 contracts, of which 25 are under the direct negotiation protocols, according to the results of the competition - 15 contracts, through the conversion - 2 contracts

In accordance with Article 267 of the Entrepreneurial Code of the Republic of Kazakhstan, the Ministry of Investment and Development of the Republic of Kazakhstan carries out a measure of state support for industrial innovation entities in terms of granting subsoil use rights to conduct exploration, mining, combined exploration and mining operations related to industrial activities (technological cycle), without a competition based on direct negotiations in accordance with the Law of the Republics Kazakhstan “On Subsoil and Subsoil Use”.

For 2017, subsoil use rights for 6 sites were granted to the following companies for relevant industrial and innovative projects:

- “Kazzinc” LLP for the exploration of polymetallic ores and precious metals in Revnyushinskaya Square in East Kazakhstan Oblast and for the investigation of polymetallic ores and precious metals in Shubinskaya Square in East Kazakhstan Oblast (*reconstruction of the Zyryanovsk Mining and Processing Plant with an increase in ore processing from 2.25 to 3.0 million tons per year*);
- JSC “Zhairesky MPC” for the exploration of complex ores, precious and ferrous metals, as well as associated components in the Akbastau area (sections 1, 2 and 3) in the Karaganda region and for the exploration of complex ores, precious and ferrous metals, as well as associated components for Karazhal Square (sections 1 and 2) in the Karaganda region. (*construction of a processing plant, with an ore processing capacity of up to 5.0 million tons per year as a whole*);
- “Ertai” LLP for the extraction of lead-zinc ores and associated components at the Druzhnoye deposit in the Zhambyl region (*“Modernization and reconstruction of the Aksuek concentrator at the flotation and gravity plant with the aim of developing the nearby Druzhnoye deposit”*);
- “MC Metallinvest” LLP for the extraction of barite ores at the Ansai deposit in the South Kazakhstan region (*“Construction of a mining and concentration plant on the basis of the Ansai deposit for the production of barite concentrate with a capacity of 200 thousand tons per year”*).

Below are the data of the MID of the RK of the Protocols on the results of consideration of the transfer of rights under the TPI.

№	Subsoil user	Contract number and date	Appeal / Decision
Protocol number 1 dated January 24, 2017			
1	«Central Asia Mining Co» LLP	№ 4913 of June 28, 2016 for the exploration of gold, alluvial gold, silver and non-ferrous metals in the Kumystinskaya area of South Kazakhstan Oblast № 4898 of June 23, 2016 for the extraction of placer gold in the Altyntausay deposit in the South Kazakhstan region.	They are asking for permission to alienate a 30% stake in «Central Asia Mining Co» LLP in favor of «Ontustik Financial Trade and Industrial Corporation» LLP.
2	«AltynGeo» LLP	№ 4970 of September 14, 2016 for alluvial gold exploration at the Karzhan site in South Kazakhstan Region	They are asking to grant permission for the alienation of a 3% stake in «AltynGeo» LLP owned by Rusnak V.V. in favor of «Ontustik Financial Commercial and Industrial Corporation» LLP.
3	«NC «SEC «Ertis» JSC	№ 4579 dated April 17, 2015 to conduct exploration for gold-bearing ores at the Vasilyevskoye place of birth in the East Kazakhstan region	They are asking for permission to alienate a 10% stake in the Mining and Metallurgical Company «Vasilievskoye» LLP in favor of «Oltan» LLP
4	«Saryarka mining» LLP	№ 2642 dated May 5, 2008 for exploration and mining of ferromanganese ores at Tuebay-Syurtysu area in the Karaganda region	The request is made to issue a permit to SAT & Company JSC for the alienation of a 99.91% stake in Central Asian Investment Consulting Company LLP in favor of Utebergenova A.S.
5	«NC «SEC «Pavlodar» JSC	№ 4815 dated April 11, 2016 for the exploration of copper ores and precious metals on Zhambas square in Pavlodar region	They are asking to grant permission for the transfer of subsoil use rights as a contribution to the authorized capital of Zhambas-PV LLP.
6	«Cement Plant Semey» LLP	№ 3475 of December 14, 2009 to conduct the extraction of groundwater at the intake of the Western on the left bank of the r. Irtysh in East Kazakhstan region	BTA Bank JSC is requested to issue a permit for the alienation of a 100% stake in Semey Port Land Production Company LLP to the benefit of Semey Port Land LLP.
7	«NC «SEC «Esil» JSC	№4350 dated February 28, 2014 gold mining at the Akbeit deposit in Akmola region	They are asking for permission to transfer a 20% stake in Esil Gold company LLP in favor of DA MEI-ASTANA LLP.
Protocol number 2 dated February 2, 2017			
8	«TURAN-KULAGER» LLP	№ 649 dated April 4, 2001 of the year for carrying out the extraction of drinking water at the Ke-netkol deposit (well site №1943) in the Zerendinsky district of the Akmola region. № 650 dated April 4, 2001 to extract drinking medicinal-table mineral waters at the Kulager-Arasan deposit in the Akmola region.	They are asking for permission to transfer to Murat Kanatovich Akhmetov Shalkar Abugalievich Nurtleuov the object related to subsoil use in the form of a 10% share in the authorized capital of Asia Su Kompaniysy and Blauwe Rots B.V. an object associated with subsoil use in the form of a 30% share in the authorized capital of the Partnership.

№	Subsoil user	Contract number and date	Appeal / Decision
9	Mukasheva Tokzhan Amankeldykyzy	№ 4203 dated April 12, 2013, for exploration of manganese ores at the Ul-kenzhol deposit in the Karaganda region	They are asking to grant permission for the alienation of a 50% stake in Adelya Invest LLP in favor of Mukasheva Safura Magauyanovna.
Protocol number 4 dated February 17, 2017			
10	«Altyn Olzha.ken» LLP	№ 2157 dated Septemder 13, 2006 for exploration and production of gold and polymetals in the Onzhas area in Almaty region	They are asking for permission to alienate: - Salzhanov A.T. 25% share in the authorized capital of Altyn Olzh.ken LLP in favor of EQUINOX MINING PTE. LTD PF; - Nabiyeu A.M. 25% share in the authorized capital of Altyn Olzh.ken LLP in favor of COAL-FIELD INVESTMENT COMPANY PTE.LTD. - Kulinsky O.V. 22.5% share in the authorized capital of Altyn Olzh.ken LLP in favor of COAL-FIELD INVESTMENT COMPANY PTE.LTD.
11	«NC «SEC «Zhetisu» JSC	№ 4787 dated February 22, 2016 for prospecting for gold-bearing ores at the Malaysian-Zapadnoye ore occurrence in Almaty region	They are asking for permission to alienate the right to use subsoil in favor of Malaysian Altyn LLP.
12	«TURAN-KULAGER» LLP	№ 649 dated April 4, 2001 to conduct the production of drinking water at the KeNetcol field (section of well No. 1943) in the Zerendinsky district of the Akmola region	They are asking for permission to alienate the rights of subsoil use under contracts in favor of “Kokshetau Mineral Waters” JSC.
13	«TURAN-KULAGER» LLP	№ 650 dated April 4, 2001 to conduct the extraction of drinking medicinal-table mineral waters at the Kulager-Arasan deposit in the Akmola region	They are asking for permission to alienate the rights of subsoil use under contracts in favor of “Kokshetau Mineral Waters” JSC.
14	«MC «Ashaly» LLP	№ 4242 dated July 16, 2013 for gold exploration at a site in the Askar massif of the Asha-ly-Daubaysky ore field in East Kazakhstan	CEMP-VOSTOK JSC is asking for permission to alienate a 90% stake in LLP Ashaly LLP in favor of DUM-Business Company LLP.
Protocol number 6 dated March 30, 2017			
15	Foreign Trade Company «Tech Kazinvest» LLP	№ 323 dated May 3, 1999 to conduct exploration and subsequent mining of gold, silver, copper, zinc and lead of the Karamurun ore field in the Kyzylorda region	They are asking to grant permission for the transfer of subsoil use rights in favor of Marcel Gold LLP.
16	«NC «SEC «Saryarka» JSC	№ 4577 dated April 17, 2015 for the exploration of ferromanganese ores on Tantalskaya Square in the Karaganda region	They are asking for permission to alienate 25% of the share of «NC «SEC «Saryarka» JSC in Nedra Capital Saryarka LLP in favor of Nedra Capital KZ LLP.
17	«Avtotransservice» LLP	№ 528 dated September 4, 2000 for conducting combined	They are asking to grant permission for the alienation of a 22% stake in

№	Subsoil user	Contract number and date	Appeal / Decision
		exploration and mining of nickel-cobalt ores of the Ekibastuz-Shidertinsk group of deposits in the Pavlodar region	Avtotransservice LLP in favor of TO Kuanyshev.
18	«NC «SEC «Ertis» JSC	№ 4779 dated February 18, 2016 for the exploration of iron ore at the Rodionov Log deposit in the East Kazakhstan region	They are asking to grant permission for the alienation of the rights of subsoil use as a contribution to the share capital in favor of Rodion Log LLP.
19	«SEC «Tobol» JSC	№ 4940 of August 15, 2016 for gold exploration at the Komsomolskoye deposit in the Kostanay region	Appeal with a request to issue a permit for the alienation of the right of subsoil use as a contribution to the share capital in favor of JV Komsomolskoye LLP.
20	«Saryarka Altyn» LLP	№ 4676 of August 20, 2015 for the exploration of gold ore at the Karasu deposit in the Karaganda region	They are asking for permission to alienate 20% of the share of JSC SEC Saryarka in favor of Asia Profity LLP.
21	«Ulba Metallurgical Plant» JSC	№ 1472 of July 27, 2004 for the extraction of groundwater in the area of the Atamanovo water intake in the East Kazakhstan region	Rybalko E.A. intends to alienate 716 preferred shares, which is 0.0265% of Ulba Metallurgical Plant JSC in favor of Vix A.A.
22	«MINING COMPANY «AKSU-ESIL» LLP	«MINING COMPANY «AKSU-ESIL» LLP	They are asking to grant permission for the transfer of subsoil use rights in favor of Ken Shuak LLP.
23	«SENTAS» LLP	4238-TPI dated July 16, 2013 for the exploration of gold at the Sentash deposit in the East-Kazakhstan region	They are asking to grant permission to ExTEL / EXELT LLP for the alienation of 90% in the authorized capital of Centas LLP in favor of VostokInvestGroup LLP.
24	ROSDALE PTE. LTD.	Kyzyltu LLP № 1977 of March 10, 2006 for the exploration of molybdenum-copper ores and related components at the Kyzyltu deposit and its flanks in the Akmola region of Ar-Man LLP No. 2452 dated August 21, 2007 for the extraction of copper-molybdenum ores at the Shorskoe deposit in the East Kazakhstan region.	It is requested to issue a permit to ROSDALE PTE Private Joint Stock Company. LTD. (ROSDAYL PTE.LTD.) On alienation: - 60% share in the authorized capital of Stepnogorsk Mining and Chemical Combine LLP in favor of GANBERG UK LTD (GANBERG UK LTD); - 40% share in the authorized capital of Stepnogorsk Mining and Chemical Combine LLP in favor of GEXIOR UK LTD (DJEXIOR UK LTD.).
25	«Kazzinc» LLP	№ 1185 dated July 7, 2003 for the extraction of gold ore at the Vasilkovskoye deposit in the Akmola region	They are asking for permission to issue an initial issue on the organized securities market of Kazakhstan Stock Exchange (KASE) 100% or 400,000 common shares of Altyntau Kokshetau JSC.
26	«Kazphosphate» LLP	№ 94 dated February 5, 1997 for the development of phosphorite ores from phosphorite deposits of Sholaktau, Aksai, Shiylibulak, Zhanatas, Koku, Kokzhon (Kistas site)	They are asking to grant permission to Beronia Enterprises Corp. to transfer a 20% stake in Kazphosphate Limited, which amounts to 10,000 shares of Kazphosphate Limited in favor of Esenov G. S.
27	«Kazphosphate» LLP		They are asking to grant permission

№	Subsoil user	Contract number and date	Appeal / Decision
		№ 786 dated October 30, 2001 for mining minerals from techno-gene mineral formations: phosphate-siliceous schists of special dumps No. 5,6 of the Kokzhon phosphorite deposit (Kistas section), special dump No. 4 of phosphorite deposit Zhanatas, flint of special dumps No. 4, 4 "a" of the Zanatas phospho-rhyte deposits, non-conforming ores of special dumps No. 3,4,5 of the Thiesai phosphate deposits in the Sarysu and Talas regions of the Zhambyl region and the Suzak region of the SKR	to Balliana Capital Limited for the transfer of 80% stake in Kazphosphate Limited, which is 40,000 shares of Kazphosphate Limited in favor of Esenov G. S.
Protocol number 7 dated April 13, 2017			
28	«SEC «Tobol» JSC	№4886 dated June 15, 2016 for the exploration of gold ores in Shukyrkol Square in Kostanay region	They are asking to grant permission for the alienation of the right to use subsoil as a contribution to the authorized capital of Shukyrkol LLP.
29	«SEC «Tobol» JSC	№4821 dated April 4, 2016 for the exploration of gold ore at Kamyshly-Ayatskaya area in Kostanay region	They are asking to grant permission for the alienation of the right to use subsoil as a contribution to the authorized capital of Shukyrkol LLP.
30	«SEC «Tobol» JSC	№4885 dated June 15, 2016 for the exploration of gold ore in Verkhne-Zharlinskaya Square in the Kostanay Region	They are asking to grant permission for the alienation of the right to use subsoil as a contribution to the authorized capital of Shukyrkol LLP.
31	«Aktogay Mys» LLP	№ 636 dated December 4, 1997 for exploration and production of gold at the Dolinnoe deposit in the Karaganda region	They are asking to grant permission to DOLPHINFLIP CO LIM-ITED to alienate a 25% stake in the authorized capital of Aktogay Mys LLP in favor of PMTL Holding Ltd.
32	«NC «SEC «Ertis» JSC	№ 4692-TPI dated September 29, 2015 for the exploration of gold, copper and related metals in the Shunai site in the East Kazakhstan region	They are asking to grant permission for the transfer of subsoil use rights as a contribution to the share capital of JV Shunai LLP.
Protocol number 8 dated April 20, 2017			
33	«IRG Kazakhstan» LLP	Contract № 37 dated February 29, 1996 on the use of subsoil in connection with the search and exploration and development of the Chara gold belt.	They are asking for permission to alienate a 100% stake in the authorized capital of IRG Kazakhstan LLP in favor of Shine Lead Group Limited.
34	«Teriskei» LLP	№ 79 dated December 11, 1996 for the development of three gold-silver deposits of the Kumystinskoe ore field: Zholbarsta, Shovan, Kelinshektau; and the exploration and production of two gold-silver deposits of the Kumystinsky ore field: Nizhne-Kumystinskoye and Verkhne-Kumystinskoe in the South Kazakhstan Region in	They are asking for permission to alienate 50% of the shareholding of JSC “Joint-Stock Investment Fund for Risk Investing” Orient Investments” in Teriskei LLP in favor of Keykishev N.A.

№	Subsoil user	Contract number and date	Appeal / Decision
		accordance with the licenses of the MG series № 176d, 177d, 180d, 435d, 436d dated of May 23 1996	
Protocol number 9 dated April 26, 2017			
35	«Tau Ketmen» LLP	№ 4134-TPI dated July 31, 2012 for gold exploration in the Predgorny Ketmen site in Almaty region	The request is made to issue a permit to JSC NGK Tau-Ken Samruk to alienate a 100% stake in Tau Ketmen LLP in favor of Tau Interinvest Kaz LLP.
36	«NC «SEC «Ertis» JSC	№4534 dated January 28, 2016 for gold exploration at the Jumba site in the East Kazakhstan region	They are asking to grant permission for the transfer of subsoil use rights as a contribution to the authorized capital of JV Jumba LLP.
37	«Metallinvest» LLP	№ 2230 of December 15, 2006 for exploration and production of gold in the Kurday Square in the Zhambyl region	They are asking for permission to alienate a 100% stake in Metal-Invest LLP in favor of Money Remedies Limited, a private joint-stock company.
38	«Didar» LLP	№ 342 of June 30, 1999 for the extraction of bauxite on Taldyk-Aschesayskaya Square in the Aktobe region in accordance with the license of the State Property Committee № 1380 dated February 19, 1998.	They are asking for permission to alienate a 100% stake in Didar LLP in favor of Money Remedies Limited Private Joint Stock Company.
39	«NC «SEC «Ertis» JSC	№ 5047 dated February 23, 2017 for gold exploration in the Yelemes area in the East Kazakhstan region	They are asking to give permission for the transfer of the right to use subsoil as a contribution to the authorized capital of Ornek Altyn LLP.
Protocol number 11 dated May 19, 2017			
40	«Tentek» LLP	№ 642 dated March 26, 2001 (license of the AI series № 1539 dated March 3, 1999) for exploration of manganese ores on Karamolinskaya area in Almaty region	They are asking to grant permission for the alienation of a 10% share of the participation of Nurzhayeva M.R. in the authorized capital of Tentek LLP in favor of Shagirov A. B. and Bragin A.G. in equal parts.
41	«NC «SEC «Ertis» JSC	№ 4708 dated October 29, 2015 for the exploration of nickel ores in the areas within the Char-uk ultrabasic belt in the East Kazakhstan region	They are asking to allow the transfer of subsoil use rights as a contribution to the authorized capital of Belogorsk LLP.
Protocol number 12 dated May 26, 2017			
42	Aquila Gold B.V., a private limited liability company established under the laws of the Netherlands, registered in the Dutch Trade Registry under the number 34379943, located in Amsterdam, the Netherlands, whose office is registered at:	AK Altynalmas is the holder of subsoil use rights under the following contracts: № 68 dated October 15, 1996 for the development of the Akbakai gold-silver deposit in the Zhambyl region; № 1089 dated September 29, 2002 to conduct ore mining at the Karyerny site of the gold and silver Karyerno deposit in Zhambyl Oblast; № 2359 dated May 11, 2007 for	Appeal with a request to issue a permit for initial release into circulation on the organized securities market of Kazakhstan Stock Exchange JSC (KASE) AK Altynalmas JSC: - 10 000 000 ordinary shares constituting 100% of offered ordinary shares in tenge at the rate of the National Bank of Kazakhstan on the date of sale of ordinary shares through trades at KASE; - 300 preference shares, constituting

№	Subsoil user	Contract number and date	Appeal / Decision
	Strawinskylaan, 805, WTC, Toren A, 8th floor, 1077 XX Amsterdam, Netherlands. Owner of 10 000 000 common shares of AK Altyntalmas JSC.	gold mining at the Svetinsky deposit in the Zhambyl region; № 273 dated November 30, 1998, to mine gold-bearing ores from the Deserted deposit in the Karaganda region; № 1021 dated October 23, 2002 for the exploration and mining of gold ores in the Karyerny site in the Karaganda region; № 653 dated April 18, 2001 for mining gold ores at the Aksakal-Beskempir birthplace in the Zhambyl region.	68.6% of the preference shares placed, subject to and upon completion of the purchase of ordinary shares to the buyer of ordinary shares, on the basis of the purchase and sale agreement at the rate of the National Bank of RK as of the trading date at KASE.
43	«SEC «Saryarka» JSC	№ 4737-TPI dated December 18, 2015 for exploration of manganese ores at the Zhaksy-Kotyr deposit in the Karaganda region	The request is made to issue a permit to Saryarka SEC JSC to alienate a 25% stake in the authorized capital of Saryarka Mn LLP in favor of ATRIO Ltd / ATRIO Ltd. LLP.
44	«Asia Profit» LLP	№ 4676 dated August 20, 2015 for the exploration of gold ore at the Karasu deposit in the Karaganda region	They are asking to grant permission to Asia Profit LLP to alienate 100% of Saryarka Alтын LLP in favor of Alimov A.G.
Protocol number 13 dated June 22, 2017			
45	«Altyn Olzha.ken» LLP	№ 2157 dated September 13, 2006 for exploration and production of gold and polymetals in the Onzhas area in Almaty region	They are asking for permission to alienate: - Eleusiz-Uly Yestay a 20% stake in the authorized capital of Altyn Olzha.ken LLP in favor of the company Bridge Capital Investments. LTD; - Nabyev A.M. 25% share in the authorized capital of Altyn Olzha.ken LLP in favor of EQUINOX MINING RTE. LTD; - Kulinsky O.V. 22.5% share in the authorized capital of Altyn Olzha.ken LLP in favor of EQUINOX MINING RTE. LTD.
46	«NC «SEC «Oral» JSC	№4858 от 09.06.2016 года на разведку калийных солей на участке Григорьевская в Западно-Казахстанской области	They are asking to grant permission for the transfer of subsoil use rights in favor of League Holding LLP.
47	«Tentek» LLP	№ 642 от 26 марта 2001 года (лицензия серии АИ № 1539 от 04.03.1999г.) на разведку марганцевых руд на Карамолинской площади в Алматинской области.	They are asking for permission to alienate a 100% stake in the authorized capital of Tentek LLP in favor of Vadim Vladimirovich Kobrik.
Protocol number 14 dated June 29, 2017			
48	«NC «SEC «Ertis» JSC	№ 4541-TPI dated February 9, 2015 for the exploration of gold, precious, semi-precious and semi-precious stones in the Delbegetey area in the East Kazakhstan region;	They are asking to grant permission for the alienation of a 10% stake in the authorized capital at Arkland Minerals LLP in favor of Mining company Arkland LLP.

№	Subsoil user	Contract number and date	Appeal / Decision
		№ 4542-TPI dated February 9, 2015 for the exploration of gold in the Kanayka-1 section in the East Kazakhstan region; № 4543-TPI dated February 9, 2015 for the exploration of gold in the Kalba section in the East-Kazakhstan region.	
49	«NC «SEC «Ertis» JSC	№ 4137-TPI dated August 10, 2012 for the exploration of copper and associated components from technogenic mineral formations of the Irtysh copper smelter (tericons No. 1, 2, 3, 5) in the East Kazakhstan region.	They are asking for permission to alienate a 10% stake in the authorized capital of East Mineral Resources LLP in favor of BAT Firm.
50	«NC «SEC «Ertis» JSC	№ 4782-TPI dated February 18, 2016 for the exploration of iron ores at the Chumek Square in the East Kazakhstan region.	They are asking to grant permission for the transfer of subsoil use rights as a contribution to the authorized capital of Lacus Mining LLP.
51	«Single customer and investment projects service» LLP	№4697 dated October 5, 2015 for the exploration of gold, silver and polymetallic on Talas square in Zhambyl region	A request is made to issue a permit for the alienation of a 25% interest in “Service of a Single Customer and Investment Projects” LLP owned by Kim V.S. in favor of Zhumin D.Y.
Protocol number 15 dated July 13, 2017			
52	«Zhaltyrbulak» JSC	№ 2439 dated July 30, 2007 to conduct gold exploration at the Zhaltyrbulak ore field in the Karaganda region.	They are asking for permission to alienate 87 881 ordinary shares (which is 47%) in favor of AZALA Mining KZ LLP.
53	«Zhilandy» LLP	№ 2435 dated June 30, 2007 for exploration of gold, silver, platinum, lead, zinc, and wistmuth on Zhilandinskaya Square in Almaty Region	They are asking for permission to alienate the following shares in Zhilandy LLP: - JSC "Lancaster Invtst" 50% - BK Gold LLP 4% - Kuzhanov A.S. 12.065% - Abdulaev M. 3.935% in favor of LALGEO LLP.
54	«NC «SEC «Saryarka» JSC	№ 4660 dated August 11, 2015 for the exploration of gold ore at the Kiikbay-Saydal deposit in the Karaganda region	They are asking for permission to alienate a 25% stake in Arka Gold company LLP in favor of Aslerk group LLP.
55	«Altyn Olzha.ken» LLP	№ 2157 dated September 13, 2006 for exploration and production of gold and polymetals in the Onzhas area in Almaty region	Company EQUINOX MINING PTE. LTD requests to issue a permit for alienation as a pledge of a 25% interest in the authorized capital of Altyn Olzha.ken LLP in favor of Salzhanov A.T., in order to enforce the conditions of the purchase and sale agreement of March 18, 2017, for a period of 12 calendar months after the date of commercial discovery, but not earlier than December 31, 2018.
56	«JV «Kogoday» LLP	№ 4230 dated June 25, 2013 for the exploration of copper and related metals at the Kogodayskaya Square in the	They are asking to grant permission to Orsu Metals Corporation to alienate 11 475 common shares owned by Orsu Metals Corporation, which represents

№	Subsoil user	Contract number and date	Appeal / Decision
		East Kazakhstan Region	a 63.75% share in the authorized capital of Harssin Management B.V. in the following way: - 5 738 ordinary shares in favor of Baratov T.T.; - 5 737 common shares in favor of Kabaziev B.M.
Protocol number 16 dated July 20, 2017			
57	«Orda Group» LLP	№ 4143-TPI dated September 3, 2012 for the extraction of barite at the Kentobe deposit in the Karaganda region	They are asking to grant permission to Mining Resources LLP to alienate a 100% stake in the authorized capital of Orda Group LLP in favor of Nadyrova A.N.
58	«Dostyk» LLP	№ 5103 dated May 26, 2017 for the exploration of gold ore from the Ushtagan deposit in the Pavlodar region	They are asking to grant permission for the transfer of subsoil use rights in favor of Ushtagan Gold LLP.
Protocol number 17 dated August 18, 2017			
59	«NC «SEC «Ertis» JSC	№ 4168-TPI dated December 29, 2012 for gold exploration in the area of the Maralikhinsky ore field in the East Kazakhstan region	They are asking for permission to alienate a 15% stake in LLP “MC “Maralicha” owned by “NC “SEC “Ertis” JSC in favor of Camp-Vostok LLP as a result of an increase in share capital by making one or more participants additional contributions.
60	«NC «SEC «Ertis» JSC	№ 4328 of December 27, 2013 for the exploration of gold ore at the Mankinsky ore field in the East Kazakhstan region	They are asking for permission to alienate a 15% stake in LLP “MC “Manka” owned by “NC “SEC “Ertis” JSC in favor of Camp-Vostok LLP as a result of an increase in share capital by making one or more participants additional contributions.
61	«NC «SEC «Ertis» JSC	№ 4241-TPI dated July 16, 2013, for exploration of complex ores on the Eastern flank of the Vydrikhonsky ore field in East Kazakhstan region	They are asking to grant permission for the alienation of a 15% stake in LLP “MC “Shygys-Polymetal” owned by “NC “SEC “Ertis” JSC in favor of “FOK-UK” LLP as a result of an increase in the authorized capital by adding one or more participants contributions.
62	«NC «SEC «Ertis» JSC	№ 4331-TPI dated December 27, 2013, for the exploration of gold ore at the Ayaguzsky ore field in East Kazakhstan	They are asking to grant permission for the alienation of a 15% stake in LLP “GRAK” Ayagoz-Gold” owned by “NC “SEC “Ertis” JSC in favor of Camp-Vostok LLP as a result of an increase in share capital, by making one or more participants additional contributions.
63	«NC «SEC «Ertis» JSC	№ 4330-TPI dated December 27, 2013, for the exploration of gold ore in the area Tersayryk-Bodyk in East Kazakhstan.	They are asking to grant permission for the alienation of a 15% stake in “MC” Altyn-Su” LLP owned by “NC “SEC “Ertis” JSC in favor of Camp-Vostok LLP as a result of an increase in the authorized capital by adding one or several participants contributions.
64	«NC «SEC «Ertis»	№ 4329-TPI dated December	They are asking for permission to

№	Subsoil user	Contract number and date	Appeal / Decision
	JSC	27, 2013, for the exploration of gold ore in the Bolatsu area in East Kazakhstan.	alienate a 15% stake in LLP "Bolatsu" owned by JSC "NC" SEC "Ertis" in favor of Camp-Vostok LLP as a result of an increase in share capital by making one or more participants additional contributions.
65	«NC «SEC «Ertis» JSC	№ 4243-TPI dated July 16, 2013, for gold exploration at the Sharyk deposit in East Kazakhstan. № 1 (4355 of March 17, 2014) - transfer of the right to use subsoil in favor of Sharyk Mining Company LLP.	They are asking to grant permission for the alienation of a 15% stake in LLP "GRK" Sharyk "owned by JSC" NC "SEC" Ertis "in favor of Camp-Vostok LLP as a result of an increase in the authorized capital by making one or more participants additional contributions .
66	«NC «SEC «Ertis» JSC	№ 4511 dated December 23, 2014 to conduct gold exploration at the Tuz deposit in the East Kazakhstan region	They are asking for permission to alienate a 15% stake in LLP "MC "TUZ "owned by JSC" NC "SEC" Ertis "in favor of Camp-Vostok LLP as a result of an increase in share capital by making one or more participants additional contributions.
67	«NC «SEC «Ertis» JSC	№ 5090 dated May 22, 2017 for the exploration of copper in the territory of the Tersayryk ore district in the East Kazakhstan region	They are asking to grant permission for the transfer of subsoil use rights as a contribution to the share capital in favor of Tersairyk copper LLP.
68	«Aigerim» LLP	№ 3-TK from February 9, 2016 to conduct exploration of solid minerals, with the exception of coal and uranium, on block N-42-132-Г- (45) in the Akmola region.	They are asking for permission to alienate a 50% stake in LLP "Aigerim" owned by Tuleubaev M.I. in favor of Tuleubaeva A.Z.
69	«Prime Metals LLP»	№ 2486 dated November 19, 2007 for the exploration of copper at East Balkhash Square 1 in the Kara-Gandinskaya region	They are asking for permission to grant 49.749% of the participation share in Sputnik Capital LLP owned by Spytnik Investment Limited LLP to the following persons: - 13.682%, Mamezhenov S.K.; - 13.681%, Kamysbayeva Z.B.; - 7.462%, Kaptagaev M.T.; - 7.462%, Danabayev S.S .; - 7.462%, Nurabayeva A.P.
70	«Shubinskoe» LLP	№4812 from March 18, 2016 for the extraction of polymetals, gold, silver, at the Novoleninogorsk deposit in the East Kazakhstan region	A request is made to issue a permit for the disposal of Novoko Private Limited Liability Company with a 49% share in the authorized capital of Shubinskoe LLP in favor of Kazzinc LLP in accordance with the transfer conditions stipulated by the Agreement on termination of obligations entered into on September 11, 2016 between Novoko B.V., Kazzinc LLP, Shubinskoe LLP and SK Networks Co., Ltd.
71	«Zhetysu Tungsten» LLP	№ 4608 dated June 2, 2015 for mining of tungsten ores at the	They are asking for permission to alienate in the authorized capital of Ji-

№	Subsoil user	Contract number and date	Appeal / Decision
		Bogutinsky deposit in Almaty region	Asin International Resources Investment Investment Limited: - 72.17% participation share owned by Sino Power International Mining Limited in favor of Liu Lichiang; - 12.37% of the share owned by Baimukhanov B. in favor of Liu Jae Ja.
Protocol number 18 dated August 25, 2017			
72	«SEC «Tobol» JSC	№ 4739 dated December 21, 2015 for the exploration of iron ore at the Zapadno-Mamyrkulskoye deposit in the Kostanay region	They are asking for permission to alienate the right to use subsoil as a contribution to the share capital in favor of Dzharkulsky LLP.
73	«SEC «Tobol» JSC	№ 4741 dated December 21, 2015 for the exploration of iron ore at the Daulkol deposit in Kostanay region	They are asking for permission to alienate the right to use subsoil as a contribution to the share capital in favor of Dzharkulsky LLP.
74	«SEC «Tobol» JSC	№ 4738 dated December 21, 2015 for the exploration of iron ore at the Yuzhno-Svetlo-Dzharkulsky deposit in the Kostanay region	They are asking for permission to alienate the right to use subsoil as a contribution to the share capital in favor of Dzharkulsky LLP.
75	«SEC «Tobol» JSC	№4740 dated December 21, 2015 for the exploration of iron ore at the Kinebay-Kaysky deposit in the Kostanay region	They are asking for permission to alienate the right to use subsoil as a contribution to the share capital in favor of Dzharkulsky LLP.
76	«SEC «Tobol» JSC	№5010 dated December 23, 2016 for the exploration of iron ore at the Saryobinsky deposit in Kostanay region	They are asking for permission to alienate the right to use subsoil as a contribution to the share capital in favor of Dzharkulsky LLP.
77	«JV «NefGazMash» LLP	№ 4233-TPI from June 26, 2013 for the exploration of copper and associated components in the tailings of the Balkhash concentrator at the PO Balkhashsvetmet in the Karaganda region	Appeal with a request to issue a permit to “NC“ SEC “Saryarka” JSC for the alienation of a 18.1392% share in the authorized capital of “NefGazMash” LLP in favor of “B.S.K.”
78	«PROFILEX CUPRUMS» LLP	№4232-TPI from June 26, 2013 for the exploration of copper-containing slags in the slagging and slag disposal plants of BGMK in the city of Balkhash (Balkhash smelter) in the Karaganda region	They apply with a request to issue a permit to “NC“ SEC “Saryarka” JSC for the alienation of a 18.1128% share in the authorized capital of PROFILEX CUPRUMS LLP in favor of PROFILEX LLP.
Protocol number 19 dated September 7, 2017			
79	«Brendt» LLP	№ 2181 dated October 23, 2006 for exploration and production of gold at the Kutuykhinskoe deposit in Kostanay region	Mergenov B.M. is requesting permission to alienate a 10% interest in the Brightroads Group PTE. Ltd. in favor of Daumov A.E., subject to the provisions of the contract of sale of shares dated June 29, 2017.
80	«Brendt» LLP	№ 2181 dated October 23, 2006 for exploration and production of gold at the Kutuykhinskoe deposit in Kostanay region	Knightshold Group Cooperatief U.A. asks for permission to alienate a 30% stake in Whiterock Mining B.V. in favor of Golden Sky Pte. Ltd., subject to the provisions of the share

№	Subsoil user	Contract number and date	Appeal / Decision
			purchase agreement dated July 5, 2017.
81	«Brendt» LLP	№ 2181 dated October 23, 2006 for exploration and production of gold at the Kutuykhinskoe deposit in Kostanay region	Sevencastles Group Cooperatief U.A. asks for permission to alienate a 30% stake in Whiterock Mining B.V. in favor of Oriental Mining Investment Capital Pte. Ltd., subject to the provisions of the share purchase agreement dated July 31, 2017.
82	«Brendt» LLP	№ 2181 dated October 23, 2006 for exploration and production of gold at the Kutuykhinskoe deposit in Kostanay region	Invision Group Cooperatief U.A. asks for permission to alienate 40% of Whiterock Mining B.V. in favor of Brightroads Group PTE. Ltd., subject to the provisions of the share purchase agreement dated July 31, 2017.
83	«Er-Tai» LLP	№ 853 dated December 27, 2001 for exploration and production of polymetallic ores at the Rodnikovoye deposit in the Zhambyl region	Обращаются с просьбой выдать разрешение на отчуждение 50 % доли в They are asking to grant permission for the alienation of a 50% stake in the authorized capital of Er-Thai LLP owned by: - Esenovu M.S. (25%); - Zhanasov M.Z. (25%) in favor of YT Investment B.V.
84	«NC «SEC «Ertis» JSC	№ 4167-TPI of December 29, 2012, for gold exploration in the area of “Chang” in East Kazakhstan region	They are asking to grant permission for the alienation of a 15% interest in the “MC “Chang” LLP in favor of Camp-Vostok LLP, in accordance with the constituent contract of the “MC “Chang” LLP dated May 17, 2013.
85	«NC «SEC «Ertis» JSC	№ 4168-TPI dated December 29, 2012 for gold exploration at the site of the Maralikhinsky ore field in the East Kazakhstan region	They are asking for permission to alienate a 15% interest in “MC “Maralicha-Gold” LLP in favor of Camp-Vostok LLP, in accordance with the constituent agreement of “MC “Maralicha-Gold” LLP of May 17, 2013.
86	«NC «SEC «Ertis» JSC	№ 5090-TPI dated May 22, 2017 for the exploration of copper in the area on the territory of the Tersayryk ore district in the East Kazakhstan region	They are asking to grant permission for the transfer of subsoil use rights as a contribution to the share capital in favor of Tersairyk copper LLP.
87	«DATA Mining» LLP is the only participant of «Kopaly» LLP	№2440 dated July 30, 2007 to conduct gold and silver gold exploration at the Kopalinskoe deposit in the Zhambyl region	Data Mining LLP is requested to grant permission for the alienation of a 100% interest in Kopaly LLP: - 94.375% in favor of Espaev, M.S.; - 5, 625% in favor of Abdullaev A.M.
88	«Aleks» LLP	№ 4681 dated September 17, 2015 for the extraction of thermal mineral groundwater at the site of well № 7-TS in the South Kazakhstan region	Ismailov A.I. asks to grant permission for the alienation of 100% participation in the authorized capital of “Alex” LLP in favor of Boranbayev K.S.
89	«NC «SEC «Saryarka» JSC	№ 4761 of December 29, 2015 for the exploration of gold ore at	They are asking to grant permission for the transfer of subsoil use rights

№	Subsoil user	Contract number and date	Appeal / Decision
		the Shaksha deposit in the Karaganda region	in favor of Saryarka Gold LLP.
90	«NC «SEC «Saryarka» JSC	№ 4987 dated October 17, 2016 for the exploration of iron ore on Tamara Square in the Karaganda region	They are asking to grant permission for the transfer of subsoil use rights in favor of BAIR-2017 LLP.
91	«Asyl Mura «Company» LLP	№ 2211 of December 8, 2006 for alluvial gold exploration in the North-Dzungarian area in Almaty region	They are asking to grant permission for the transfer of subsoil use rights in favor of Gronsar LLP.
Protocol number 20 dated September 14, 2017			
92	«BAUR MINERALS» LLP	№ 4702 dated October 16, 2015 for the exploration of gold ores of Alexander Square in Akmolinsk region	They are asking for permission to alienate a 100% stake in Bereke Astana Group LLP in favor of the following: -99%, Zhunusovu B.K.; -1% to Saltakov K.K.
93	«Medical and recreation complex «Alatau» JSC	№ 316 dated March 31, 1999 to carry out the production of thermal mineral waters in the area of wells № 2/80, 3/82 Verkhnyaya Kamenka of the Almaty deposit in Almaty region	The private foundation “Foundation of the First President of the Republic of Kazakhstan-Elbasy” requests to issue a permit for alienation of a 25% stake in Treatment and Recreation Complex “Alatau” LLP in favor of “Directorate for Real Estate Management” LLP.
94	«DA MEI-ASTANA» LLP	№ 4350 dated February 28, 2014 gold mining at the Akbeit deposit in Akmola region	Wang Giangtao requests that permission be granted for the transfer of subsoil use rights in favor of Mamytov A.S.
95	«Arkland Minerals» LLP	№ 4542-TPI from February 9, 2015 for the exploration of gold on the Kanayka-1 site in the East Kazakhstan region	They are asking to grant permission for the transfer of subsoil use rights in favor of East Mineral Resources LLP.
Protocol number 21 dated September 21, 2017			
96	«NC «SEC «Ertis» JSC	№4167-TPI of December 29, 2012, for gold exploration at the “Chang” site in the East Kazakhstan region	Camp-Vostok LLP is requested to grant permission for the alienation of a 90% stake in GRK Chang LLP in favor of Tau Ken Shygys LLP.
97	«NC «SEC «Ertis» JSC	№ 4780-TPI dated February 18, 2016 for mining of complex ores at the Anisimov Key deposit in the East Kazakhstan region	They are asking to grant permission for the transfer of subsoil use rights as a contribution to the authorized capital of Anisimov Klyu LLP.
98	«Mining Company «Aksu-Essil» LLP	№ 4217 dated May 8, 2013 for the exploration of gold, copper, and associated components at the Shuaksky ore field in the Akmola region	Central Asia Metals PLS are asking for permission to issue primary securities on the organized securities market (AIM market (Alternative Investment Market of the London Stock Exchange - Alternative Investments Market) up to 90 000 000 ordinary shares, representing 45% of the total number of issued CAML common shares after issue additional shares.
99	«Buguty-Palm» LLP	№ 269 dated November 30, 1998 to conduct exploration for gold and silver with subsequent	They are asking to grant permission for the transfer of subsoil use rights in favor of Buguty Mining LLP.

№	Subsoil user	Contract number and date	Appeal / Decision
		mining at the identified commercial sites in the Shinbulak ore field in the Contract Area in Almaty Region	
100	Compay of «Geomore International Limited» and «KM GOLD» JSC	№ 269 dated November 30, 1998 to conduct exploration for gold and silver with subsequent mining at the identified commercial sites in the Shinbulak ore field in the Contract Area in Almaty Region	Geomore International Limited and KM GOLD, asks for permission to alienate 5.5% of voting shares or 1 760 000 common shares of KM GOLD JSC, in favor of the following: -2% or 640 000 common shares, in favor of Kuanysheva A.A.; - 3.5% or 1 120 000 common shares in favor of Tengri Capital Group LLP.
Protocol number 22 dated September 28, 2017			
101	«GRK MLD» LLP	№ 2314 dated February 28, 2007 for exploration and mining of copper at the Karchiginskoe deposit in the East Kazakhstan region.	Eildon Enterprises Limited is requested to grant permission for the alienation of a 94.75% stake in the authorized capital of GRK MLD LLP in favor of Global SUPPLY AND TRADING-F.Z.C., in accordance with paragraph 2.3 of the agreement.
102	«GRK MLD» LLP	№ 2314 dated February 28, 2007 for exploration and mining of copper at the Karchiginskoe deposit in the East Kazakhstan region.	Gamayunov V.A. asks to grant permission for the alienation of a 5.25% stake in the authorized capital of GRK MLD LLP in favor of Global SUPPLY AND TRADING-F.Z.C.
103	«Asyl Resources» LLP	№ 4822-TPI dated May 5, 2016 for gold exploration at the Olimpiyskoye deposit in the Zhambyl region	Vetiul Igor asks to grant permission for the alienation of 100% of the share in the authorized capital of Asyl Resources LLP in favor of AAEngi-neering Group LLP.
Protocol number 23 dated October 5, 2017			
104	«NC «SEC «Pavlodar» JSC	№ 4729 of December 8, 2015 for the exploration of copper ores on Koktas Square in Pavlodar Region	They are asking for permission to alienate a 20% stake in the authorized capital of Demeu Kok-tas LLP in favor of Demeu LLP.
105	«Shagala Mining» LLP	№ 4661 dated August 11, 2015 for the exploration of copper ore at the Shagala deposit in the Kara-Gandin region	Shadiev R.N. asks to issue a permit for the alienation of a 25% stake in Shagala Mining LLP: -15%, in favor of Saveliev S.M.; -10%, in favor of Bormotova I.A.
Protocol number 24 dated October 27, 2017			
106	«Adaykolsky redmet» LLP	№ 4713 dated October 29, 2015 for the exploration of non-ferrous and noble metals on the site Adaykolsky in Kostanay region	SEC «Tobol» JSC is asking for permission to alienate a 15% stake in the authorized capital of Adaykolsky Redmet LLP in favor of Badani-Company LLP.
107	«NC «SEC «Zhetysu» JSC	№ 4831 dated May 13, 2016 for the exploration of copper-containing ores at the Adyr ore occurrence in Almaty region	They are asking to grant permission for the alienation of the right to use subsoil as a contribution to the share capital in favor of Adyr LLP.
108	«NC «SEC «Zhetysu» JSC	№ 4832 dated May 13, 2016 for gold exploration at the Koturkain mine in the Al-Matinsky region	They are asking for permission to alienate the right to use subsoil as a contribution to the share capital in favor of Altin Emel Mining LLP.

№	Subsoil user	Contract number and date	Appeal / Decision
109	«Kyzyltu» LLP	№ 1977 dated March 10, 2006 for the exploration of molybdenum-copper ores and related components at the Kyzyltu deposit and its flanks in the Akmola region	NAC Kazatomprom JSC is asking for permission to alienate a 76% stake in the authorized capital of Kyzyltu LLP in favor of Stepnogorsk Mining and Chemical Combine LLP.
110	«Golden Compass Jambyl» LLP	№ 2772 dated August 29, 2008 for exploration and gold mining at the Kokkiy deposit in the Zhambyl region	Sarinzhipov N.M. asks for permission to alienate 3% of ordinary shares (2,665,839 pieces) JSC "Golden Compass Capital" in favor of Dautova M.S. on a gratuitous basis in accordance with the Agreement on the gift of securities of September 19, 2017.
111	«Didar» LLP	№ 342 dated June 30, 1999 for the extraction of bauxite on Taldyk-Aschesay area in the Aktobe region in accordance with the license of the State Property Code № 1380 dated February 19, 1998	They are asking with a request to issue a permit for the alienation of a 40% stake in the Didar LLP owned by Latyev Y.S. in favor of Mamedov M.B.
112	«Metallinvest» LLP	№ 2230 dated December 15, 2006 for exploration and production of gold in the Kurday Square in the Zhambyl region	They are asking to grant permission for the alienation of the 33.4% stake in Metallinvest LLP owned by Latyshev Y.S. in favor of Mamedov M.B.
113	«JV» Varda Minerals» LLP	№ 2967 dated January 21, 2009 for exploration and mining of copper from the TMO of the Karsakpay copper smelter in the Karaganda region	Akhmetov A.A. appeals for permission to alienate a 100% stake in Varda International Trading F.Z.E in favor of Botbay O.K.
114	«Copper KZ – CA» LLP	№ 3709 dated September 6, 2010 to conduct exploration of copper ore in the Borly deposit of the Karaganda region	OreLand LLP requests to issue a permit for the alienation of 80% of shares in the authorized capital of Copper KZ-CA LLP in favor of Kavand Nahan Zamin.
115	«NC «SEC «Oral» JSC	№ 4858 dated June 9, 2016 for the exploration of potash salts in the Grigorievskaya site in the West Kazakhstan region	They are asking to grant permission for the transfer of subsoil use rights in favor of League Holding LLP.
Protocol number 26 dated November 16, 2017			
116	«Shugyla GOLD» LLP	№ 4244 dated July 16, 2013 for gold exploration at a site in the area of the Boko-Vasilyevsky ore field in East Kazakhstan	JSC «NC» SEC «Ertis» apply for permission to alienate 15% of the share capital of «Shugyla GOLD» LLP in favor of «Shugyla Kent» LLP, in accordance with the constituent agreement of «Shugyla GOLD» LLC dated October 25, 2013
117	«Shugyla GOLD» LLP	№ 4244 dated July 16, 2013 for gold exploration at a site in the area of the Boko-Vasilyevsky ore field in East Kazakhstan	JSC «NC» SEC «Ertis» apply for permission to alienate 15% of the share capital of «Shugyla GOLD» LLP in favor of «Shugyla Kent» LLP, in accordance with the constituent agreement of «Shugyla GOLD» LLC dated October 25, 2013
118	«NC «SEC	№ 4781 dated February 18,	They are asking to grant permission

№	Subsoil user	Contract number and date	Appeal / Decision
	«Saryarka» JSC	2016 for the exploration of molybdenum and copper-containing ores in the Kaskyrkazgan site in the Karaganda region	for the transfer of subsoil use rights in favor of Kaskyrkazgan Mineral resources LLP.
119	«Ball Group» LLP	№ 5170 dated October 9, 2017 for the exploration of gold ore in the Barobinsky area in Akmola region	Shadiev R.N. asks for permission to alienate 85% of the stake in Shar Group LLP in favor of the following: -45%, Saveliev S.M.; -40%, Bormotova I.A.
120	«NC «SEC «Pavlodar» JSC	№ 4815 dated April 11, 2016 for the exploration of copper ores and precious metals on the Zhambas square in Pavlodar region	They are asking for permission to alienate a 20% stake in Zhambas-PV LLP in favor of “Vickers Ltd” LLP.
121	«MMC «Kazakhaltyn» JSC	№ 145 dated December 7, 1997 for the extraction of gold-bearing ores in the Aksu, Bestyube, Zholymbet, Quartzite Hills deposits in Akmola region	Financial Services B.V. is asking for permission to issue an initial issue on the organized securities market of Kazakhstan Stock Exchange JSC (KASE) from 83,893,826 (75%) to 111,858,434 (100%) of ordinary shares that are placed ordinary shares of «MMC «Kazakhaltyn» JSC.
122	«KazMunayGas-Service NS» JSC	№ 1109 dated February 21, 2003 for the exploration and production of groundwater within the construction site of the sanatorium-preventorium of CJSC KazTransOil-Service in the Pritashkent artesian basin	They are asking for permission to alienate a 100% stake in KazMunayGas-NS JSC in favor of Global Advisory Partners LLP.
123	«Arman 100» LLP	№ 671 dated May 14, 2001 for exploration and subsequent mining of manganese ores from the Western Kamys deposit in the Karaganda region	SAT Petrochemicals LLP applies for a permit to alienate a 99.91% stake in Arman 100 LLP in favor of Temirtau Electrometallurgical Plant JSC.
Protocol number 27 dated November 30, 2017			
124	«Boke» LLP	№ 2436 dated July 30, 2007 for exploration and gold mining on the northwestern flank of the Boko-Vasilievsky ore field in the East Kazakhstan region.	Lancaster Invest JSC is requested to issue a permit for the alienation of a 29% stake in the authorized capital of Boke LLP, in favor of BK Gold LLP.
125	«Boke» LLP	№ 2436 dated July 30, 2007 for exploration and gold mining on the northwestern flank of the Boko-Vasilievsky ore field in the East Kazakhstan region.	M. Abdullaev requests to issue a permit for the alienation of a 3.5% stake in the authorized capital of Boke LLP, in favor of BK Gold LLP.
126	«Boke» LLP	№ 2436 dated July 30, 2007 for exploration and gold mining on the northwestern flank of the Boko-Vasilievsky ore field in the East Kazakhstan region.	“Sail Trade Limited” requests to issue a permit for alienation of a 6.25% stake in the authorized capital of Boke LLP, in favor of BK Gold LLP.
127	«Boke» LLP	№ 2436 dated July 30, 2007 for exploration and gold mining on the northwestern flank of the Boko-Vasilievsky ore field in the East Kazakhstan region.	Baygabulov T.G. asks to grant permission for the alienation of a 3.5% stake in the authorized capital of LLP "Boca", in favor of LLP "BK Gold".
128	«Boke» LLP	№ 2436 dated July 30, 2007 for	Sarymsakov A.K. asks to grant

№	Subsoil user	Contract number and date	Appeal / Decision
		exploration and gold mining on the northwestern flank of the Boko-Vasilievsky ore field in the East Kazakhstan region.	permission for the alienation of a 3.5% stake in the authorized capital of Boke LLP in favor of LLP "BK Gold".
129	«Boke» LLP	№ 2436 dated July 30, 2007 for exploration and gold mining on the northwestern flank of the Boko-Vasilievsky ore field in the East Kazakhstan region..	Daukei S.Z. asks to grant permission for the alienation of a 4.25% stake in the authorized capital of Boke LLP, in favor of BK Gold LLP.
130	«Boke» LLP	№ 2436 dated July 30, 2007 for exploration and gold mining on the northwestern flank of the Boko-Vasilievsky ore field in the East Kazakhstan region.	Mawarid Mining L.L.C. appeals with a request to issue a permit for alienation of a 50% stake in the authorized capital of LLP “Boke”, in favor of LLP “BK Gold”
131	«Metallinvest» LLP	№ 2230 dated December 15, 2006 for exploration and production of gold in the Kurday Square in the Zhambyl region	They are asking for permission to alienate a 100% stake in Metalinvest LLP: -90%, (66.6% owned by Mamedova S.A. and 23.4% of 33.4% owned by Mamedov M.B.), in favor of the company Money Remedies Limited; -10% (10% of 33.4% owned by Mamedov M.B.) in favor of Yesim D.M.
132	«Yertys Copper» LLP	№ 4510-TPI dated December 23, 2014, for the exploration of copper ore in the fields of the Nurbay-Sarybulak group in the East Kazakhstan region	Participants of Radius Investment LLP apply for permission to dispose of their shares: - 60% owned by LLC "Retorg"; - 30% owned by Aslerk group LLP; - 10% owned by Kim A.G. in favor of Absolute Farm LLP.
Protocol number 28 dated December 7, 2017			
133	«Comcon» LLP	№ 371 dated September 29, 1999 to conduct exploration and mining of gold in the Baikonur area in the Ulytau district of the Karaganda region under the license of State Property Committee № 1506 dated September 23, 1998.	Omarova Z.K. requests to issue a permit for the alienation of 10%, the share of participation in Comcon LLP in favor of Vertex Netherlands B.V. Osaulenko T.A. asks to grant permission for the alienation of 30%, the share of participation in Comcon LLP in favor of Vertex Netherlands B.V. Osaulenko I.S. asks to issue a permit for the alienation of 40% of the stake in Comcon LLP in favor of Vertex Netherlands B.V.
134	«Comcon» LLP		Omarova Z.K. requests permission to alienate: - 6% of shares in Comcon LLP, in favor of Dzhumurbayeva N.G. ; -7% of shares in LLP "Comcon", in favor of Korobeynikov S.A.
Protocol number 29 dated December 14, 2017			
135	«MC «Bolatsu» LLP	№ 4329-TPI dated December 27, 2013, for the exploration of gold ore in the Bolatsu area in East Kazakhstan.	Camp-Vostok LLP is being asked to grant permission for the alienation of a 90% stake in MC Bolatsu LLP in favor of Eastern Alliance LLP.

№	Subsoil user	Contract number and date	Appeal / Decision
136	«MC «Altyn-Su» LLP	№ 4330-TPI dated December 27, 2013, for the exploration of gold ore in the area Tersayryk-Bodyk in East Kazakhstan.	Camp-Vostok LLP is being asked to grant permission for the alienation of a 90% stake in MC Altyn-Su LLP in favor of Eastern Alliance LLP.
137	«NC «SEC «Yesil» JSC	№ 5108 dated May 26, 2017 for the exploration of gold ore at the Tauken deposit in the Akmola region	They are asking to grant permission for the transfer of subsoil use rights in favor of Altyn-Tauken LLP.
138	«NC «SEC «Yesil» JSC	№ 5109 dated May 26, 2017 for the exploration of gold ore at the Altyn-Borlykskoe deposit in the Akmola region	They are asking to grant permission for the transfer of subsoil use rights in favor of Altyn-Borlyk LLP.
139	«Kundybay Mining» JSC	№115 dated May 23, 1997 for geological exploration and production at the yttrium-rare-earth Kundybay deposit in the Kostanay region	JointResorces LLP is requested to issue a permit for initial issuance into circulation on the organized securities market of Kazakhstan Stock Exchange JSC (KASE) 999 859 ordinary shares, which is 100%.
140	«Arka Gold company» LLP	№ 4660 dated August 11, 2015 for the exploration of gold ore at the Kiikbay-Saydal deposit in the Karaganda region	They are asking for permission to alienate a 50% stake in Arka Gold LLP company in favor of Absolute Farm LLP.
141	«Ertis Nugrim» LLP	№ 4771 dated January 18, 2016 for the exploration of copper, gold and associated components on man-made mineral formations from clinker containing dumps of the Leninogorsk GOK in the East Kazakhstan region	They are asking for permission to alienate a 10% stake in Ertis Nugrim LLP in favor of Center-Kotlo-Service LLP.
142	«JV» Varda Minerals» LLP	№ 2967 dated January 21, 2009 for exploration and mining of copper from the TMO of the Karsakpay copper smelter in the Karaganda region	Moldabekova G.K. asks to grant permission for the alienation of a 5% stake in Varda Minerals LLP in favor of Varda International Trading F.Z.E.
143	«JV» Varda Minerals» LLP	№ 2967 dated January 21, 2009 for exploration and mining of copper from the TMO of the Karsakpay copper smelter in the Karaganda region	Anuarova Z.A. asks for permission to alienate a 25% stake in Varda Minerals LLP in favor of Varda International Trading F.Z.E.
144	«Zhambylmys» LLP	№ 4735 dated December 18, 2015 for the exploration of copper-containing ores in Shatyrykol-Zhaysanskaya Square in Zhambyl Oblast	Chepkov O.N. It appeals to issue permits for the alienation of a 49% stake in GEMSTONE-KZ LLP in favor of Corporation Kazakhmys LLP. Grinenko A.A. It appeals to issue permits for the alienation of a 51% stake in GEMSTONE-KZ LLP in favor of Corporation Kazakhmys LLP.
Protocol number 30 dated December 26, 2017			
145	«Zhambylmys» LLP		“NC“ SEC “Taraz” JSC appeals with a request to issue a permit for alienation of a 20% stake in Zhambylmys LLP in favor of GEMSTONE-KZ LLP.
146	«Avtotransservice»	№ 528 dated September 4, 2000	“BTS mining” LLP requests to issue

№	Subsoil user	Contract number and date	Appeal / Decision
	LLP	for conducting combined exploration and mining of nickel-cobalt ores of the Ekibastuz-Shidertinsk group of deposits in the Pavlodar region	a permit for the alienation of 40% of the share of "Avtotransservice" LLP in favor of Muhamedyarova R.A.
147	«Avtotransservice» LLP		Turemuratov A.Z. asks to grant permission for the alienation of a 10% stake in Avtotransservice LLP in favor of Muhamedyarova R.A.
148	«Avtotransservice» LLP		Turemuratov A.Z. appeals for permission to alienate a 22% stake in Avtotransservice LLP in favor of Kuanyshev T.O.
149	«Avtotransservice» LLP		Kashymkhanuly D. appeals with a request to issue a permit for the alienation of a 10% stake in Avtotransservice LLP in favor of Muhamedyarova R.A.

Source: MID of RK

The following PSA was signed in Kazakhstan (Table 2). Table 2 discloses data on participants in the PSA, their shares, countries of origin, data on contracts, table 3 shows the dynamics over the past three years on investments, expenditures on social services and paid taxes.

Table 2. Information on PSA: participants, their shares, country of origin, data on contracts

№	Subsoil user	Field	Contract, type, date of issue, date of completion	Country	Share of participation, %
1	Kazakhstan branch "Karachaganak Petroleum Operating B.V."	Karachaganak oil and gas condensate field	Gas, condensate, oil, Intelligence service/ Production №381 dated from 26.11.1999 to 26.11.2037		
	"Agip Karachaganak B.V."			Italy	29,25
	British Gas			Great Britain	29,25
	Texaco			USA	18,0
	"Oil Company Lukoil" JSC			Russia	13,5
	KMG Karachaganak			Kazakhstan	10,0
2	Branch of "North Caspian Operating Company N.V."	Kaz sector of the Caspian Sea, blocks: K-VI-11, K-VI-12, K-VII-9, K-VII-10, K-VI-15-a+K-VI-16-a, K-VII-5-b+K-VII-6+b, K-VII-11-a+K-VII-12-a, K-VII-12-b+K-VII-16-a, K-X-4-b+K-X-8-a, K-XI-5-a+K-XI-6-a, K-XI-1-b.	Gas, oil GKI №1016 date From 18.11.1997 to 18.11.2033 Intelligence service/ Production		
	"Agip Caspian Sea B.V."			Netherlands	16,81
	ExxonMobil Kazakhstan Inc.			USA	16,81
	Shell Kazakhstan Development B.V.			Netherlands	16,81
	Total E & P Kazakhstan			France	16,81
	Branch of "CNPC Kazakhstan B.V."			Netherlands	8,33
	Inpex North Caspian SI, LTD			Japan	7,56
	KMG Kashagan B.V			Netherlands	16,87
3	JV «Zhaikmunai» LLP	Chinarevskoe within blocks XII-12-E (partially), F (partial); XIII-12-A (partially), B (partially), C (partially); XIII-13-A (partial)	Gas, condensate, oil Exploration mining №81 dated from 31.10.1997 to	Netherlands	100,0
	Nostrum Oil & Gas Cooperattief U.A				

№	Subsoil user	Field	Contract, type, date of issue, date of completion	Country	Share of participation, %
			25.05.2032		
4	Branch of the company “Saiga Kazakhstan BV”	Contract area Temir	Oil, Intelligence service/ Production №26 dated from 18.02.1992 to 18.02.22		
	Company Saiga Kazakhstan B.V.			Netherlands	60,0
	Saigak Investments B.V.			Netherlands	40,0
5	“Sagiz Petroleum Company” LLP	XXI-16-F (partially), 17-D, E, F, 18-D, E, F (partially), 19-D, E (partially); XXII-16-C (partially), F (partially), 17-A, B (partially), C (partially), D, E (partially), F (partially), 18-A (partially), B, C (partially), D (partially), E, F, 19-A, B (partially), D (partially), E (partially); XXIII-16	Gas, oil Exploration / Mining № 366 dated from 16.09.1999 to 16.09.2033		
	First International Oil Corporation (FIOC)			-	100,0
6	“Potential Oil” LLP	East wing Zhanatalap within block XXVI-9-E (partially)	Нефть Oil Exploration / Production №651 dated from 4.04.2001 to 4.04.2031		
	First International Oil Corporation (FIOC)			China	20,0
	Bekstar International Limited			USA	80,0
7	“Prikaspien Petroleum Company” LLP	Mynteke South (circuit 1 and 2) within block XXVI-8-F (partially)	Gas, Oil Production №553 dated from 19.10.2000 to 19.10.2025		
	First International Oil Corporation (FIOC Ltd)			China	100,0
8	Caspian Meruerty Operating Company B.V.	Pearl area on the Caspian Sea shelf	Oil Exploration / Mining №1920 dated from 14.12.2005 to 14.12.2040		
	Shell RD Offshore Ventures Limited			Great Britain	55,0
	Omay Perls Company Limited			Great Britain	20,0
	Sea Oil Company “Kazmunayteniz” LLP			Kazakhstan	25,0
9	“Kurmangazy Petroleum” LLP	Kurmangazy structure within the K-1X-7-b sea blocks (partially), 8-b, 10-a (partially), b (partially), 11-a (partially), b, 12-a, b; X-5-b, 9-a, b, 10-a, b, 13-a, 14-a	Oil Exploration / Mining № 1787 dated from 08.07.2005 to 08.07.2050		
	Sea Oil Company “KazMunayTeniz” JSC			Kazakhstan	50,0
	“RN-Exploration” LLC			Russia	50,0
10	“Tengizchevroil” LLP	Royal; Tengiz	Gas, oil, Exploration / Mining №16 dated from 02.04.1993 to 6.04.2033		
	Chevron			USA	50,0
	NC KazMunaygas			Kazakhstan	20,0
	ExxonMobil Ventures			USA	25,0
	Lukarco			Russia	5,0

Source: compiled on the basis of information from the LCT

Table 3. Information on PSA: investment, social spending and taxes

№	Subsoil user	Years	Investments, in mln. tenge	Social costs, in mln. tenge	Taxes, in mln. tenge
1	Kazakhstan branch “Karachaganak Petroleum Operating BV”	2017	317 199	10 355	361 760
		2016	376 679	8 199	121 333
		2015	279 891	8 596	200 066
2	Branch of “North Caspian Operating Company N.V.”	2017	327 706	14 030	19 433
		2016	1 056 064	14 441	121 611
		2017	820 533	15 915	33 051
3	JV “Zhaikmunai” LLP	2017	87 360	98	15 856
		2016	74 572,4	115	11 899
		2015	69 013	55	18 525
4	Branch of the company “Saiga Kazakhstan BV”	2017	413,41	0	1 038,3
		2016	475,149	1,4	815,492
		2015	540,74	0	817,36
5	“Sagiz Petroleum Company” LLP	2017	11 035,78	112,51	4 273,28
		2016	10 761,83	109,437	3 727,952
		2015	13 405,44	55,34	4 178,35
6	“Potential Oil” LLP	2017	2 469,37	25,64	6 455,36
		2016	1 715,433	27,51	10 985,478
		2015	2 869,669	16,156	7 885,523
7	“Prikaspian Petroleum Company” LLP	2017	535,56	32,37	802,66
		2016	627,7	33,63	408,87
		2015	690,11	23,76	458,61
8	Caspian Meruerty Operating Company B.V.	2017	2 472,8	163	225,3
		2016	3 237	171,1	388,8
		2015	3 305,3	110,9	691,2
9	“Kurmangazy Petroleum” LLP	2017	340	0	8
		2016	360	0	7
		2015	309	0	11
10	“Tengizchevroil” LLP	2017	2 325 346,264	8 167,604	1 762 481,836
		2016	1 530 948,728	10 551,18792	901 152,6087
		2015	3 414 802,6	24 827,67	4 793 448,86

Source: compiled on the basis of information from the LCT

Consider the participants of the largest PSA.

«Tengizchevroil» LLP.

«Tengizchevroil» LLP (hereinafter - TCO) develops the Tengiz field, within the PSA.²³ The TCO participants are: Chevron - 50%, NC KazMunayGas JSC - 20%, ExxonMobil Kazakhstan Ventures Inc. - 25% and Lukarko JV - 5%. The license for exploration and production of hydrocarbons was issued by TCO in 1993 for a period of 40 years.

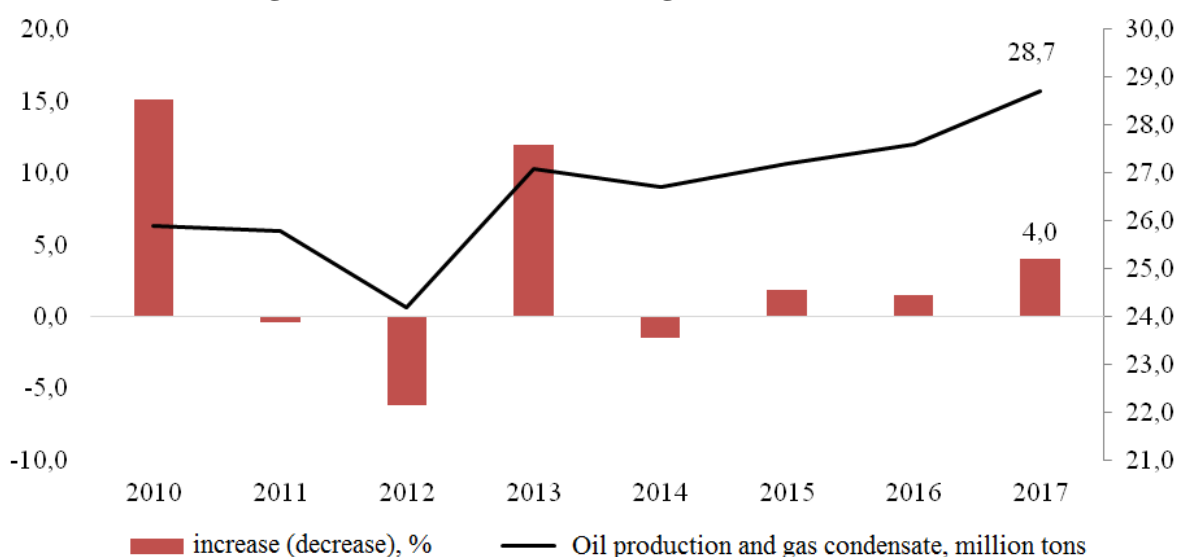
The total explored reserves of the Tengiz collector amount to 3.2 billion tons (25.5 billion barrels) and 200 million tons (1.6 billion barrels) in the Korolev field. The recoverable reserves of oil from the Tengiz and Korolev fields range from 890 million to 1.37 billion tons (7.1–10.9 billion barrels).

In 2017, TCO successfully achieved its production objectives and demonstrated excellent performance in the following key areas of activity:

In 2017, the volume of oil and gas condensate production amounted to 28.7 million tons of oil (229 million barrels). 1.38 million tons of liquefied petroleum gas, 7.45 billion cubic meters were sold. meters of natural gas, as well as 2.49 million tons of sulfur.²⁴

In 2017, the total amount of direct payments to the Republic of Kazakhstan amounted to \$ 8.5 billion. Since 1993, payments of TCO to the Republic of Kazakhstan amounted to over \$ 125 billion, including the cost of purchasing Kazakhstani goods and services, dividends of JSC NC Kazmunaygas, tax payments and royalties transferred to the budget of the Republic of Kazakhstan, tariffs and fees, paid to state-owned companies and employee wages.

Figure 2. Extraction of oil and gas condensate TCO



Source: Ministry of Energy of the Republic of Kazakhstan

TCO implemented 9 important social infrastructure projects in the Atyrau region, including the construction of a specialized technical gymnasium and a Retro-Park. TCO costs for the purchase of Kazakhstani goods and services amounted to \$ 2.5 billion, including \$ 1.12 billion for the implementation of the Future Expansion Project - Wellhead Pressure Management Project.

²³ Information on the activities of Tengizchevroil LLP (oil production, payments to the budget of Kazakhstan, etc.) are available on its website. <http://www.tengizchevroil.com/>

²⁴ Information on the activities of Tengizchevroil LLP (oil production, payments to the budget of Kazakhstan, etc.) are available on its website. <http://www.tengizchevroil.com/>

In 2016, TCO Partners announced the approval of a final decision on the financing of the Future Expansion Project - Wellhead Pressure Management Project (FEP-WPMP), which is the next step in expanding the production capacities of the Tengiz field.

According to the international agency Project Finance International (PFI), the financing of the TCO FEP WPMP project is recognized as the best deal of the year in the European oil and gas industry.

Future Expansion Project - The Wellhead Pressure Management Project continues to increase the pace of its work around the world, achieving positive results. FEP-WPMP is a project of national importance, which will bring significant benefits to the Republic of Kazakhstan, increasing oil and gas production, introducing new technologies for operating the oil field, attracting local goods and services, and also creating new jobs.

Currently, more than 30,000 Kazakhstanis work for FGP-WPMP within the country, which represents 92% of the total project staff in Kazakhstan.

North Caspian Operating Company N.V. (NCOC)

The Production Sharing Agreement for the Northern Caspian was signed on November 18, 1997. The PSA participants are JSC NC Kazmunaygas - 16.88%, Agip Caspian Sea B.V., Total, ExxonMobil, Shell - according to 16.81%, CNPC (China) - 8.33%, Impex - 7.56%.

The merger into a single operator and the transition to a new operational model of management of the North Caspian project was completed on June 13, 2015. The operator's responsibilities are the North Caspian Operating Company N.V. (NCOC), acting on behalf of the PSA Partners.²⁵

The North Caspian project is the first large-scale project to develop offshore oil and gas fields in Kazakhstan. It includes five fields: Kashagan, Kalamkas-Sea, Kairan, Aktoty, and South-West Kashagan.

The giant Kashagan field is one of the largest oil fields discovered over the past four decades; Its recoverable reserves are approximately 9 – 13 billion barrels (1-2 billion tons) of oil. The Kashagan offshore field collector is located 80 km from the city of Atyrau and lies at a water depth of 3-4 m and more than 4 km (4,200 m) below the sea bottom.²⁶

After the start of production in 2016, NCOC managed to achieve a fast and safe increase in production at the beginning of 2017 to a level of 180,000 barrels per day. The most important technical achievement in 2017 was the safe and timely start of the re-injection of sulfur (or raw) gas in August 2017. It allowed us to gradually increase and optimize gas injection volumes in order to increase oil production at the Kashagan field. By the end of 2017, production levels reached 270,000 barrels per day (about 13 million tons per year). The increase in production volumes to 370,000 barrels per day will continue in 2018²⁷.

In 2017, payments for local goods, works and services amounted to \$ 328 million, which corresponds to 32% of total costs.

Kazakhstan branch «Karachaganak Petroleum Operating BV»

The Karachaganak project is implemented as part of the Final Production Sharing Agreement, signed on November 18, 1997 for a period of 40 years from the date of entry into force on January 27, 1998²⁸. The distribution of equity participation between

²⁵ North Caspian Operating Companies N.V. "Sustainable Development Report 2017". <https://www.ncoc.kz/Documents/sustainability%202017ru.pdf>

²⁶ Ibid.

²⁷ Ibid.

²⁸ Annual report of NC Kazmunaygas JSC for 2017

contracting companies: Shell – 29.25%, Agip – 29.25%, Chevron – 18%, LUKOIL – 13.5% and NC Kazmunaygas JSC — 10%. Shell and Agip are the sole operator of the project.

In 2017, the production of liquid hydrocarbons was a record 11,247 million tons (104.6%), which is higher than the annual plan by 0.492 million tons and more by 0.781 million tons compared to 2016 year. The growth was ensured by stable and reliable operation of technological installations after the scheduled preventive work in 2016, as well as the commissioning of production wells ahead of the planned schedule.

To further increase the level of oil production, it is planned to implement the Karachaganak expansion project. Currently the project is at the stage of concept selection. Implementation is expected in several stages. The first stage involves the drilling of new and major repairs of existing wells, the construction of gas treatment facilities and the installation of additional compressors to increase the volume of gas re-injection, the construction of the necessary auxiliary facilities, etc.

In accordance with the basic principles of the PSA, the Government reserves the right to verify the cost recovery. As a result of cost recovery checks conducted until December 31, 2017, certain costs are classified as non-refundable. Parties to the PSA are negotiating the reimbursement of these costs. As of December 31, 2017, the share of the NC KazMunayGas group in disputed costs is KZT 242.915 million (December 31, 2016: KZT 201.091 million). KazMunayGas and its PSA partners are negotiating with the Government regarding the reimbursement of these costs.²⁹

3.1.5. Information on beneficial ownership (2.5)

Currently, some separate information about the beneficiaries of certain companies can be obtained from:

- data on companies on the stock exchange website www.kase.kz, if the company is public;
- on the e-government website <http://egov.kz/cms/kk>
- audit reports of companies available at <https://dfo.kz>

According to the implementation of the Roadmap on beneficial ownership, there is progress in the implementation of legal reforms, in 2017, the Subsoil Code was adopted. Now, as noted earlier, the Code has included rules that reinforce the requirement for subsoil users to provide a report on the composition of persons and (or) organizations that directly or indirectly control the subsoil user. In accordance with paragraph 1 of Article 47 of the Code of the Republic of Kazakhstan on Subsoil and Subsoil Use of December 27, 2017 “On Subsoil and Subsoil Use”, a subsoil user with a subsoil use right (share in subsoil use right) arising on the basis of a subsoil use contract, exploration license or license the extraction of solid minerals is obliged to notify the state body that granted such a subsoil use right about changes in the composition of persons and (or) organizations directly or indirectly controlling the activities of subsoil user, within thirty calendar days from the date of such change.

At the same time, in the Code of the Republic of Kazakhstan "On Subsoil and Subsoil Use" indirect control means the ability of a person or organization to control another organization through a third organization (third organizations), between which there is direct control.

²⁹ Consolidated financial statements of Samruk-Kazyna JSC for 2017

The Committee on Financial Monitoring of the Ministry of Finance of the Republic of Kazakhstan developed a draft Concept of the draft Law of the Republic of Kazakhstan “On introducing amendments and addenda to some legislative acts of the Republic of Kazakhstan on countering the legalization (laundering) of proceeds from crime and the financing of terrorism”, which provides for the creation of a single base (register) for all beneficial owners of companies (direct and indirect).

Thus, the draft Concept notes that “According to FATF Recommendations 24 and 25, countries should ensure that sufficient, accurate and timely information is available on beneficial ownership and control of legal entities, which the competent authorities can access or access to. Competent authorities, in particular law enforcement agencies, should have all the powers necessary to obtain timely access to basic information and data on beneficial ownership, which is kept by the relevant parties.

Currently, there is no single database (registry) for all beneficial owners of companies (direct and indirect) that allows the competent authorities to promptly determine the true owners of the property and the persons in whose interests the operations are performed. The presence of such a database will allow the competent authorities to establish a “connection” of each company with a specific individual and establish real ownership of a complex corporate structure.

The availability of sufficient, accurate and timely information about beneficial owners will allow increasing the transparency of the country's financial system, preventing the use of financial institutions and non-financial organizations for money laundering, and promptly receiving information on beneficial owners to the competent authorities, including for tax purposes.

According to the general dictionary of the FATF international standards, the term beneficial owner refers to an individual (s) who ultimately owns (or owns) property rights or controls (s) a client and / or an individual on whose behalf a transaction is made. This concept also includes those individuals who ultimately exercise control over a legal entity or entity.

The FATF has studied the best practices for obtaining information on beneficial owners and proposed three mechanisms for implementation based on the sources of information on the beneficial owner.

According to the FATF Guidelines for the implementation of recommendation 24, there are three sources for obtaining information about the beneficiary owner, this is: information is at the disposal of a commercial organization and is available when referring to certain sources in its country of residence (meaning the company itself or the body to which the commercial organization provides information); register of legal entities; use of available information: subjects of financial monitoring; other authorities (tax).

The second and third sources of information listed above are already used to obtain information about the beneficial owner, namely, Article 5 of the current AML / CFT Law provides for identification of the beneficial owner as part of customer due diligence conducted by the subject of financial monitoring. The Order of the Minister of Justice of the Republic of Kazakhstan dated April 12, 2007 “On Approval of the Instruction on State Registration of Legal Entities and Registration of Branches and Representative Offices” stipulates the mandatory filling in of the field of the beneficial owner.

Based on the most successful international experience, Kazakhstan needs to extend the approaches used in the Code of the Republic of Kazakhstan "On Subsoil and Subsoil Use" to all commercial organizations. The use and comparison of information obtained from all

three sources of information will allow the competent authority of our country to draw the most reliable conclusions about the actual beneficial owner.

To fulfill the requirements of FATF Recommendations 24 and 25, the Committee on Financial Monitoring proposes:

1. require commercial organizations (with the exception of organizations in which the register of participants of an organization is maintained by a professional securities market participant licensed to maintain a system of registers of securities holders) to detect and store information about their beneficial owners (direct and indirect);
2. oblige commercial organizations to notify the relevant state body of their beneficial owners (direct and indirect), including changes of owners immediately, as well as to empower this state body to keep and store (including storing information for 5 years after the liquidation of the company) information on the beneficial owners of a commercial organization;
3. to provide for administrative measures for the late submission by commercial organizations of information on changes in the composition of their beneficiary owners.

3.1.6. State participation in the extractive industries (2.6a, b)

The list of national managers of holdings, national holdings, national companies, approved by the Government of the Republic of Kazakhstan on April 6, 2011 No 376 “On approval of the list of national managing holdings, national holdings, national companies” includes 44 companies, of which the following companies are important for EITI:

National managing holdings:

1. Joint stock company “National Welfare Fund“ Samruk-Kazyna ”.

National Companies:

1. “National company" KazMunaiGas” Joint-stock company.
2. “National Atomic Company Kazatomprom” Joint-stock company.
3. “National Company“ Kazakhstan Temir Zholy” Joint-stock company.
4. “National Mining Company” Tau-Ken Samruk” Joint-stock company.
5. “National Geological Exploration Company Kazgeology” Joint-stock company.

State participation in the extractive industries is mainly carried out through Samruk-Kazyna National Welfare Fund JSC (NWF), which unites such companies as National Company KazMunaygas JSC (90.09%), NAC Kazatomprom JSC (100%), The National Mining Company “Tau-Ken Samruk”.³⁰ In addition, the National Bank of Kazakhstan owns a package of 10% plus 1 share of JSC “NC “KazMunayGas ”.

³⁰ <http://sk.kz/company/indicators>

Table 4. Shares of participation of Samruk-Kazyna National Welfare Fund JSC in companies

№	Name	Ownership	
		2017	2016
1	JSC National Company KazMunayGas (“NC KMG”) and subsidiaries	90,09%	90% – 1
2	KMG Kashagan B.V.	100,00%	100,00%
3	“National Company” Kazakhstan Temir Zholy” JSC (“NC KTZh”) and subsidiaries	100,00%	100,00%
4	“National Atomic Company” KazAtomProm” JSC (“NAK KAP”) and subsidiaries	100,00%	100,00%
5	JSC “National Mining Company” Tau-Ken Samruk” and subsidiaries	100,00%	100,00%

Source: Consolidated financial statements of Samruk-Kazyna National Welfare Fund for 2017.

In February 2017, Samruk-Kazyna NWF JSC **acquired a participation share in the amount of 0.0881%** in NC KMG by contributing to the share capital with property in the amount of KZT 12,969 million, the non-controlling stake in KMG decreased by 4.768 million tenge.

The lion's share of the assets of Samruk-Kazyna NWF JSC is oil and gas assets - 62% (Table 5).

Table 5. Net asset value Samruk-Kazyna, 2017

Industry	Share	Currency	In value terms, million
Oil and gas	62,0 %	\$	17 666
Transport and logistic	10,6 %	\$	3 017
Power industry	8,0 %	\$	2 269
Industry	7,8 %	\$	2 216
Mining industry	6,1 %	\$	1 743
Communications	3,9 %	\$	1 126
Chemical industry	1,2 %	\$	344
The property	0,4 %	\$	125
Total	100 %	\$	28 508

Source: Consolidated financial statements of Samruk-Kazyna National Welfare Fund for 2017.

National Mining Company Tau-Ken Samruk» JSC is a vertically integrated company established to ensure efficient mining operations in the field of exploration, extraction, processing and sale of solid minerals, is a member of the group of companies of the NWF Samruk-Kazyna JSC.

Subsidiaries:

- Mining LLP;
- Masalsky GOK LLP;
- Northern Katpar LLP;
- ‘ShalkiyaZinc LTD’ JSC;

Among the main events of 2017, NMC Tau-Ken Samruk JSC should be noted such as:

- signing an agreement with the EBRD to support the project to develop the Shalkiya field in the Kyzylorda region. The lead-zinc deposit Shalkiya is one of the largest in Kazakhstan. It is planned to mine 4 million tons of ore per year at the deposit.

- completion of semi-industrial tests on the Masalskoye project, following which technological procedures were developed.
- completion of construction of energy facilities under the Alaigyr project and completion of the development of a feasibility study for the Masalskoye project.

National Company «KazMunayGaz» JSC (NC KMG JSC) represents the interests of the state in the oil and gas industry. The Minister of Energy of the Republic of Kazakhstan is the Chairman of the Board of Directors. NC KMG JSC is a vertically integrated company operating in the field of exploration and production, gas transportation, marketing, processing and marketing, as well as other services in the oil and gas sector. At the end of 2017, 191 organizations are part of the KazMunayGas group of companies.

Figure 3. The structure of state participation in the “National Company KazMunaiGas” JSC

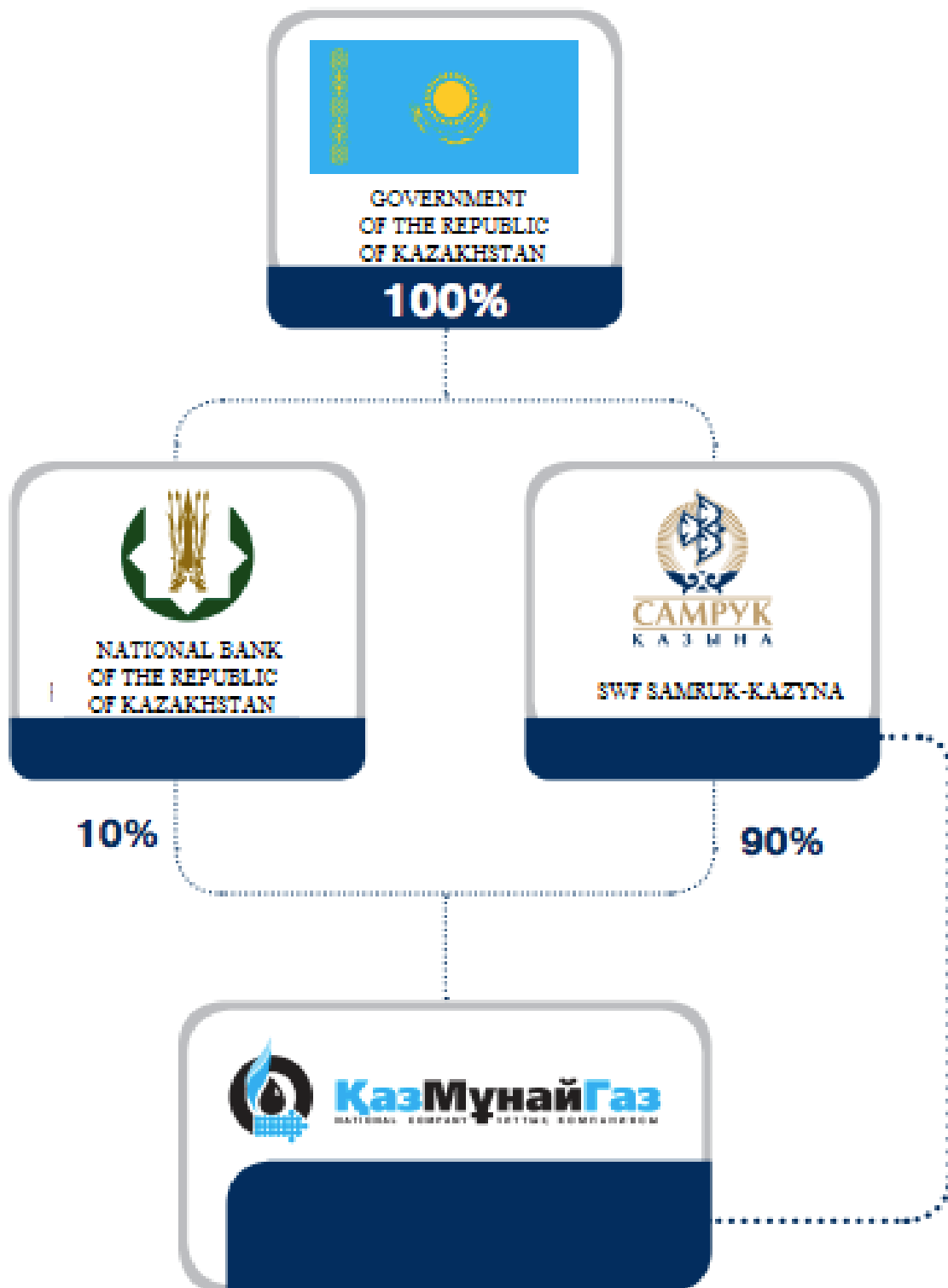



Figure 4. Ownership structure of NC KMG subsidiaries

 Exploration and production		
Organization	Organization in relation to the maternal (EE, DC, EJV)	Ownership, %
JSC EP "KazMunaiGas"	EE	63.00%
LPP MOC "KazMunayTeniz"	EE	100%
LPP "Kazakhoil-Aktobe"	EE	50%
LPP "Kazakhrukmunay"	EE	100%
Cooperative KazMunaiGaz	EE	100%
LLC "Caspian oil company"	JV	50%
LPP "Tengizchevroil"	JV	20%
N Block B.V.	EE	100%
LPP "N Operating Company"	EE	100%
LPP "Urikhtau company"	EE	100%
LPP "PSA"	EE	100%
LPP "Satpayev Operating"	EE	100%
LPP "KMG Karachaganak"	EE	100%
LLC "Oil and gas company Central"	JV	50%
LPP "KMG-Eurasia"	EE	100%
LPP "KMG-Ustyurt"	EE	100%
LPP "Bectuly Energy Operating"	EE	50%

 Transportation and storage		
Organization	Organization in relation to the maternal (EE, DC, EJV)	Ownership, %
LLP NMSC "Kazmortransflot"	EE	100%
JSC "KazTransGas"	EE	100%
JSC "KazTransOil"	EE	90%
LLP "Kazakhstan pipeline ventures"	JV	49.90%
JSC "CPC-K"	AC	19%
CJSC "CPC-R"	AC	19%
LLP "KazRosGas"	EJV	50%



Refining and marketing

Organization	Organization in relation to the maternal (EE,DC, EJV)	Ownership, %
LLP "KazMunayGaz-Onimderly"	EE	100%
LLP "Atyrau refinery"	EE	99.53%
TH KazMunaiGaz N.V.	EE	100%
LLP "KazMunayGas - Aero"	EE	100%
LLP "POCR"	EE	100%
LLP "JV Caspi Bitum"	EJV	50%
LLP "Karagandy CCT"		25%
LLP "Air Liquide Munay Tech Gases"	DC	25%
KMG International N.V.	EE	100%
LLP "KMG-Retail"	EE	100%



Service

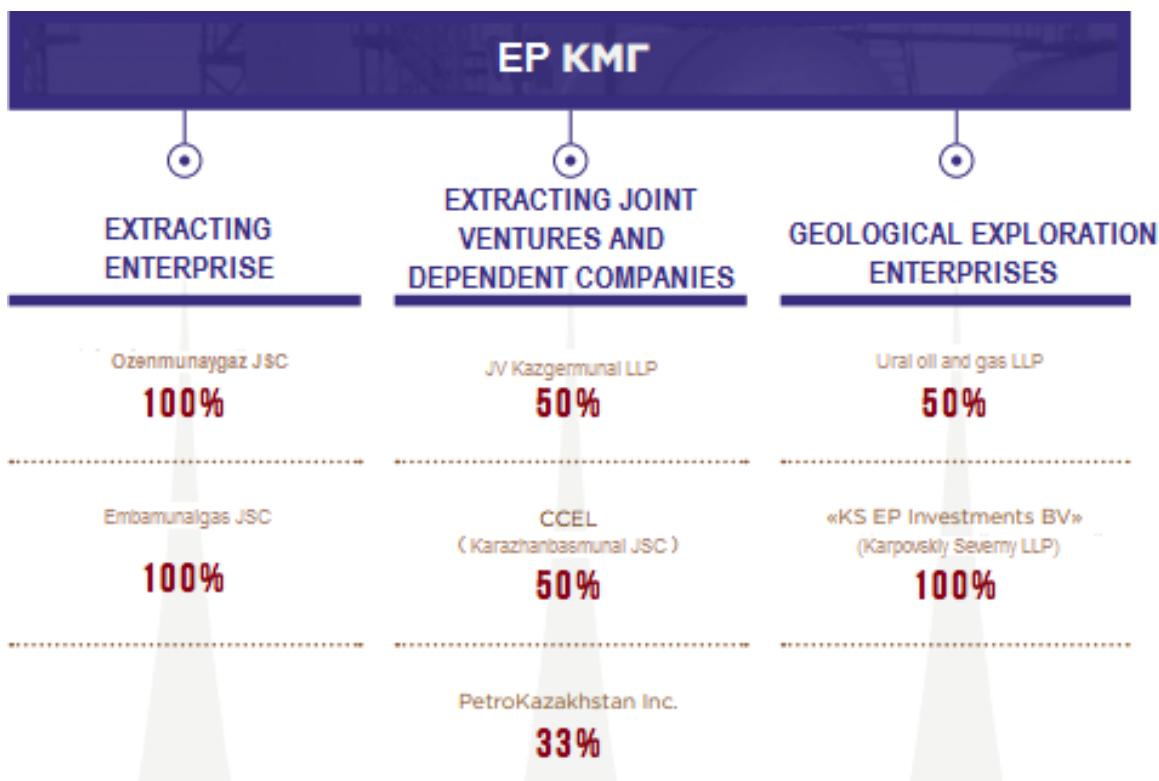
Organization	Organization in relation to the maternal (EE,DC, EJV)	Ownership, %
JSC "Kaskor-Transservice"	AC	12.87%
JSC "Kazakh-British technical University"	EE	100%
LLP "KazMunaiGas-Service"	EE	95.30%
LLP "KMG-Security"	EE	100%
LLP "TenizService"	EJV	49.00%
LLP "KMG-Kumkol"	EE	100%
LLP "KMG Systems & Services"	EE	100%
LLP "KMG Drilling & Services"	EE	100%
LLP "Research Institute of Production and Drilling Technologies KazMunaiGas"	EE	100%
LLP "AktauOilMash"		25%
LLP "KazOilMash"		100%
LLP "Professional Geo Solutions Kazakhstan"	JV	50%
LLP "Oil Transport Corporation"	EE	100%
LLP "Munaytelecom"	EE	100%
LLP "MangistauEnergoMunai"	EE	100%
LLP "Oil Construction Company"	EE	100%
LLP "Oil Service Company"	EE	100%

Source: JSC NC KazMunayGas http://www.kmg.kz/group_companies/structure/

Exploration Production KMG JSC is a subsidiary of NC KMG JSC, which owns 58% of the total number of common and preferred shares placed (according to the Company's Annual Report as of December 31, 2017). AO KMG EP is engaged in the exploration,

development, production of hydrocarbon resources and the acquisition of new oil and gas assets. The company's shares are listed on the Kazakhstan Stock Exchange (KASE), and the global depository receipts on the London Stock Exchange (LSE). In December 2017, KMG EP announced the purchase of its GDRs, the offer price - \$ 14 per 1 GDR³¹. Increased from 51% in 2015 to 100% in 2017, the share in the controlled company KSEP Investments BV³², 50% share in JV Kazgermunai, CCEL and Ural Group Limited BVI (“UGL”), as well as 33% stake in PetroKazakhstan Inc. (Figure 5).³³

Figure 5. Ownership structure of KMG EP



Source: Annual report of JSC KMG EP for 2017

Oil is transported by “KazTranOil” JSC - the national operator of the main pipeline; gas transportation is provided by KazTransGas JSC - the national operator in the field of gas and gas supply, tanker transportation is carried out by the National Maritime Shipping Company “KazMorTransFlot”. “NC “KazMunayGas” JSC is one of the largest employers.

As of December 31, 2017, 10% of shares of “KazTransOil” JSC belong to minority shareholders, who acquired them within the framework of the “People's IPO” program. A major shareholder of KazTransOil JSC, which holds a controlling interest in “KazTransOil” JSC (90%), is NC KazMunayGas JSC (hereinafter referred to as KMG or the Parent Company).

In 2017, in order to optimize the asset management structure of “KazTransOil” JSC, the subsidiary Batumi Terminals Limited (BTL) was voluntarily liquidated. As a result of BTL liquidation procedures, “KazTransOil” JSC became the owner of Batumi Oil Terminal LLC and a 100% stake in Petrotrans Limited.

³¹ Annual report of JSC KMG EP for 2017

³² On June 15, 2017, KMG EP acquired a 49% stake in KS EP Investments BV (“KS EP”) from MOL Hungarian Oil and Gas Plc. (“MOL”) for 1 US dollar and currently owns a 100% interest in KS EP. Annual Report of NC KMG JSC for 2017

³³ Annual report of JSC KMG EP for 2017

“KazTransOil” JSC owns 51% of the shares of NWPC MunaiTas 49% of the shares owned by CHPC Exploration and Development Company LTD and 50% of shares of “Kazakhstan-China Pipeline” LLP, 50% of shares of China National Oil and Gas Exploration and Development Corporation.

December 28, 2017, “Magistralniy Vodovod” LLP was registered with a 100% interest of KazTransOil JSC in the authorized capital.

Table 6. Shares of participation of “KazTransOil” JSC in 2016-2017

Name	Place of registration	Primary activity	Shares	
			Dec. 31, 2017	Dec. 31, 2016
NWTC MunaiTas JSC	Kazakhstan	Oil transportation	51%	51%
LLP "Kazakhstan-China Pipeline" (hereinafter – “KCP”)	Kazakhstan	Oil transportation	50%	50%
«Batumi Terminals Limited» (hereinafter – «BTL»)	Cyprus	Forwarding transshipment and storage of oil and petroleum products, operation of the seaport of Batumi port and the oil terminal	–	100%
Batumi Oil Terminal LLC	Georgia	Forwarding, transshipment and storage of oil and oil products, operation of the seaport	100%	–
«Petrotrans Limited»	United Arab Emirates	Forwarding of oil and oil products	100%	–

Source: Annual Report of KazTransOil JSC

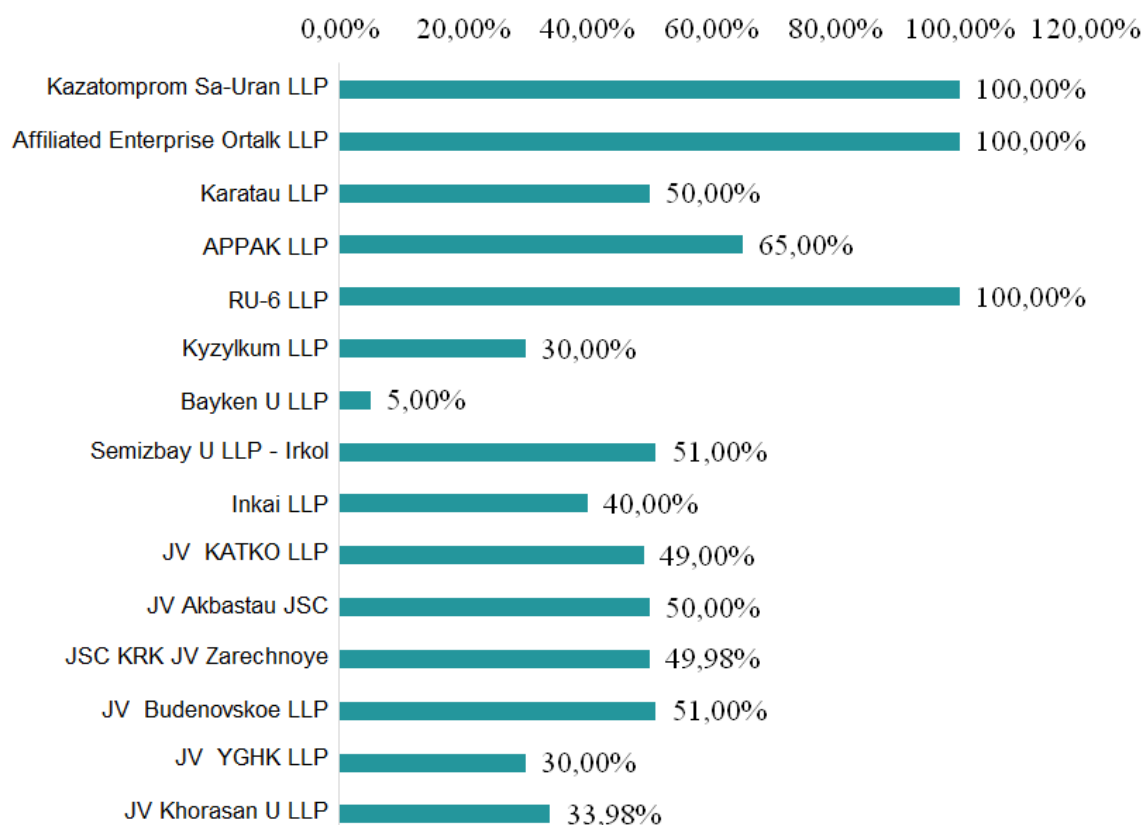
In 2017, the group of companies of KazTransGas JSC included 12 subsidiaries and affiliates, which are represented in the following business areas:

- expansion of the resource base: Amangeldy Gas LLP, KMG Kansu Operating LLP;
- trunk transportation: JSC Intergas Central Asia, Asian Gas Pipeline LLP, Beineu-Shymkent Gas Pipeline LLP, KazTransGaz-Bishkek LLC, AstanaGaz KMG JSC;
- gas distribution systems: KazTransGaz Aimak JSC, KazTransGaz-Tbilisi LLC;
- gas trading: KazTransGas Onimderi LLP, KazRosGaz LLP;
- other subsidiaries and affiliates: Intergas Finance B.V.

The national company JSC NAC Kazatomprom is the largest player in the nuclear power industry, whose main mining activities are carried out through joint ventures with foreign companies (AREVA, France; Sumitomo Corporation, Kansai Electric Power, Energy Asia Limited, Japan; CGN, China; China; Uranium One, Russia; Cameco, Canada).

At present, the site of NAC Kazatomprom JSC provides a list of the following 15 subsidiary enterprises that are engaged in the mining and processing of uranium products (Figure 6).

Figure 6. Subsidiaries and affiliates of NAC Kazatomprom JSC



Source: Source: NAC Kazatomprom JSC <http://www.kazatomprom.kz>

LOANS

Corporate Financial Reporting (CFA) of the National Wealth Fund Samruk-Kazyna discloses data on the company's loans as of December 31, including remuneration payable to:

In millions tenge	2017	2016
Fixed rate loans	4,909,976	3,776,764
Floating rate loans	2,006,483	1,973,964
Total:	6,916,459	5,750,728
Less amount to be repaid within 12 months	(1,516,573)	(820,570)
Redeemable after 12 months	5,399,886	4,930,158
Loans denominated in US dollars	5,507,211	4,587,544
Loans denominated in tenge	1,112,828	935,849
Loans denominated in other currencies	296,420	227,335
Total:	6,916,459,	5,750,728

Source: National Welfare Fund Samruk-Kazyna JSC Consolidated Financial Statements 2017 Volume 2

Under the terms of some loan agreements, the respective subsidiaries of the National Welfare Fund are obliged to comply with certain covenants. The National Welfare Fund checks the covenants compliance with all Group loan agreements at each reporting date. As at December 31, 2017, the carrying value of loans for which the covenant conditions were not met and for which letters of consent were received on the non-use of covenants at the reporting date amounted to KZT 227,388 million.

Loan from Tokyo-Mitsubishi UFJ Bank, LTD

On October 30, 2015, the Fund entered into a loan agreement with the Bank of Tokyo-Mitsubishi UFJ, LTD in the amount of US \$ 1,500 million for the acquisition of a 50% stake in KMG Kashagan B.V. (hereinafter referred to as the “Loan Agreement”). As at December 31, 2017, the total amount of principal and interest payable amounted to KZT 497.311 million (December 31, 2016: KZT 497.056 million). The loan agreement includes a financial covenant that has been respected as of December 31, 2017. In addition, the Loan Agreement contains a number of general obligations and restrictions. In this regard, the imposition of restrictions on shares of KMG Kashagan B.V. (Note 39) does not comply with the requirement of the Loan Agreement regarding a ban on the seizure of any assets of the Fund or its substantial subsidiary with a market value of more than \$ 100 million (or its equivalent in any other currency) and proceedings on such issues lasting more than 40 days. In this regard, the Fund has reclassified the long-term portion of the debt to the Bank of Tokyo Mitsubishi in the amount of 494.461 million tenge into short-term liabilities. On March 7, 2018, the Foundation received an exemption letter on this violation from Tokyo Mitsubishi Bank. Accordingly, starting from March 7, 2018, the Fund reclassified the obligations under this loan into long-term liabilities.

Issue and redemption of bonds

The issue of NC KMG Eurobonds and KazTransGas JSC is described below.

During 2017, Samruk-Energy JSC redeemed Eurobonds in the amount of USD 500 million (equivalent to KZT 167,997 million at the exchange rate at the maturity date).

During 2017, NC KTZh JSC placed bonds on the Moscow Stock Exchange in the amount of 15,000 million Russian rubles (equivalent to 83.100 million tenge at the exchange rate at the date of placement).

Other loans. During 2017, **United Chemical Company LLP** received a loan from the State Development Bank of China in the amount of **409 million US dollars** (equivalent to 134.970 million tenge at the exchange rate on the date of receipt).

The carrying value of loans in terms of subsidiaries of the National Welfare Fund is presented below at December 31, 2017:

In millions tenge	2017	2016
NC KMG and its subsidiaries	4,163,444	3,072,540
NC KTZH and its subsidiaries	1,158,981	1,086,719
“NWF Samruk Kazyna” JSC	808,453	854,533
Samruk-Energo and its subsidiaries	298,527	329,179
KEGOK and its subsidiaries	161,789	175,099
NAC Kazatomprom and its subsidiaries	121,284	127,765
Other subsidiaries of the Fund	203,981	104,893
Total issued loans	6,916,459	5,750,728

Source: National Welfare Fund Samruk-Kazyna JSC Consolidated Financial Statements 2017 Volume 2

The loans of the Government of the Republic of Kazakhstan included the following at December 31:

In millions tenge	2017	2016
Bonds repurchased by the National Bank of the Republic of Kazakhstan at the expense of the assets of the National Fund	719,410	796,275
Loans from the Government of the Republic of Kazakhstan	62,638	60,036
Loans from the National Bank of the Republic of Kazakhstan		62,100
Total:	782,048	918,411
Less amount to be repaid within 12 months	(5,907)	(6,231)
Redeemable after 12 months	776,141	912,180

Source: National Welfare Fund Samruk-Kazyna JSC Consolidated Financial Statements 2017 Volume 2

During 2017, the National Welfare Fund carried out a full early redemption of bonds in the amount of 239,771 million tenge.

Other non-current liabilities included the following at December 31:

In millions tenge	2017	2016
Repayments for oil supply contracts	1,109,265	1,068,819
Warranty obligations	29,157	36,560
revenue of the future periods	25,944	22,587
Obligations to the Shareholder on financing social projects (Note 18.5)	7,553	–
State subsidy commitments	101	47,413
Arrears on the acquisition of an additional share in the North Caspian project	–	250,523
Other financial liabilities	2,509	–
Other non-financial liabilities	40,798	50,886
Total	1,215,327	1,476,788

Source: National Welfare Fund Samruk-Kazyna JSC Consolidated Financial Statements 2017 Volume 2

The oil supply contract of NC KMG. In 2016, the NC KMG Group entered into a long-term contract for the supply of crude oil and liquefied gas, providing for prepayment. **The group will supply a minimum amount of oil and liquefied gas from the time of the conclusion of the contract until March 2021, approximately equal to 38 million tons and 1 million tons, respectively.** As part of this operation, in 2017, NC KMG Group received an advance payment in the amount of **488,536 thousand US dollars** (equivalent to 159,302 million tenge at the rate received) (2016: **2,966,005 thousand US dollars** or 1,012,020 million tenge) minus transaction costs. The contract provides for pricing based on current market quotes, and the prepayment is refunded by the physical supply of crude oil and liquefied gas. The Group treats this contract as a contract that was concluded for the purpose of supplying non-financial items in accordance with the Group's expectations of a sale.

As at December 31, 2017, the NC KMG Group partially repaid the prepayment with oil supplies totaling **750,000 thousand US dollars**. The prepayment balance accrues interest at a rate of LIBOR + 1.85% annually.

During 2016 KMG Kashagan B.V. concluded a long-term contract for the supply of crude oil. According to the terms of the contract, KMG Kashagan B.V. during the period from January 2017 to December 2021, the minimum volume of oil from the Kashagan field will be delivered to 7 million tons. During 2017 KMG Kashagan B.V. signed a supplementary agreement to the contract for the supply of crude oil. According to the terms of the

supplementary agreement, the period of oil supply was extended until September 2022, the minimum volume of oil from the Kashagan field was increased to 11.5 million tons. Under the new terms of the contract, KMG Kashagan B.V. received in 2017 an additional prepayment in the amount of 596,974 thousand US dollars (equivalent to 197,224 million tenge at the rate received) (2016: 990,390 thousand US dollars (equivalent to 331,829 million tenge at the rate received) (repayment from January 2019) minus the costs of the transaction that will be redeemed for the supply of crude oil produced at the Kashagan field. The contract provides for the determination of prices based on current market quotations, and the prepayment is reimbursed by the physical supply of crude oil. The supply of oil began in January 2017. KMG Kashagan BV considers this contract as a contract that was concluded with the purpose of supplying non-financial items in accordance with KMG Kashagan BV's expectations and sales requirements. On the balance on this prepayment is charged monthly interest at LIBOR 1m plus 2.05%. Under the terms of the contract, the Company must ensure that the volumes of crude oil supplied are unencumbered.

During 2016, the National Welfare Fund was recognized as an obligation for **state subsidies under the Nurly Zhol program**. During 2017, liabilities on government subsidies were reduced by the amount of income on government subsidies in the amount of 4,653 million tenge. Revenues from government subsidies are calculated by applying the percentage of loans to the total discount. During 2017, due to changes in conditions related to the loan from the Government, the discount for which was recognized as a liability for state subsidies in 2016, the Fund additionally accrued income on government subsidies in the amount of 17.237 million tenge, and also reclassified long-term liabilities on government subsidies in short-term liabilities.

In addition, during 2017, the purpose of using part of the funds under this program was changed and redirected to **Baiterek National Holding JSC** (Note 18.4). As the directed funds are not classified as a state subsidy, the commitment in the amount of 11,382 million tenge was written off at the time of issuing the loan.

In millions tenge	2017	2016
Balance on January 1	47,993	–
Received for the period	–	52,319
Recognized in Profit and Loss	(33,272)	(4,326)
Balance on December 31	14,721	47,993
Minus: amount to be paid within 12 months	(14,721)	(580)
Payable after 12 months	–	47,413

Source: National Welfare Fund Samruk-Kazyna JSC Consolidated Financial Statements 2017 Volume 2

Other current liabilities included the following at December 31:

In millions tenge	2017	2016
Prepayments for oil supply contracts (Note 21)	332,330	249,968
Debt on the acquisition of an additional share in the undivided share in the North Caspian project	272,148	271,597
Advances received and deferred income	180,657	123,938
Employee benefits liabilities	105,810	93,139
Other taxes payable	102,982	61,614
Customer accounts	24,777	24,027
State subsidy commitments (Note 21)	14,721	580
Warranty obligations	10,378	9,551
Dividend payout	4,077	3,965
Obligations to the Shareholder on financing social projects (Note 18.5)	4,013	–

Other financial liabilities	20,967	16,353
Other non-financial liabilities	45,374	38,245
Total	1,118,234	892,977

Source: National Welfare Fund Samruk-Kazyna JSC Consolidated Financial Statements 2017 Volume 2

On October 31, 2008, all the participants in the North Caspian project (hereinafter referred to as the “NCP”) signed an agreement on which all participants in the project, with the exception of KMG Kashagan, agreed to transfer part of the additional share in the undivided share of participation in the North Caspian project. part of their shares in the project, on a pro-rata basis, in order to increase the share of KMG Kashagan in NCP from 8.33% to 16.81% retrospectively from January 1, 2008. The acquisition price of the undivided share in the NCP includes the principal amount of **1.78 billion US dollars, plus annual interest.** Annual interest is charged at a rate of LIBOR of 1 m plus 3%, which is capitalized annually in the amount of the principal debt and is reflected in financial expenses. The principal amount together with the accrued interest is payable in three equal annual payments after reaching Kashagan commercial production (“KCP”) at the Kashagan field. On December 7, 2016, KMG Kashagan paid the first tranche of DCT in the amount of 532,265 thousand US dollars (equivalent to 178,335 million tenge at the exchange rate on the payment date) of the principal debt and 247,820 thousand US dollars (equivalent to 83,032 million tenge at the exchange rate on the payment date) of interest accrued. On August 10, 2017, KMG Kashagan paid the second tranche of DCT in the amount of 532,265 thousand US dollars (equivalent to 177.079 million tenge at the exchange rate at the payment date) of the principal debt and 272,172 thousand US dollars (equivalent to 90.549 million tenge at the exchange rate at the payment date) of interest accrued. The third payment is due on November 1, 2018. One third of the acquired indivisible share in the UPC in the amount of 2.54% as of December 31, 2017 was pledged in favor of other participants as security until full payment of the obligation. As at December 31, 2017, the amortized cost of this debt was KZT 272.148 million (December 31, 2016: KZT 522.120 million). The carrying amount of financial liabilities is equal to their fair value as of December 31, 2017 and 2016.

On December 31, 2017, a number of loans from the National Wealth Fund Samruk-Kazyna in the amount of KZT 65.629 billion was guaranteed by the Government of the Republic of Kazakhstan (December 31, 2016: KZT 76.155 million).

On January 19, 2017, National Company KazMunayGas JSC (hereinafter referred to as the Company) carried out a partial redemption of issued bonds held by Development Bank of Kazakhstan JSC. The redemption amount was 22,568,510 thousand tenge, including remuneration in the amount of 5,006,615 thousand tenge.

In January 2017, ANPZ LLP (a subsidiary of NC KazMunayGas JSC) paid principal and interest on loans received from Development Bank of Kazakhstan JSC in the amount of KZT 21,093 million and KZT 9,756 million, respectively.

On February 17, 2017 JSC NC “KazMunayGas” in the prescribed manner placed 1,296,788 ordinary shares. In payment, the Company received gas pipelines and related facilities for a total amount of 12,968 million tenge and cash in the amount of 1.3 thousand tenge (credited 21.02.2017).

On April 19, 2017, NC KazMunayGas JSC completed the process of placing Eurobond issues under the current program of issuing medium-term global notes in the amount of 10.5 billion US dollars issued by the Company and Kazmunaigaz Finance Sub B.V. (subsidiary) totaling \$ 2.75 billion (equivalent to 854,315 million tenge). one

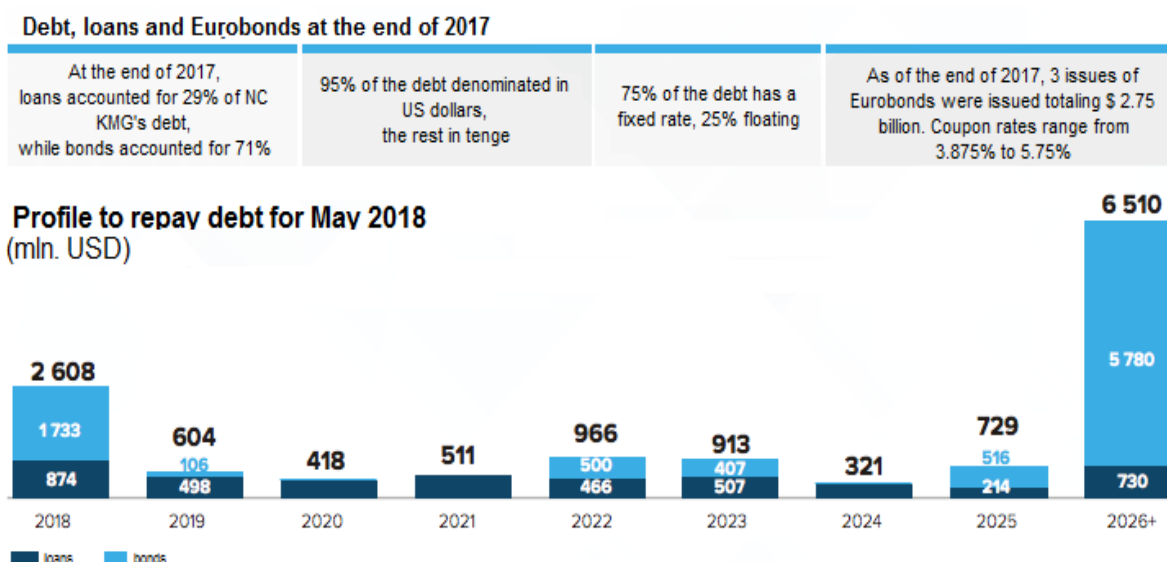
On April 8 and 27, 2017, NC KazMunayGas JSC provided an additional interest-free loan to Samruk-Kazyna in the total amount of KZT 18.4 billion. During April-May 2017, the Company paid remuneration on Eurobonds in the total amount of KZT 35,042 million.

On August 4, 2017, an additional agreement was signed to increase the amount of the Transaction on advance payment of oil concluded on November 29, 2016 between KMG Kashagan B.V. and Vitol S.A., in order to raise funds to repay the second tranche of obligations under the Purchase and Sale Agreement of October 31, 2008, concluded in order to acquire an 8.48% interest in the Production Sharing Agreement for the Northern Caspian (DKP 2008). August 10, 2017 KMG Kashagan B.V. received an additional amount of the advance in the amount of USD 600 million and early repaid the second tranche of obligations under the OST 2008 (principal and accrued interest) in the total amount of USD 804.4 million.

On September 26, KazTransGas JSC successfully placed Eurobonds with a maturity of 10 years, with a total nominal volume of \$ 750 million with a yield rate of 4.4%. Intended use - debt refinancing.

In December 2017, the expiration date of the NC KMG option to repurchase a 50% stake in KMG Kashagan BV Private Settlement Company was postponed from 2018-2020. for 2020-2022.

Figure 7. Repayment of loans of JSC NC “KazMunayGas”



In 2017, KazTransGas JSC successfully placed eurobonds with a maturity of 10 years, with a total nominal amount of \$ 750 million with a historically minimum yield of 4.4% among corporate issuers across the CIS and listed on the Irish Stock Exchange (“ISE”) and Kazakhstan Stock Exchange (“KASE”). As a comparison, in March 2017, PJSC Gazprom placed 10-year Eurobonds denominated in US dollars with a total nominal amount of \$ 750 million at a yield rate of 4.95%, which is 55 bps (basis points) higher than the placement rate KazTransGas JSC;

Intergas Central Asia JSC successfully repaid Eurobonds for the remaining amount of \$ 128 million from \$ 600 million in 2007; Intergas Central Asia JSC has successfully converted into Kazakhstani tenge long-term foreign currency liabilities to the EBRD for a total of \$ 220 million, which ensured a reduction in currency risks of Intergas Central Asia JSC;

The joint venture of KazTransGas JSC and Trans Asia Gas Pipeline Ltd (a subsidiary of CNPC), Beineu Shykent Gas Pipeline LLP, carried out a partial early repayment of \$ 400

million of liabilities to the Syndicate of Banks Development Bank of China and Bank of China Limited;

KazTransGas JSC carried out a partial early repayment of liabilities in the amount of \$ 350 million to its parent company, NC KazMunayGas JSC;

In 2017, KazTransGas Aimak JSC, within the framework of the provided credit line from the EBRD, KazTransGas JSC, disbursed funds totaling 14.3 billion tenge allocated for the implementation of investment programs in Mangistau, Aktyubinsk and Kostanay regions. As a result of modernization and gasification, uninterrupted and trouble-free gas supply of the region with natural gas will be provided, the quality of life of residents of gasified cities will be improved, the transmission capacity of gas distribution pipelines will be increased, production costs will be reduced.

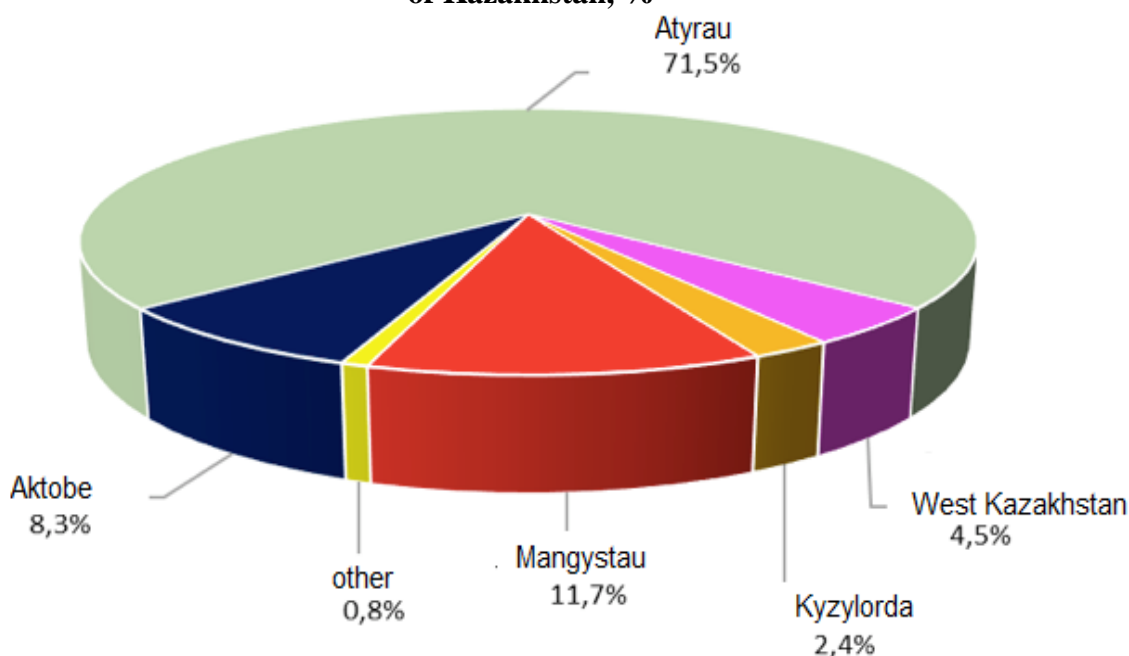
3.2. Extractive Industry Overview

3.2.1. Oil and gas sector: reserves (3.3), exploration production (3.5a) and export (3.5b)

RESERVES

The balance of oil reserves in the Republic of Kazakhstan is 4.8 billion tons. The overwhelming number of them is concentrated in Atyrau (71.5%) and Mangistau (11.7%) regions (Figure 8). The remaining reserves are dispersed in five regions of the Western, Central, Eastern and Southern regions of the country. The main proven reserves of hydrocarbons are concentrated in the Caspian, North Ustyurt-Buzachinsky, South Mangistausko-Ustyurt and South Torgai, Shu-Sarysui sedimentary basins.

Figure 8. Distribution of balance recoverable oil reserves by regions of the Republic of Kazakhstan, %



Source: Committee of Geology and Subsoil Use of MID RK

On January 1, 2017, the State Balance accounted for recoverable oil reserves in 277 fields, in 7 of them only off-balance reserves. Out of 263 balance deposits, 256 objects with reserves of 4745.0 million tons (99% of the reserves of the Republic of Kazakhstan) were in the subsoil use. The development involved reserves of 4507.5 million tons (94% of the reserves of the Republic of Kazakhstan). The rest of the deposits and sites were conserved and were included in the general fund. The total fund is 51.5 million tons and includes 76 objects (deposits and sections of deposits).

Over 90% of oil reserves are concentrated in the 15 largest fields - Tengiz, Kashagan, Karachaganak, Uzen, Zhetybai, Zhanazhol, Kalamkas, Kenkiyak, Karazhanbas, Kumkol, North Buzachi, Alibekmola, Central and Eastern Prorva, Kenbai, Korolevskoye.

Table 7. The main oil fields (with initial recoverable reserves of categories A + B + C1 more than 30 mln. tons (information on production from the reporting of subsoil users))

Subsoil users	Natal place	Recoverable reserves as of 01.01.2017	
		A+B+C1	
		Total	% of the reserves of the RK
Tengizchevroil LLP	Tengiz (N)	1 028,3	33,1
	Royal (N)	68,08	2,2
North Caspian Operating Company B.V.	Kashagan (N)	823,6	26,5
“Ozenmunaygaz” JSC	Uzen (without Karamandybasa) (GN)	108,2	3,5
“Mangistaumunaigas” JSC	Kalamkas (GN)	59,4	1,9
	Zhetybai (NGK)	52,7	1,7
Buzachi Operating LTD	Northern Buzachi (GN)	63,6	2,0
Karazhanbasmunai JSC	Karazhanbas (GN)	43,1	1,4
Karachaganak Petroleum Operating BV LLP	Karachaganak (NGK)	176,1	5,7
SNPS-Aktobemunaygaz JSC	Zhanazhol (NGK)	81,3	2,6
	Northern Pipe	55,5	1,8
“Kazakhoil Aktobe” LLP	Alibekmola (NGK)	33,7	1,1
PKKR JSC	Kumkol (N)	15,9	0,5
“JV” Kazgermunai” LLP	Akshabulak Center.	18,1	0,6
Total:		2 628,1	84,6

Source: Committee of Geology and Subsoil Use of MID RK

In 2017, there was an increase in production to the level of 2007 in the range from 20 to 100%, so gas production - an increase of 100%, oil production - an increase of 20%. The increase in reserves obtained in these years as a result of geological exploration, did not compensate for the redeemed reserves.

According to the BP Statistical Review of World Energy, Kazakhstan has 1.8% of the world's oil reserves in terms of proven oil reserves at the end of 2017 of 3.9 billion tons.³⁴ In the future, Kazakhstan will remain a significant player in the international market.

³⁴BP (2017), Statistical Review of World Energy. June 2018

According to British Petroleum, at the level of reserves at the end of the year and the level of production in 2017, the so-called “Reserves-to-production (R / P) ratio” is 44.8 years - this means that after this time, the oil reserves will be exhausted. The increase in production levels led to a decrease in R / P, which was 49.3 years in 2015.

The projected oil resources amount to about 18 billion tons, including in the Kazakh part of the Caspian Sea - 10 billion tons of free gas and dissolved in oil - about 11 trillion. m³.

The lion's share of gas condensate reserves is concentrated at the largest Karachaganak field - 74%. According to British Petroleum, at the level of gas reserves at the end of the year and the level of production in 2017, the “reserves-to-production (R / P) ratio” is 42.2 years - this means that after so many years, gas reserves will be exhausted.³⁵ The growth in gas production has led to the fact that R / P has fallen significantly from 75.7 years in 2015

The explored reserves of coal amount to 34.1 billion tons, of which stone-21.1 billion tons (including 12 billion tons of coked) and 13 billion tons of brown. By the number of reserves and volumes of annual coal mining, the Republic of Kazakhstan occupies 8th and 10th places in the world, respectively.

The main reserves of coal are concentrated in the Central and Northern regions of the Republic - Karaganda, Ekibastuz, Teniz-Korzhinkol coal basins and several separate deposits. The main reserves of brown coal are concentrated in the Torgai (7.5 billion tons) brown coal basin, relatively small reserves are explored in the Pavlodar region (Mikyubensky basin), Aktyubinsk (Mamyt deposit), Almaty (Nizhneiliysky basin) and other areas of the country.

The state balance takes into account the reserves of 5 coal basins and 49 deposits. In the distributed fund there are all facilities of Karaganda (7238 million tons) and Ekibastuz (9367 million tons) coal basins and 22 separate deposits, 10 of them are brown coal and 12 coal fields. Currently, 5 coal basins and 14 deposits are involved in the development, most of them are mined by the open method.

GEOLOGICAL EXPLORATION

The whole complex of geological studies is aimed at:

- increasing the degree of geological exploration of the territory of the Republic of Kazakhstan;
- replenishment and increase of the mineral resource base of the regions of the republic in priority types of minerals (reproduction of the mineral resource base of mining areas);
- ensuring national, environmental and energy security of the country and increasing the investment attractiveness of the Republic of Kazakhstan for foreign investors.

Within the framework of contracts for the use of subsurface hydrocarbons (implementation of the LCT) investments for 2012-2016. amounted to 4600 billion tenge, including for geological exploration - 702.9 billion tenge; 42 hydrocarbon fields for the first time put on the state balance in 2012-2016.

Increase in approved hydrocarbon reserves for 2012-2016: oil - 449.6 million tons, gas - 181.5 billion cubic meters, condensate - 92.7 million tons.

In 2017, KMG increased its capital expenditures on geological exploration (GE) in connection with an increase in the rate of geological exploration.

³⁵BP (2017), Statistical Review of World Energy. June 2018

In 2017, exploration conducted in the major regions of the subsoil - on exploration areas in Atyrau, Mangystau and Kyzylorda oblasts enterprises Urikhtau Operating, Mangistaumunaigas, KazakhOil Aktobe Bekturly Energy, Amangeldy Gas, UMG, EMG and PetroKazakhstan, as well as offshore Satpaev Operating and Zhambyl Petroleum.

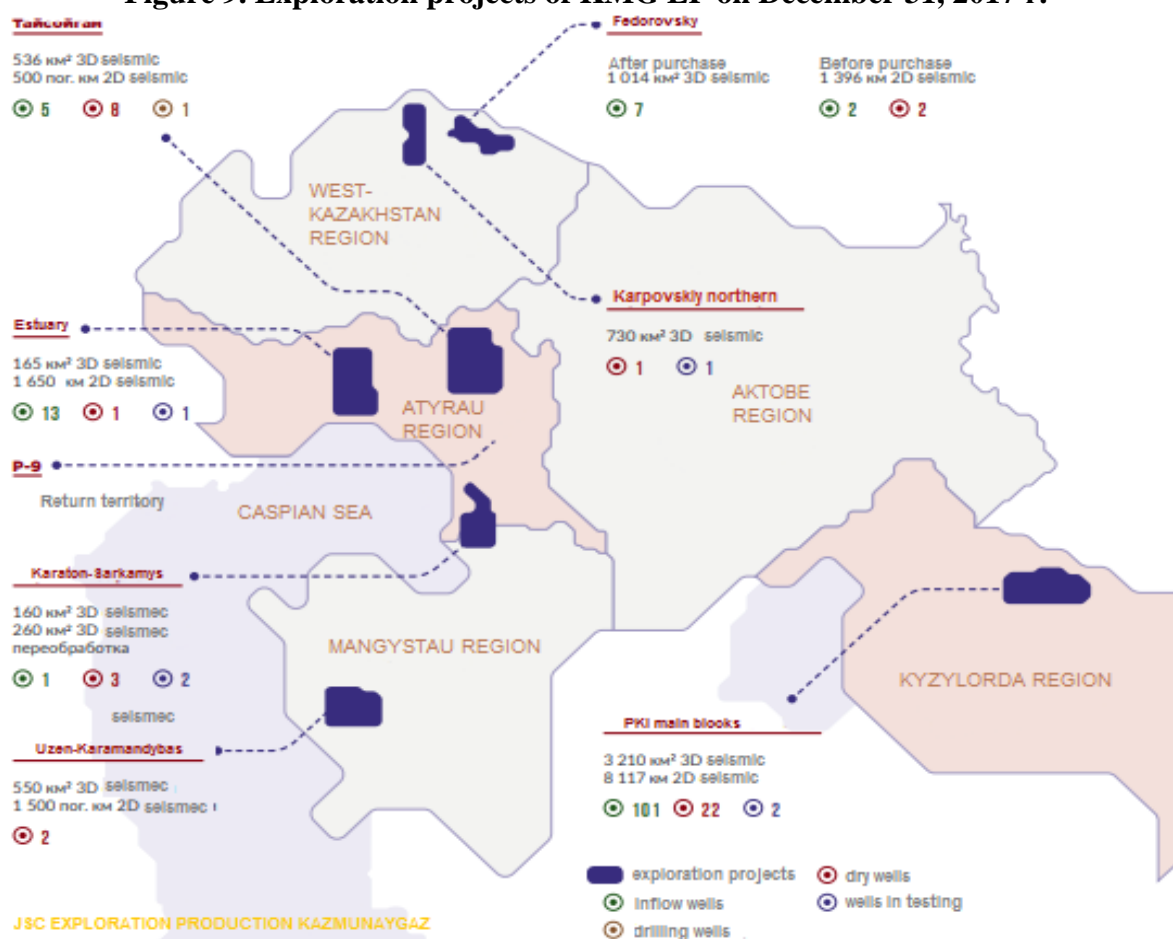
New geological exploration technologies are being actively implemented at KMG facilities. So, in 2017, a number of projects used new low-frequency vibrators and high-resolution wide azimuth seismic. The technology was tested with high-quality data at the facilities of Zhetybai, Bekturly Vostochny and Uzen-Karamandybas. According to the results of the obtained data, the locations of exploration wells are determined.

KMG EP is conducting a geological exploration program on exploration sites in Atyrau, Mangystau and West Kazakhstan oblasts.

In 2017, the Company continued exploration work in the Mangystau region (started in 2016). On the territory adjacent to the Uzen and Karamandybas fields, which have been developed since the early 60s of the last century, large-scale 3D seismic surveys were carried out to study the potential of pre-Jurassic deposits with a depth of more than 6 km, which were predicted from the results of previous exploration.

The company does not stop at the above projects and is actively working to study the geological and geophysical materials of oil and gas fields at the evaluation and trial operation stage with the aim of acquiring them based on their own and independent assessment of their industrial viability.

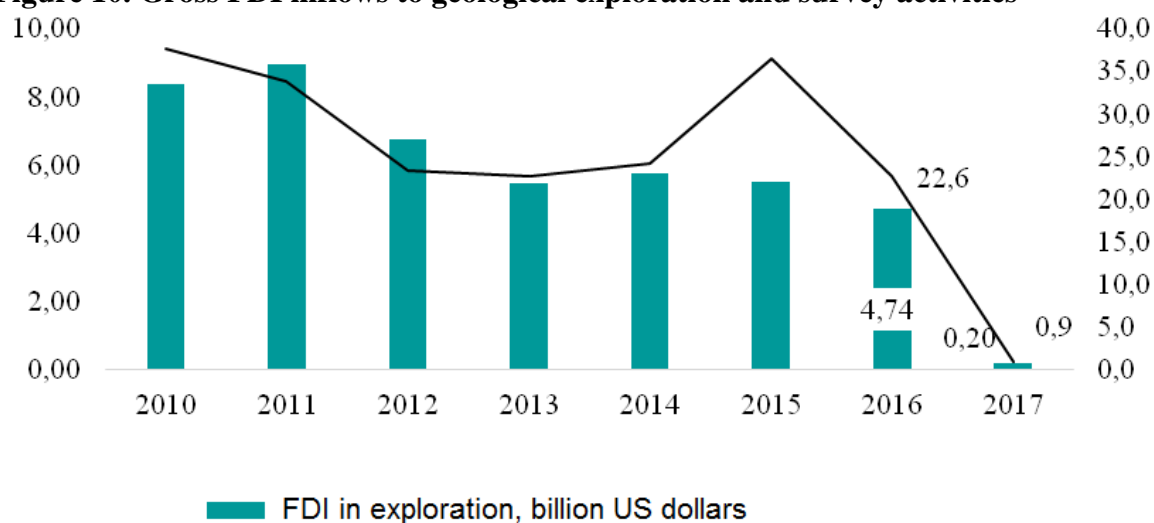
Figure 9. Exploration projects of KMG EP on December 31, 2017 r.



Source: Annual Report of KMG EP for 2016

In 2017, after 8 years of collaboration with the OECD, Kazakhstan became an associate member of the OECD Investment Committee³⁶.

Figure 10. Gross FDI inflows to geological exploration and survey activities



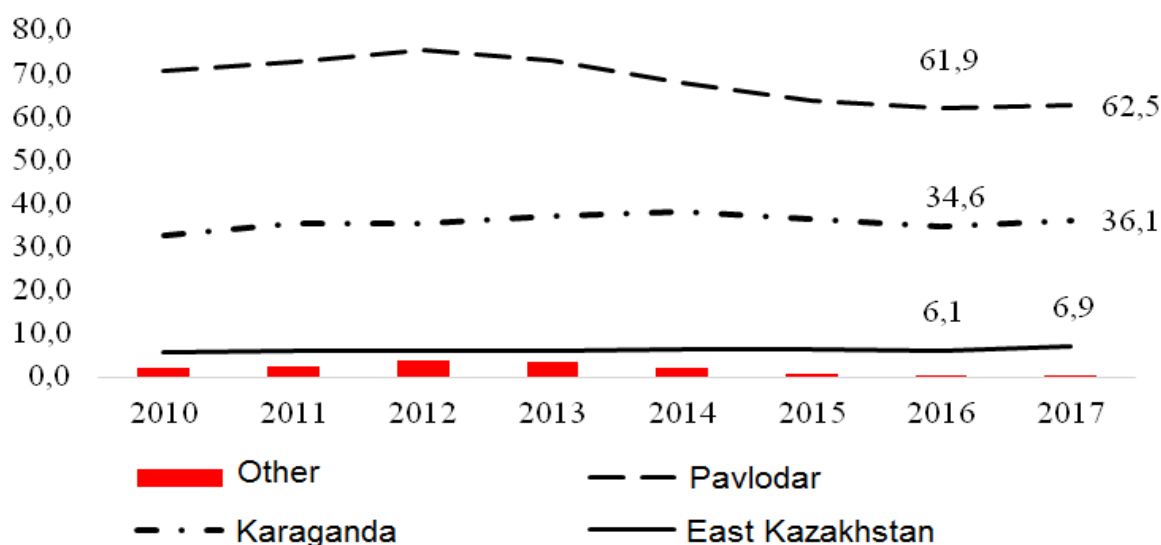
Source: National Bank of Kazakhstan

PRODUCTION

Coal production

In 2017, coal production increased by 3% compared to 2016 and amounted to 106.2 million tons, of which 58.8% of production was provided by the Pavlodar region (an increase of 0.9%), 34.0% - Karaganda region (an increase of 4.4%) and 6.5% - the East Kazakhstan region (an increase of 12.6%). Over the past few years, there has been a decrease in the volume of coal production in the Pavlodar region, so in 2017 compared to 2012 by 20.5%, while in the Karaganda East Kazakhstan region, the volume of coal mining is growing (Figure 11). Akmola, Almaty and Zhambyl oblasts produce very small amounts of hard coal (Appendix 6).

Figure 11. Coal mining in the context of the regions in 2010-2017, mln. tons



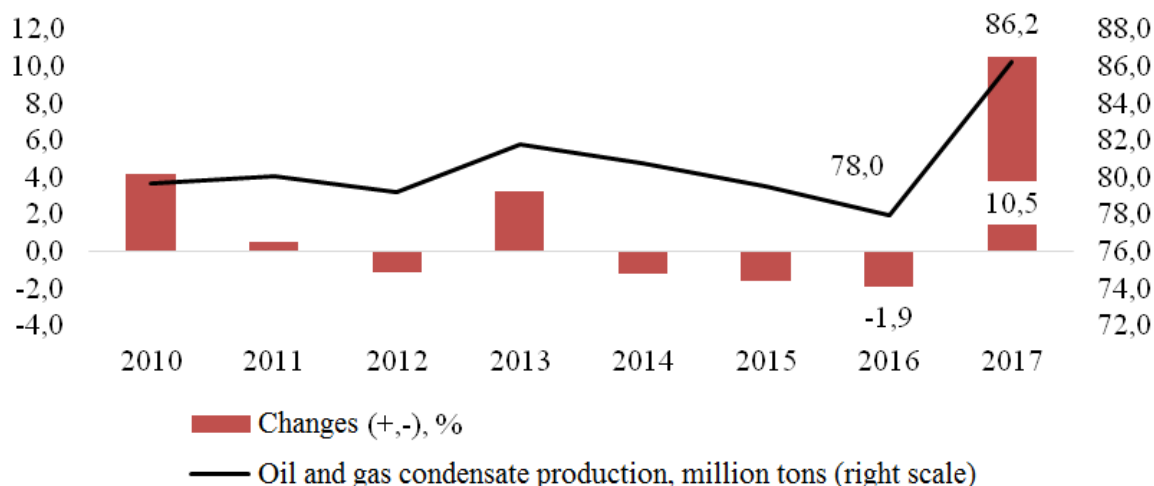
Source: Committee on Statistics of the MNE RK

³⁶<http://mid.gov.kz/ru/pages/doklad-ministra-po-investiciyam-i-razvitiyu-rk-zhenisa-kasymbeka-na-otchetnoy-vstreche-pered>

Oil and gas condensate production

According to the Statistics Committee of the Ministry of Energy of the Republic of Kazakhstan MNE RK, in 2017 the volume of oil production, including gas condensate, increased by 10.5% compared to 2016 and amounted to 86.2 million tons, including 72.9 million tons of crude oil and 13.3 million tons of gas condensate. In 2016, 78.0 million tons of oil and gas condensate were produced (a decrease of 1.9% compared with 2015).

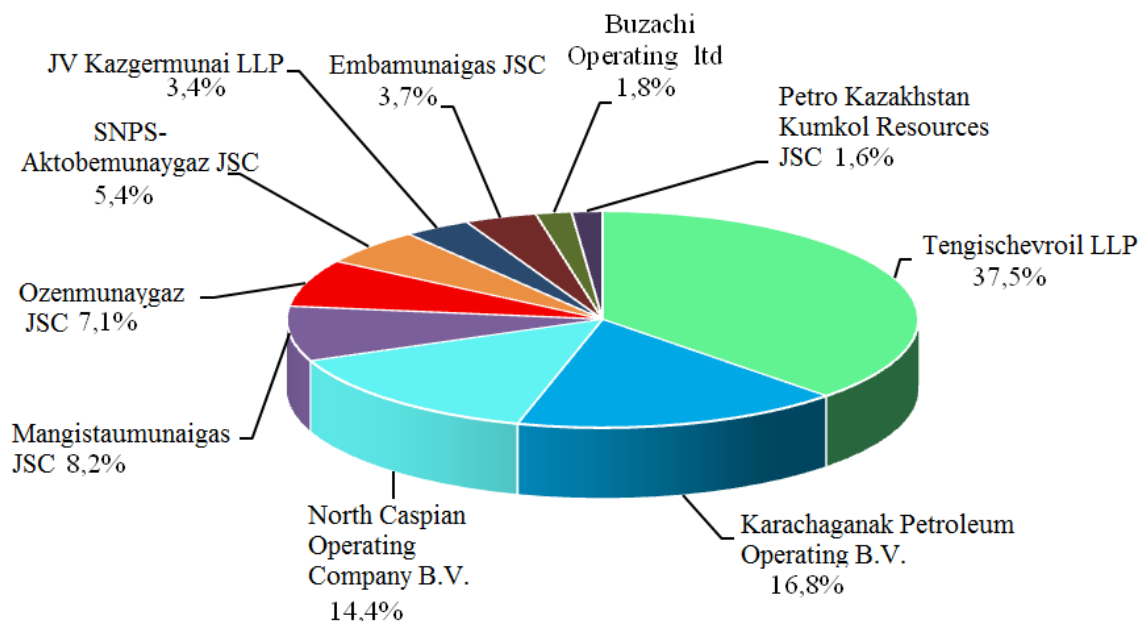
Figure 12. Dynamics of oil and gas condensate production in 2007–2017



Source: Committee on Statistics of the MNE RK

According to the Ministry of Energy of the Republic of Kazakhstan, in December 2017, the three largest companies accounted for 68.7% of the total oil and gas condensate production. More than a third of the market for crude oil and gas condensate is Tengizchevroil LLP - 37.5%, followed by Karachaganak Petroleum Operating B.V. - 16.8%. North Caspian Operating Company BV ranks third in terms of production volumes. - 14.4% (Figure 13).

Figure 13. The companies that provided the bulk of oil and gas condensate production (data for December 2017),%



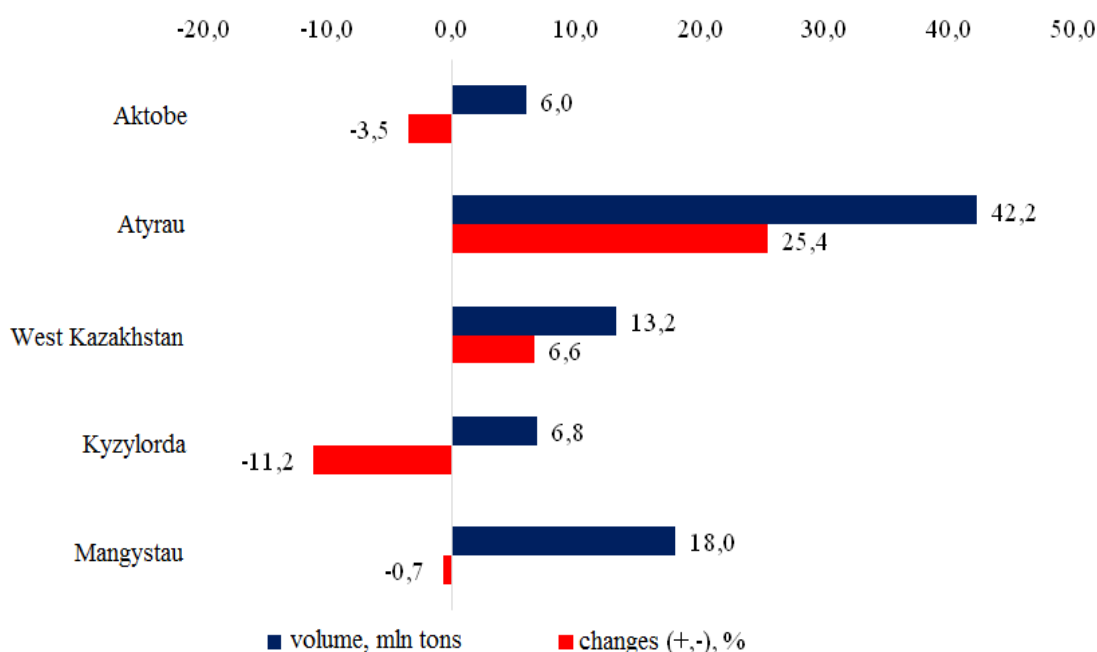
Source: Ministry of Energy of the RK

In 2017, in the Atyrau region, oil and gas condensate production increased by 25.4% compared to 2016, to 42.2 million tons and in the West Kazakhstan region - by 6.6%, to 13.2 million tons. In other regions, a decrease is observed: in Mangystau oblast - by 0.7%, to 18.0 million tons, in Aktobe region - by 3.5%, to 6.0 million tons and in Kyzylorda region - by 11.2%, to 6.8 million tons. (see Appendix 6).

The main increase in production in 2017 was due to an increase in oil production at the Tengiz fields (28.7 million tons) and Karachaganak (12.5 million tons), and there was also a steady growth at the Kashagan field (8.2 million tons) . The reduction in production in the Kyzylorda region is associated with the depletion and increase in the water content of the developed fields.

For 2018, the plan for oil production is 87 million tons. The main increase is expected due to Kashagan. The production plan for Kashagan is 11 million tons. At the same time, a decline in production at the fields of the Kyzylorda and Aktobe groups is expected, due to the late stage of development and the natural depletion of these fields³⁷.

Figure 14. The volume of production and growth rates of oil and gas condensate in the regions in 2017



Source: Committee on Statistics of the MNE RK

The largest contribution to oil production was made by enterprises of the Atyrau region - 49.0% of the total oil and gas condensate production, Mangystau region –20.9% and West Kazakhstan region –15.3% (Figure 14).

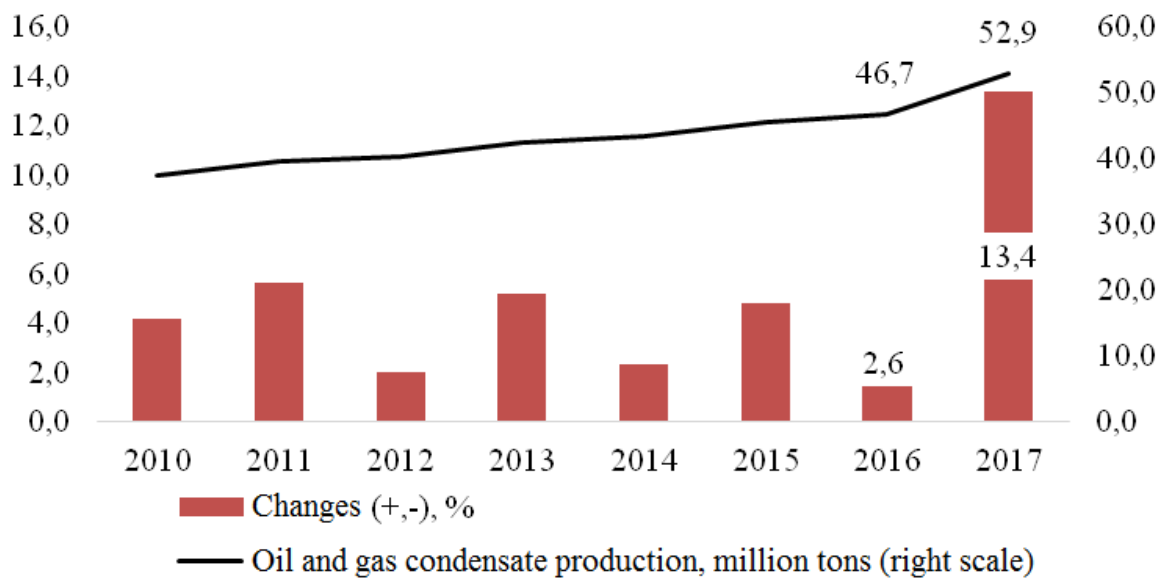
Natural gas production

According to the Statistics Committee of the MNE RK, natural gas production in 2017 amounted to 52.9 billion cubic meters³⁸, an increase of 13.4% compared to 2016.

³⁷Speech of the Minister of Energy of the Republic of Kazakhstan Bozumbayev KA at the extended meeting of the board of the Ministry on the results of activities for 2017 and the tasks for 2018 <https://www.zakon.kz/4911798-vystuplenie-ministra-energetiki-rk.html>

³⁸ The volume of natural gas production is 52.9 billion cubic meters, according to the Ministry of Energy of the Republic of Kazakhstan.

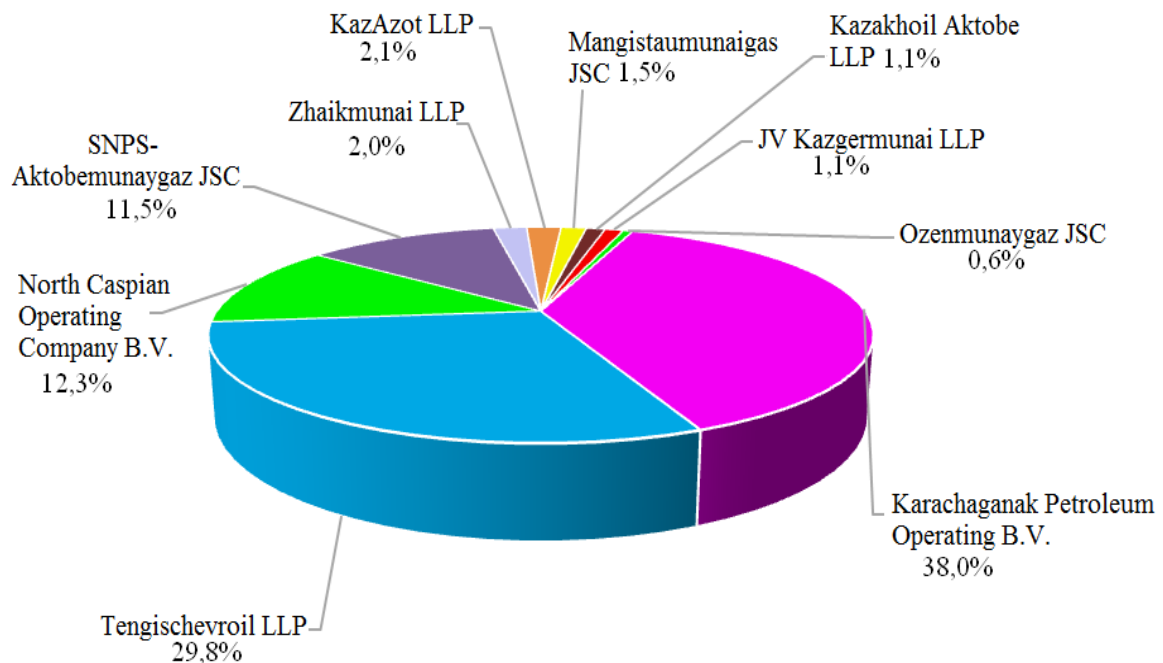
Figure 15. Natural gas production, billion cubic meters



Source: Committee on Statistics of the MNE RK

According to data for December 2017, Karachaganak Petroleum Operating BV is leading in gas production. - 38.0%, Tengizchevroil LLP - 29.8%, North Caspian Operating Company B.V. - 12.3% and JSC "SNPS-Aktobemunaygas" - 11.5%. These companies accounted for 91.6% of total natural gas production.

Figure 16. Companies that provided the bulk of production (on December, 2017), %

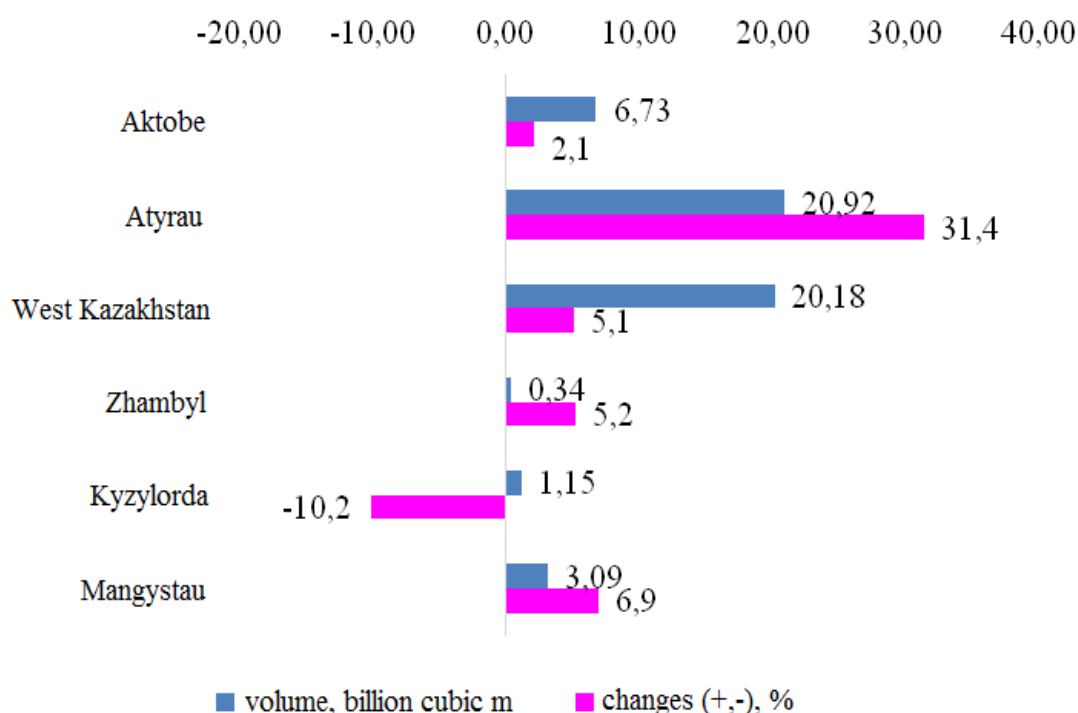


Source: Ministry of Energy of the RK

In 2017, natural gas production increased in all regions except the Kyzylorda region, where the production volume decreased by 10.1% compared to 2016, from 1.28 billion cubic meters to 1.15 billion cubic meters. In the Atyrau region, 20.9 billion cubic meters were produced. In the West Kazakhstan region, natural gas production increased by 31.4% compared with 2016.

region - 20.2 billion cubic meters. m (an increase of 5.1%), Aktobe oblast - 6.7 billion cubic meters. m (an increase of 2.2%), as well as Mangystau region - 3.1 billion cubic meters (an increase of 7.0%) (Figure 17 and Appendix 6).

Figure 17. The volume of production and growth rates of natural gas in the regions in 2017



Source: Committee on Statistics of the MNE RK

In the regional context, the contribution of Atyrau Oblast to the production of natural gas increased from 34.1% in 2016 to 39.9% in 2017, and the contribution of West Kazakhstan Oblast decreased from 41.2% in 2016 to 38, 5% in 2017. The contribution of the Aktobe region also decreased from 14.1% in 2016 to 12.8% in 2017.

The value of mining is given in the following two tables.

Table 8. The volume of industrial production (goods, services), in value terms, in 2016-2017, mln. tenge

Name	The volume of industrial production (goods, services), in value terms, mln. tenge		Change in % (2017 to 2016)
	2017	2016*	
Industry	22 790 209	19 038 243	7,3
Mining and quarrying, including	11 568 785	9 397 794	9,3
Coal and lignite mining	292 079	232 703	5,2
Extraction of crude oil and natural gas	9 202 733	7 409 929	10,6
<i>Crude oil production</i>	8 994 914	7 293 085	10,5
<i>Natural gas production</i>	207 819	116 844	12,6
Metal ore mining	1 188 391	989 193	7,5
<i>Iron Ore Mining</i>	244 024	194 828	7,0
<i>Mining of non-ferrous metals</i>	944 368	794 365	7,6
Other mining industries	191 988	175 869	10,6
Technical Services for Mining	693 593	590 100	2,9
Manufacturing industry,	9 400 848	8 058 165	5,6

Name	The volume of industrial production (goods, services), in value terms, mln. tenge		Change in % (2017 to 2016)
	2017	2016*	
including			
Production of basic precious and non-ferrous metals	2 531 768	2 239 582	6,3

Source: MNE Statistics Committee

Table 9. The volume of industrial production (goods, services), in value terms, by region, in 2016-2017 billion tenge

Name	The volume of industrial production (goods, services), in value terms, bln. tenge		Change in % (2017 to 2016)
	2016	2017	
Industry			
The Republic of Kazakhstan	19026,8	22790,2	19,8
Akmola	455,6	561,3	23,2
Aktobe	1291,1	1597,1	23,7
Almaty	681,9	795,7	16,7
Atyrau	4495,5	5508,2	22,5
West Kazakhstan	1567,0	1914,5	22,2
Zhambylskaya	341,3	374,0	9,6
Karaganda	1947,7	2318,4	19,0
Kostanay	599,4	764,3	27,5
Kyzylorda	669,2	731,4	9,3
Mangystau	1887,6	2316,2	22,7
South Kazakhstan	789,0	832,1	5,5
Pavlodar	1370,4	1778,4	29,8
North Kazakhstan	198,0	240,5	21,5
East Kazakhstan	1506,6	1581,5	5,0
Astana	454,4	573,9	26,3
Almaty	772,1	902,5	16,9
Mining and quarrying			
The Republic of Kazakhstan	9397,6	11568,8	23,1
Akmola	69,2	55,0	-20,6
Aktobe	822,4	954,1	16,0
Almaty	13,9	12,1	-12,5
Atyrau	3948,9	4931,0	24,9
West Kazakhstan	1388,6	1690,3	21,7
Zhambylskaya	36,0	43,6	21,2
Karaganda	209,4	287,8	37,5
Kostanay	236,5	296,0	25,2
Kyzylorda	515,1	583,8	13,3
Mangystau	1613,9	2037,1	26,2
South Kazakhstan	216,9	152,7	-29,6
Pavlodar	202,7	340,4	67,9

North Kazakhstan	3,2	2,1	-34,9
East Kazakhstan	121,1	182,7	50,9
Coal and lignite mining			
The Republic of Kazakhstan	232,7	292,1	25,5
Akmola	0,4	0,9	94,3
Almaty	0,1	0,2	25,3
Zhambylskaya	0,0	0,1	4,9
Karaganda	110,6	145,0	31,1
Kostanay		0,0	
Pavlodar	103,7	123,6	19,2
East Kazakhstan	17,8	22,3	25,5
Extraction of crude oil and natural gas			
The Republic of Kazakhstan	7409,9	9202,7	24,2
Aktobe	541,6	596,1	10,1
Atyrau	3763,1	4716,8	25,3
West Kazakhstan	1276,2	1614,8	26,5
Zhambylskaya	7,3	13,2	81,8
Kyzylorda	415,6	476,4	14,6
Mangystau	1398,6	1776,4	27,0
East Kazakhstan	7,6	9,0	18,6
Crude oil production			
The Republic of Kazakhstan	7293,1	8994,9	23,3
Aktobe	538,5	543,4	0,9
Atyrau	3759,4	4686,9	24,7
West Kazakhstan	1205,6	1543,0	28,0
Zhambylskaya	1,1	1,2	12,1
Kyzylorda	415,0	475,9	14,7
Mangystau	1373,4	1744,5	27,0
East Kazakhstan	0,1	0,0	-27,5
Natural gas production			
The Republic of Kazakhstan	116,8	207,8	77,9
Aktobe	3,1	52,7	1592,9
Atyrau	3,7	30,0	713,1
West Kazakhstan	70,6	71,9	1,8
Zhambylskaya	6,2	12,0	93,5
Kyzylorda	0,6	0,5	-9,7
Mangystau	25,2	31,9	26,7
East Kazakhstan	7,5	8,9	19,0
Metal ore mining			
The Republic of Kazakhstan	989,2	1188,4	20,1
Akmola	47,2	37,2	-21,1
Aktobe	217,7	247,8	13,8
Almaty	0,1	0,1	-21,2
Zhambylskaya	4,4	3,3	-24,5
Karaganda	78,9	111,8	41,7
Kostanay	210,2	264,7	25,9
Kyzylorda	51,0	40,1	-21,3

South Kazakhstan	204,8	138,5	-32,4
Pavlodar	90,6	206,0	127,4
North Kazakhstan	0,1	0,2	169,6
East Kazakhstan	84,2	138,7	64,6
Iron Ore Mining			
The Republic of Kazakhstan	194,8	244,0	25,3
Akmola	2,4	3,0	24,4
Aktobe	1,2	1,4	18,8
Almaty	0,1		
Karaganda	16,6	24,8	48,7
Kostanay	173,7	214,4	23,4
South Kazakhstan			
East Kazakhstan	0,8	0,4	-44,4
Mining of non-ferrous metals			
The Republic of Kazakhstan	794,4	944,4	18,9
Akmola	44,7	34,2	-23,6
Aktobe	216,5	246,4	13,8
Almaty	0,0	0,1	278,7
Zhambylskaya	4,4	3,3	-24,5
Karaganda	62,3	87,1	39,9
Kostanay	36,5	50,3	37,8
Kyzylorda	51,0	40,1	-21,3
South Kazakhstan	204,8	138,5	-32,4
Pavlodar	90,6	206,0	127,4
North Kazakhstan	0,1	0,2	169,6
East Kazakhstan	83,5	138,2	65,6
Other mining industries			
The Republic of Kazakhstan	175,7	192,0	9,3
Akmola	16,3	11,5	-29,1
Aktobe	15,6	24,1	54,9
Almaty	12,2	10,1	-17,7
Atyrau	54,4	58,9	8,1
West Kazakhstan	0,9	0,9	-0,9
Zhambylskaya	21,9	25,6	17,1
Karaganda	9,0	11,0	22,0
Kostanay	20,7	22,5	8,9
Kyzylorda	1,9	2,3	18,9
Mangystau	4,5	4,5	0,1
South Kazakhstan	5,2	5,3	1,3
Pavlodar	5,8	8,0	38,5
North Kazakhstan	1,1	1,4	27,6
East Kazakhstan	6,1	5,8	-4,9
Technical Services for Mining			
The Republic of Kazakhstan	590,1	693,6	17,5
Akmola	5,3	5,3	0,2
Aktobe	47,5	86,1	81,1
Almaty	1,4	1,8	31,0

Atyrau	131,3	155,3	18,3
West Kazakhstan	111,5	74,5	-33,1
Zhambylskaya	2,4	1,4	-41,6
Karaganda	10,9	20,0	83,4
Kostanay	5,6	8,8	58,1
Kyzylorda	46,6	65,0	39,5
Mangystau	210,8	256,2	21,6
South Kazakhstan	6,9	8,9	29,8
Pavlodar	2,7	2,8	5,2
North Kazakhstan	2,0	0,5	-75,2
East Kazakhstan	5,3	6,9	29,9
Production of basic precious and non-ferrous metals			
The Republic of Kazakhstan	2239,5	2531,8	13,0
Akmola	110,5	205,9	86,4
Almaty	2,2	4,5	101,2
Zhambylskaya	15,2	19,3	26,7
Karaganda	592,7	694,8	17,2
Kostanay	33,2	50,3	51,5
Kyzylorda	44,5	31,4	-29,6
South Kazakhstan	52,8	59,9	13,5
Pavlodar	279,1	315,6	13,1
North Kazakhstan	0,2	0,1	-50,6
East Kazakhstan	927,0	933,5	0,7
Astana	152,8	191,4	25,3
Almaty	29,2	25,1	-14,0

Source: MNE Statistics Committee

EXPORT

EXPORT OF HYDROCARBONS

Coal export

In 2017, exports of hard coal increased compared to 2016, both in physical volume (by 15.8%, to 27.5 million tons) and in value (by 1.5 times). Russia accounts for 77.4% of total exports of hard coal. Also, Kazakhstan's coal exports are growing in Finland, Kyrgyzstan and Switzerland (Table 10). The coal-mining regions — Pavlodar and Karaganda regions — are the main exporters of hard coal (Appendix 6).

Table 10. Export of coal by countries

Product Name, Main Country - Destination	Unit	2017		2016		2017 to 2016, in %	
		Volume	Mln US dollars	Volume	Mln US dollars	by volume	by cost
Coal	Thousands tons	27501,9	448,9	23751,8	296,7	15,8	51,3
Kyrgyzstan		1080,2	18,7	967,5	17,6	11,6	6,3
Russia		21291,8	259,4	19376,3	175,5	9,9	47,8
Ukraine		404,4	54,6	591,5	53,3	-31,6	2,4
Finland		3 450,3	51,4	2 062,2	31,6	67,3	62,4
Switzerland		760,7	48,6	296,1	11,5	2,6 p	4,2 p
Other		1275,2	64,8	754,3	18,7	69,0	3,5 p

Source: MNE Statistics Committee, MF State Revenue Committee

Export of oil and gas condensate

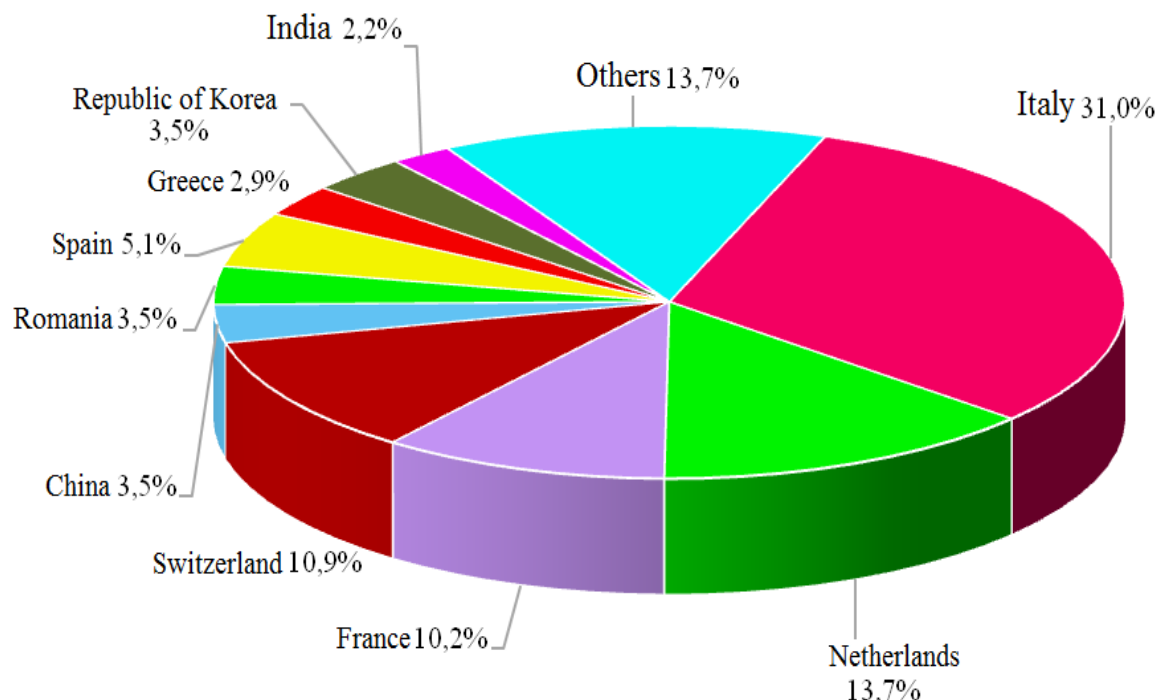
In December 2016 (Vienna, Austria) a ministerial meeting of OPEC countries and non-OPEC countries was held, at which 25 countries participated, including 14 OPEC countries and 11 non-cartel countries (Kazakhstan, Russian Federation, Azerbaijan, Bahrain, Bolivia, Equatorial Guinea, Malaysia, Mexico, Oman, Sudan and South Sudan). As a result, the countries agreed to speed up the process of restoring equilibrium in the global oil market by reducing the total volume of oil production by 1.8 million barrels per day. This agreement entered into force on January 1, 2017. The agreement was concluded in the first half of 2017 with the possibility of renewal. In May 2017, its validity period was extended by 9 months - until the end of March 2018.

The deal under the OPEC + agreement to reduce oil production in 2017 allowed to balance the supply in the oil market and raise oil prices. As a result, according to the EIA, the average price for Brent oil for 2017 in the global commodity markets was \$ 54.25 per barrel (2016 - \$ 43.64 per barrel).

According to the Statistics Committee of the Ministry of National Economy of the Republic of Kazakhstan and the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan, in 2017 exports of oil and gas condensate amounted to 68.7 million tons, which is 10.5% more than in 2016, including to countries The EAEU amounted to 131.9 thousand tons, which is 19.9% more than in 2016, as well as 3.6 million tons of oil products and 16.8 billion cubic meters. natural gas. Thanks to rising crude oil prices on world markets, revenues from crude oil exports reached \$ 26.6 billion - an increase of 37.8% (year-on-year).

According to the Ministry of Energy of the Republic of Kazakhstan, oil exports amounted to 69.8 million tons, or 112.4% by 2016³⁹ (a difference of 1.1 million tons).

Figure 18. Top 10 countries importing oil and gas condensate in 2017, in %



Source: Committee on Statistics, State Revenue Committee

³⁹ Abstracts of the Minister of Energy Bozumbayev K.A. to the press conference on January 22, 2018 <http://www.zakon.kz/4904094-tezisy-ministra-energetiki-k-a.html>

The deal under the OPEC+ agreement to reduce oil production in 2017 allowed to balance the supply in the oil market and raise oil prices.

Table 11. Export of oil and gas condensate by country

Product Name, Main Country - Destination	Unit	2017		2016		2017 to 2016, in %	
		Volume	Mln US dollars	Volume	Mln US dollars	by volume	by cost
Crude oil and gas condensate	Thousa nd tons	68715,3	26587,4	62 174,1	19295,7	10,5	37,8
Belarus		64,2	21,4	44,3	12,6	44,9	69,8
Russia		66,2	16,1	64,7	12,3	2,3	30,9
Uzbekistan		182,9	75,4	136,8	51,4	33,7	46,8
Bulgaria		444,6	157,7	203,2	66,0	2,2 p	2,4 p
Greece		1 998,6	799,6	2 594,7	789,4	-23,0	1,3
India		1 527,4	619,1	500,7	177,8	3,1 p	3,5 p
Spain		3 484,4	1 380,2	2 937,8	911,1	18,6	51,5
Italy		21 283,4	8 450,7	21 865,3	7 306,2	-2,7	15,7
China		2 357,1	853,4	3 240,9	876,5	-27,3	-2,6
Korea, Republic		2 375,5	956,0	270,6	93,6	8,8 p	10,2 p
Lithuania		1 320,1	515,8	671,1	186,7	96,7	176,3
Malta		499,2	191,0	125,2	48,5	4,0 p	3,9 p
Netherlands		9 424,1	3 643,7	7 850,6	2 376,5	20,0	53,3
Poland		927,7	350,7	317,0	99,1	2,9 p	3,5 p
Portugal		1 518,6	596,0	1 122,5	355,3	35,3	67,7
Romania		2 409,2	878,7	2 829,5	811,4	-14,9	8,3
Turkey		469,5	180,1	535,2	175,8	-12,3	2,4
France		7 029,8	2 806,0	5 000,0	1 572,8	40,6	78,4
Croatia		723,9	288,7	118,8	31,8	6,1 p	9,1 p
Switzerland		7 459,4	2 633,2	7 556,8	2 065,9	-1,3	27,5
Japan		833,9	339,4	678,8	210,7	22,8	61,1
Other		2 497,2	909,7	3 645,3	1 115,5	-31,5	-18,4

Source: Committee on Statistics, State Revenue Committee

Natural Gas Exports

According to the Statistics Committee of the Ministry of National Economy of the Republic of Kazakhstan and the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan, in 2017 natural gas exports amounted to 25.6 billion cubic meters. m, which is 18.5% more than in 2016. In terms of value, the export of natural gas reached \$ 1.6 billion, 23.9% more than in 2016. This is 3.3% of the total Kazakhstan's revenues from exports in 2017 (Table 11).

According to the Ministry of Energy, gas exports in 2017 amounted to 17.3 billion cubic meters. m, or 26.3% more than in 2016 (discrepancy by 8.3 billion cubic meters).

In 2017, natural gas supplies to Ukraine increased by 53.4% compared to 2016 and reached 9.0 billion m³, to Switzerland - by 37.1% (5.5 billion m³). At the same time, the volume of natural gas supplies to Poland decreased by 10.8 times, to 220.4 million m³.

According to the Ministry of Energy of the Republic of Kazakhstan, in 2017 the volume of gas exports to China amounted to 1.1 billion m³.⁴⁰ According to the Statistics Committee of the Ministry of National Economy of the Republic of Kazakhstan with reference to the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan, the volume of natural gas exports to China grew by 40.7%, from 459.2 million cubic meters. m

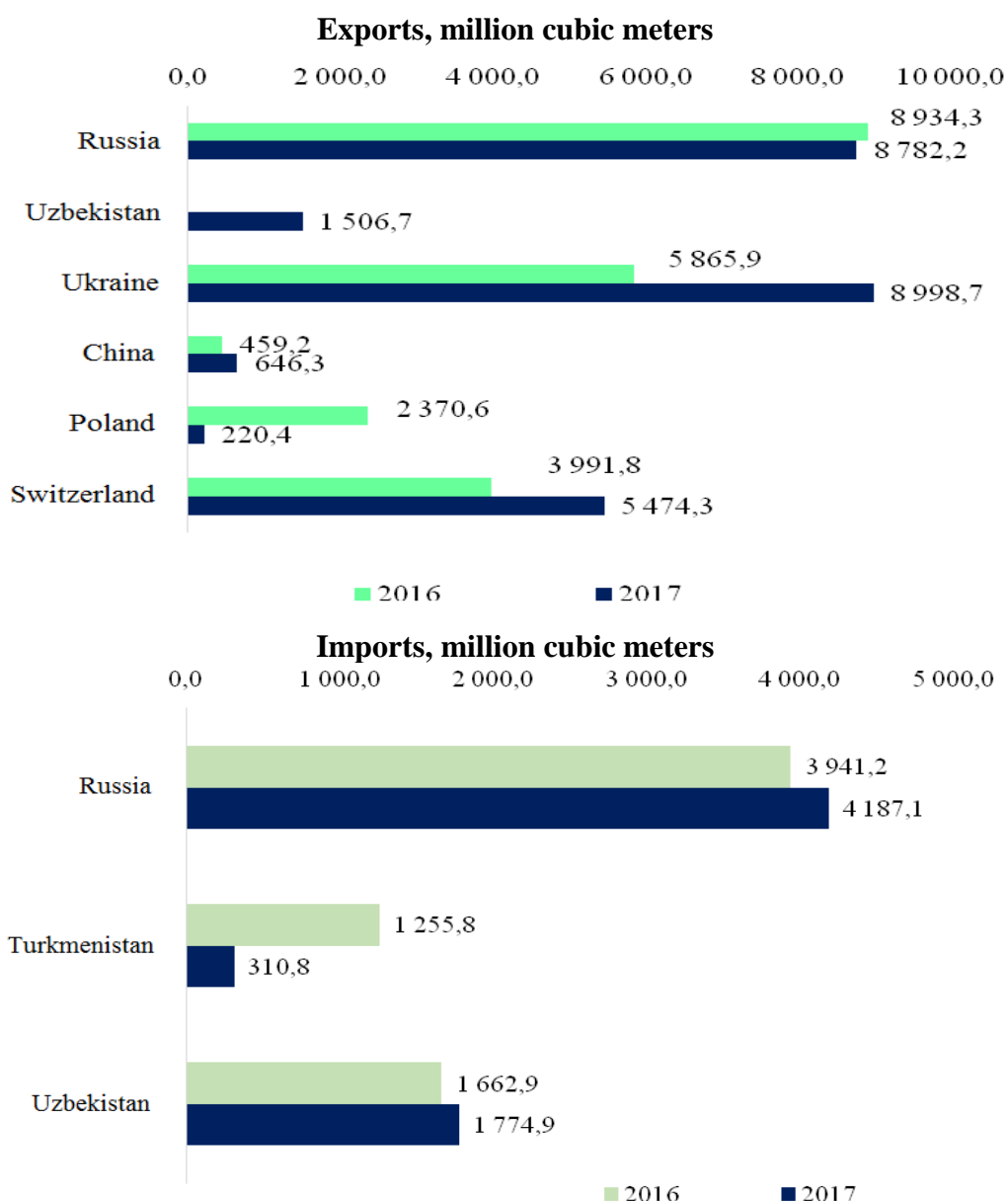
⁴⁰Abstracts of the Minister of Energy Bozumbaeva K.A. to the press conference. January 22, 2018 <http://www.zakon.kz/4904094-tezisy-ministra-energetiki-k-a.html>

in 2016 to 646.3 million cubic meters. m. in 2017. That is, only the cumulative volume of natural gas exports for 2016 - 2017. is 1.1 billion m3.

In 2017, with the commissioning of additional capacities of the gas pipeline system, namely the Beineu-Bozoi-Shymkent gas pipeline and the C pipeline of the Kazakhstan-China gas pipeline, a technical opportunity appeared for exporting gas to China. In 2017, for the first time, Kazakh gas began to be exported to China within the framework of a signed agreement between KazTransGas JSC and Petro China International Company Limited. A contract for the supply of gas in the amount of 5 billion cubic meters. m per year. Negotiations are underway to increase gas supplies to the PRC to 10 billion cubic meters per year. This will increase the income of domestic companies and budget revenues. Thus, for the first time in history, the republic had the opportunity of alternative exports.

In 2017, natural gas exports to Russia slightly decreased - by 1.7% compared with 2016 and amounted to 8.8 billion cubic meters. In 2017, 1.5 billion cubic meters were exported to Uzbekistan of natural gas.

Figure 19. Exports of imports of natural gas in 2016-2017

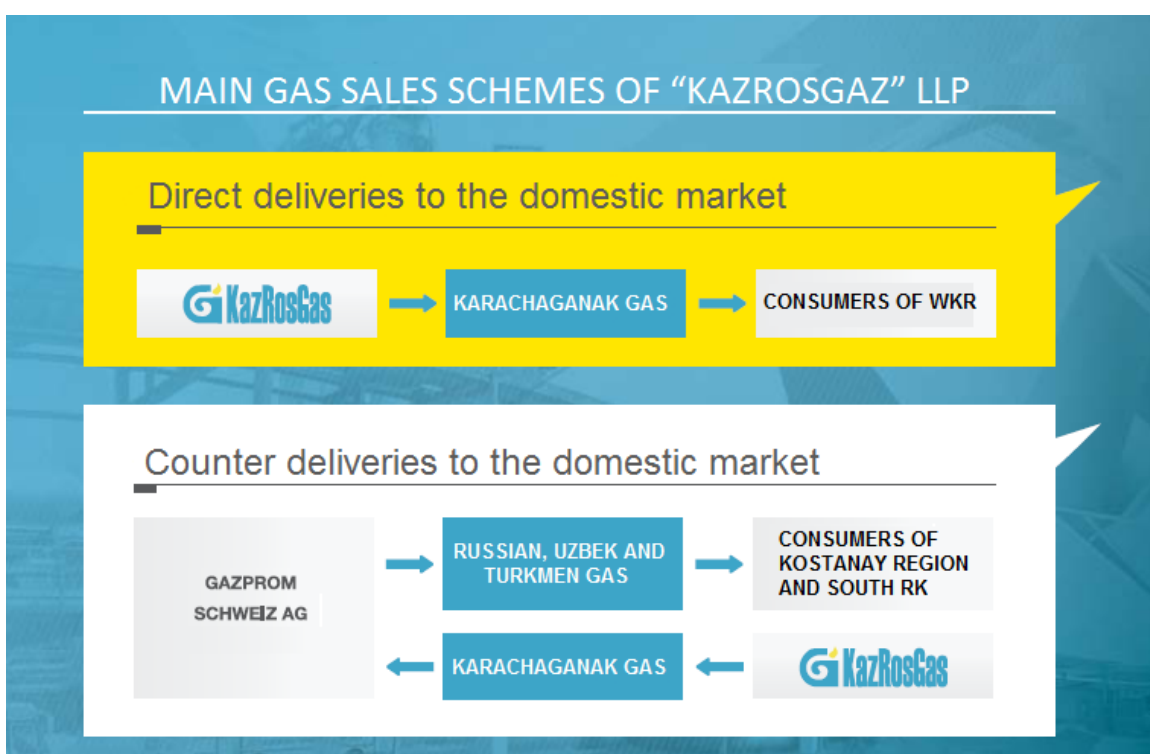


Source: State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan

To provide the domestic market with gas, on December 27, 2006, an Agreement on Counter Gas Deliveries was signed between OAO Gazprom, NHC Uzbekneftegaz and JSC NC KazMunayGas. In accordance with the Agreement, all gas imports (Figure 19) are “swapped” with Karachaganak exports at equal prices and in equal volumes. Under the Agreement, contracts are annually concluded on the counter supply of gas from the Karachaganak field to the south of the Republic of Kazakhstan and the Kostanay region⁴¹.

Since 2007, through counter deliveries, KazRosGaz LLP has been supplying gas to the domestic market of Kazakhstan. The counter-supply mechanism developed by KazRosGaz LLP is achieved by replacing Russian gas consumed by Kostanay oblast with Uzbek and Turkmen gas consumed by the southern regions of Kazakhstan with similar volumes of processed Karachaganak gas at fixed prices agreed upon with the authorized parties to the Agreement - NC JSC KazMunaiGaz and OAO Gazprom and approved by the Government of the Republic of Kazakhstan.

Figure 20. Main gas sales schemes of “KazRosGaz” LLP



Source: <http://kazrosgas.org/rus/devatelnost/realizaciya-gaza-na-vnutrenniy-rinok/>

Annually, in the framework of the Agreement, NC KazMunayGas JSC and Gazprom sign a protocol meeting on cooperation in the gas industry, which reflects the volumes and prices of gas for exchange operations.

On setting the price of the transaction carried out by the interchange of gas

Set the gas price for the transaction concluded between the limited liability company KazRosGaz and the authorized public company Gazprom, the organization GAZPROM Schweiz AG, when selling the processed gas of the Karachaganak field for export in 2017 to supply the domestic market of the Republic of Kazakhstan with gas deliveries in 2017 on DAP terms, the border of the Republic of Kazakhstan / Russian Federation, the Aleksandrov Gay gas measuring station in the amount of up to 4.9 billion cubic meters for gas of Uzbek origin supplied on the border of the Republic of Uzbekistan / the Republic of

⁴¹ Report of the Minister of Oil and Gas Mynbayev S. to the board of the Ministry on the results of 2012. January 28, 2013

Kazakhstan, and of Russian origin, supplied to the border of the Russian Federation / Republic of Kazakhstan, in the amount of 3,660 Russian rubles per 1000 cubic meters.

Source Decree of the Government of the Republic of Kazakhstan dated May 31, 2017 № 320. The Decree comes into force on January 1, 2017. <http://adilet.zan.kz/rus/docs/P1700000320/links#from>

Table 12. Export of natural gas by country, million m³

Product Name, Main Country - Destination	2017		2016		2017 to 2016, in %	
	Volume	Mln US dollars	Volume	Mln US dollars	by volume	by cost
Natural gas in gaseous state	25628,6	1590,7	21621,8	1283,7	18,5	23,9
Russia	8782,2	149,6	8934,3	120,2	-1,7	24,5
Uzbekistan	1 506,7	118,0				
Ukraine	8 998,7	853,2	5 865,9	504,3	53,4	69,2
China	646,3	67,6	459,2	72,4	40,7	-6,7
Poland	220,4	32,9	2 370,6	274,7	-90,7	-88,0
Switzerland	5 474,3	369,5	3 991,8	312,0	37,1	18,4

Source: MNE Statistics Committee, MF State Revenue Committee

Exports of natural gas in 2017 amounted to 25.6 billion cubic meters, of which in Russia - 8.9 billion cubic meters, to Ukraine - 9.0 billion cubic meters (almost the entire increase occurred in Ukraine), Uzbekistan - 1.5 billion cubic meter, Switzerland - 5.5 billion cubic meters, China - 0.6 billion cubic meters., Poland - 0.2 billion cubic meters (Appendix 6).

3.2.2. Mining Sector: Reserves (3.3), Mining (3.5a) and Export (3.5b)

RESERVES

In Kazakhstan, the state balance takes into account mineral reserves for 102 types of mineral raw materials, including 40 types of solid minerals.

In almost the majority of the main minerals developed in 2017, there was an increase in production to the level of 2007 ranging from 8% -15% to 100-326%. The extraction of uranium (326%), copper (47%), lead (25%), and gold (19%) increased particularly significantly. The increase in reserves obtained in these years as a result of geological exploration, did not compensate for (with the exception of iron, manganese, copper and gold) repaired reserves. In addition, the reserves of copper, gold, iron, and manganese taken into account in recent years are mainly characterized by low quality and cannot be equivalent to the quenched reserves.

As a result of extensive exploitation, the reserves of zinc (14.7%), aluminum (15%), lead (9%), chromium (7%), and silver (8.5%) significantly decreased to the level of 2007. Conducted studies show that Kazakhstan, with the production capacity achieved at the present time, is provided for a relatively long term with only reserves of coal and ferrous metals.

Ferrous and alloying metals. In terms of proven reserves of iron ore, the Republic of Kazakhstan ranks fifth, and in terms of their quality, it ranks third in the world. The balance reserves of iron ore are about 20 billion tons, of which 79% is concentrated in the Torgai iron ore region (Kostanay region).

As of January 1, 2017, the State Balance accounted for iron ore reserves for 68 objects, of which 38 with balance reserves of 10.2 billion tons were transferred to subsoil users for exploration and mining.

During the period from 2007 to 2017, 468 million tons of iron ore were mined, including 35.7 million tons in 2017. As a result of geological exploration in 2015-2017 and the reports of which passed the state examination, an increase in iron ore reserves in the amount of 1 billion tons was obtained.

In terms of proven reserves of manganese ores, the Republic of Kazakhstan ranks third in the world, but in its quality it is significantly inferior to the world's major producers. The main part of manganese ore reserves is concentrated in the Atasuysky ore district of the Karaganda region, where they are mined. The remaining identified reserves are located in Mangistau, Akmola, Zhambyl, Aktobe, Almaty and East Kazakhstan regions. As of January 1, 2017, the state balance of the Republic of Kazakhstan takes into account reserves of 42 objects (38 deposits and 6 technogenic-mineral formations (hereinafter - TMO), of which 4 are off-balance ores. Of 38 balance objects 28 have reserves of 664 million tons (98% from reserves of the Republic of Kazakhstan) transferred for exploitation and exploration to subsoil users (distributed fund). In 2016, they were involved in the development of 6 objects with a balance sheet reserves of 194 million tons (28.6% of the reserves of the Republic of Kazakhstan), preparation for use. In addition, 11 objects with stocks 15 mln tons (2.2% of the Republic of Kazakhstan stocks) are on standby (unallocated Fund).

In terms of total reserves and quality of chrome ores, the Republic of Kazakhstan ranks first in the world. According to the US Geological Survey, 86% of the world's reserves of chrome ores are in the Republic of Kazakhstan and South Africa. Balance reserves of chrome ores are 362.7 million tons. They are concentrated in chromite deposits located in the southeastern part of the Kempirsai ultrabasic massif (Aktobe region). As of January 1, 2017, the state balance of reserves of chrome ores includes 17 deposits. 9 deposits (with reserves of 356.4 million tons (98% of the reserves of the Republic of Kazakhstan) were transferred to two subsoil users (Transnational Company Kazchrome JSC and Voskhod-Oriel LLP). They in 2016 were involved in the development of 7 facilities with reserves of 344.8 million tons (95% of the reserves of the Republic of Kazakhstan). 8 objects are in reserve, including 6 with balance reserves. In total from 2007 to 2016, 4,121 thousand tons of chrome ores have been mined. As a result of geological exploration an increase in reserves of 321 thousand was obtained on the site of Dubersai deposit 40 years of the Kazakh SSR. Thus, the required replenishment of the spent reserves of chrome ores practically does not occur.

According to the confirmed reserves of titanium dioxide, the Republic of Kazakhstan is on the 9th place in the world. Among the CIS countries, it takes 2nd place (after Russia). The top three reserves are China (220 million tons), Australia (150 million tons) and India (85 million tons). The state balance of mineral reserves of the Republic of Kazakhstan includes 16 objects of titanium dioxide, of which 5 are off-balance reserves. In the subsoil use were 9 objects with balance reserves of 40 million tons of TiO₂ (87% of the reserves of the Republic of Kazakhstan), of which 2 fields were in development (Satpayevskoye and Shokash) with reserves of 2.8 million tons (6% of the reserves of the Republic of Kazakhstan). In the reserve there were 8 alluvial deposits with balance reserves of 5,574.7 thousand tons of TiO₂ and low contents of titanium dioxide. In 2007-2016, placer deposits were in operation: Shokash (2007-2016), Satpayevskoye (2007-2016), Obukhovskoye (2010-2012) and South Velikhovskoye (2014), of which 125.3 thousand were mined tons of titanium dioxide. As a result of exploration work carried out in the period under review at the titanium-magnetite deposits of Velikhovskoye, Tymlay and reassessment of placer deposits, the TiO₂ reserves by category in 2016 increased compared to 2007 by 21.5 million tons (mainly due to the Tymlay deposit).

In terms of the number of confirmed reserves of vanadium pentoxide, the Republic of Kazakhstan lags far behind most of the world's producers. The quality of them, in general, does not meet the requirements of the world market. According to the US Geological Survey, the main reserves of vanadium (in thousands of tons) are concentrated in the fields of China (9,000 tons), Russia (5,000 tons) and South Africa (3,500 tons). The same countries account for the main production volumes of vanadium-containing mineral raw materials - China (42,000 tons), Russia (16,000 tons), South Africa (12,000 tons). The state balance takes into account the reserves of vanadium pentoxide in 15 fields, including 11 solid mineral deposits and 4 hydrocarbon deposits. All of them, except for the small deposits Karaotkel and Zhebaglinsky, are in a distributed fund.

Non-ferrous metals. Copper. Balance reserves of copper are 40.8 million tons. The vast majority of them (82%) are concentrated in the Eastern and Central regions of the country. The remaining 18% of reserves are unevenly distributed throughout the territory of the Republic of Kazakhstan. The state balance takes into account reserves of 125 deposits, of which 8 off-balance reserves are taken into account in 8 deposits. Of the balance deposits, 93 with 40 million tons of copper reserves (97% of the reserves of the Republic of Kazakhstan) are in a distributed fund. In 2017, subsoil users were involved in the development of facilities with copper reserves of 20.4 million tons (50% of the reserves of the Republic of Kazakhstan). Exploration and preparatory operations were carried out at the remaining facilities. In addition, 23 facilities with reserves of 0.93 million tons (2.3% of the reserves of the Republic of Kazakhstan), characterized by small reserves and relatively low copper contents, are in reserve (unallocated fund). As a result of geological exploration, carried out in 2015-2017 and the reports of which passed the state expertise, an increase in reserves in the amount of 1,673 thousand tons was obtained, which made it possible to fully compensate for the reserves quenched during production.

Nickel, cobalt. According to the US Geological Survey, the Republic of Kazakhstan ranks 13th in proven nickel reserves and cobalt in 9th place in the world. The group of leaders in terms of nickel production includes the Philippines, Russia, Canada, Australia. The balance reserves of nickel are 2,041 thousand tons, cobalt - 208 thousand tons. The overwhelming number of them is concentrated in Kostanay (52% and 69%) and Aktobe (25% and 13%) regions, within the limits of Kostanay and Ural cobalt-nickel-bearing provinces allocated here. The remaining reserves of nickel and cobalt are associated with cobalt-nickel objects in the East Kazakhstan (Priirtysh ore district) and Pavlodar (Ekibastuz-Bayanaul ore district) regions. The state balance of mineral reserves of the Republic of Kazakhstan as of January 1, 2017 accounted for 41 nickel deposits and 58 cobalt deposits, of which, respectively, in 8 and 18 sites - only off-balance reserves. The distributed fund contains 4 nickel facilities with balance reserves of 537.7 thousand tons (26% of the reserves of the Republic of Kazakhstan) and 6-cobalt with reserves of 83 thousand tons (40% of the reserves of the Republic of Kazakhstan). In reserve (unallocated fund) there were 29 nickel facilities with reserves of 1,503 thousand tons (73% of the reserves of the Republic of Kazakhstan) and 34-cobalt with balance reserves of 125.3 thousand tons (60% of the reserves of the Republic of Kazakhstan). In general, as a result of the revaluation for the period 2007-2016, nickel reserves of nickel increased by 219 thousand tons. Cobalt reserves decreased by 166.3 thousand tons, mainly as a result of their transfer to off-balance ones.

Tin. In terms of the number of confirmed reserves of tin, the Republic of Kazakhstan ranks 8th in the world, in the quality of them it (Syrymbet deposit) is not inferior to the main world producers. The state balance takes into account 15 fields, of which in three objects only off-balance reserves. At present, the real resource base of the country is represented by one Syrymbet deposit, the remaining tin-containing objects, due to their low content and mostly insignificant reserves, have no practical value. The main reason hindering the

operation of the Syrymbet deposit is the lack of an acceptable technology for the beneficiation of its clay ores. The solution of this problem will allow to bring into operation not only tin ores of the deposit, but also a section of tantalum bearing weathering crusts found in its ore field, which can be developed as a single quarry.

Lead, zinc. Lead and zinc are usually found in nature together and are represented by complex lead-zinc ores in deposits of various geological and industrial types. They are mainly concentrated in the Eastern, Southern, Central and Western regions of the country. According to the confirmed reserves of zinc and lead, Kazakhstan takes 4 and 3 places respectively in the world. In terms of the average content of these metals in ores, it is significantly inferior to the major world producers - Australia and China. At present, deposits of the Ore-Altai geological-industrial type (East Kazakhstan), providing 44.3% of lead mining and 60.2% of zinc in the country, are of paramount importance for the economy of the country.

As a result of geological exploration in 2015-2017 and the reports of which underwent state expertise, an increase in reserves in the amount of 3,984.1 thousand tons was obtained, which allowed not only to compensate for all reserves quenched during mining, but also to obtain a real increase in reserves of manganese ore

The state balance as of January 1, 2017 accounted for 93 deposits of zinc and 96 deposits of lead. Of these, respectively, in 19 and 22 deposits, only off-balance reserves. In 2017, 63 complex deposits (distributed fund) with a balance of zinc reserves of 28.7 million tons (88.2% of the Republic of Kazakhstan reserves and 13.7 million tons of lead (87.2% of the Republic of Kazakhstan). The development involved 18 deposits with balance reserves of zinc - 9.2 million tons (28.3% of the reserves of the Republic of Kazakhstan) and 15 - lead reserves of 3.6 million tons. At the rest of the fields, exploration or preparation for operation. 34 and 37 respectively were in reserve There are mainly small deposits with total balance reserves of zinc of 3.8 million tons and lead of 2.0 million tons. In 2007-2017, 18 to 32 deposits were involved in exploitation, of which 6 714 were mined during this period. thousand tons of zinc and 1,152 thousand tons of lead. As a result of geological exploration carried out in 2015–2017, according to reports of the state expertise, the reserves of zinc and lead were increased, respectively, 1.7 thousand tons and 110 thousand tons.

Aluminum. According to the US Geological Survey, the Republic of Kazakhstan ranks 13th in the world in proven bauxite reserves, and in terms of mine production in 8th place. All industrially significant deposits of bauxite are concentrated in the Torgay bauxite province (Kostanay region), in which bauxite reserves amount to 311.3 million tons. Three bauxite-bearing areas are distinguished in it: the Western, Eastern and Central Torgai districts, in which, respectively, 86.9%, 5.3% and 7.8% of the province's reserves are concluded. The associated minerals of bauxite are refractory clays (the Krasnooktyabrskoe deposit), and the associated components are gallium and vanadium. The state balance takes into account reserves of 27 fields, in two of them (Ushtobinskoe and Syrymbet) reserves are only off-balance. In the subsoil use (distributed fund) there were 13 deposits with reserves of 283.8 million tons (89.0% of the reserves of the Republic of Kazakhstan), 5 of them were developed with reserves of 149.2 million tons (46.8% of the reserves of the Republic of Kazakhstan) . In reserve (unallocated fund) there were 12 fields with reserves of 35.0 million tons (11.0% of the reserves of the Republic of Kazakhstan) During the period under review (from 2007 to 2017), there were 6 to 8 deposits in operation. A total of 52 million tons of bauxite was mined, of which in 2017 - 5.1 million tons. The explored reserves of aluminum raw materials (bauxite) amount to 318.8 million tons (52% are exploited, 28% are explored, 20% are unlicensed), of which 311 million tons are

concentrated in the Torgai bauxite province (Kostanay region). 22 deposits of predominantly low-grade bauxite ore have been established here.

In general, from 2007 to 2017, bauxite reserves decreased by 56.4 million tons. The major problem of the industry is the complete solution of the issue of processing technology of low-grade bauxite ores, which will enable the exploitation of reserve deposits. The state balance accounts for 27 bauxite deposits, of which 9 are exploited, 6 are explored, and 12 are reserve.

Precious metals. Gold. The balance reserves of gold are 2418.1 tons (75% are exploited, 21% are explored, 3% are unlicensed), of which 85% are located in the Eastern, Northern and Central regions of the country. The remaining 15% is dispersed in the regions of South and West Kazakhstan. The leading geological and industrial types of gold deposits that form the basis of the raw material base of the gold mining industry are the gold ore (60% of balance reserves and 67% of gold production) and complex (36% and 32% respectively). In 2007-2016, 483.2 tons of gold were mined.

As a result of geological exploration carried out in 2015–2017, gold reserves increased by 120,931 kg. An important task of the industry is to solve the problem of enrichment of refractory ores, which will allow the largest gold deposit Bakyrchik and a number of similar facilities to be brought into operation. The country's security of proven gold reserves (with achieved performance) is about 40 years. The state balance accounts for 343 deposits (386 objects) of gold, of which 110 are exploited, 110 are explored, and 100 are reserve objects.

Annual reports for 2017 were published by JSC NGK Kazgeologia, JSC NGK Tau-Ken Samruk, JSC Altyntau Kokshetau⁴², JSC GMK Kazakhaltyn⁴³, JSC AK Altynalmas, KAZ Minerals PLC, Polymetal International PLC ", as well as JSC "KMG OLD" for 2016⁴⁴.

In 2017, according to the Committee of Geology and Subsoil Use of the MID of the Republic of Kazakhstan, the increment in mineral reserves was as follows: gold –35 tons, silver — 25 thousand tons, copper –1.1 million tons, lead — 1.5 thousand tons, uranium - 14.3 thousand tons. The planned targets for the growth of the forecast gold resources –1.5 thousand tons, copper - 28.2 million tons, polymetals –22.6 million tons were achieved in full. New promising areas and sites have been identified.⁴⁵

According to the data of JSC NGK Kazgeologia, 37.60% of the world reserves of chrome ore, 30% of manganese ores and 6% of iron ores are concentrated in Kazakhstan. Copper reserves are 7.10%, lead 22% and zinc 15.20% of the world. In terms of gold reserves, Kazakhstan ranks 8th in the world, and in terms of silver reserves - 2nd place. The raw material base of the gold mining industry of Kazakhstan is mainly represented by small and medium-sized deposits by the standards of the industry.

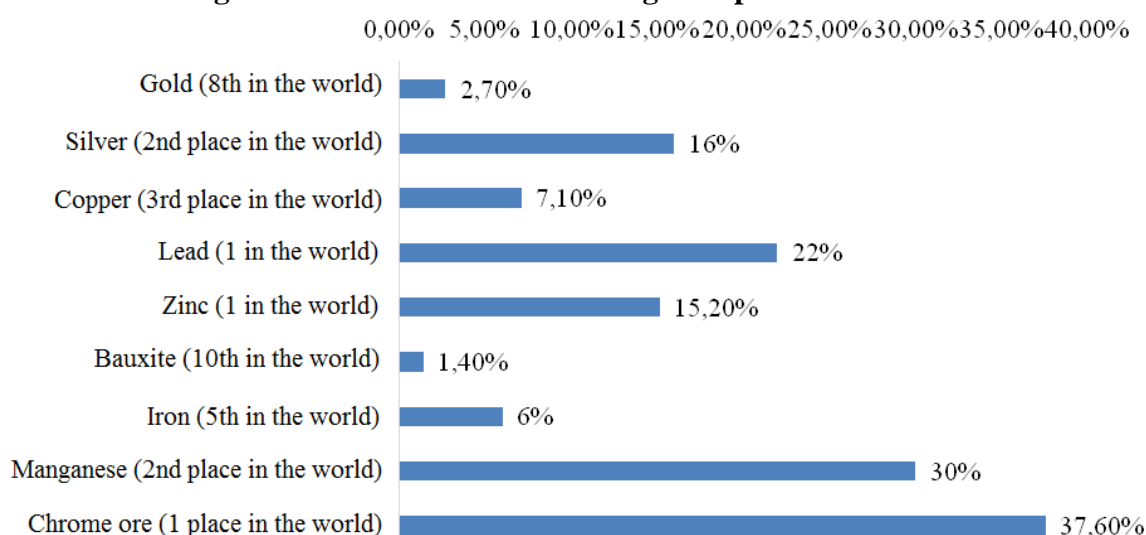
⁴²https://kase.kz/files/emitters/ATKT/atktp_2017_rus.pdf

⁴³https://kase.kz/files/emitters/ATKT/atktp_2017_rus.pdf

⁴⁴<https://www.kazminerals.com/media/7191/kaz-minerals-plc-annual-report-and-accounts-2017-russian.pdf>

⁴⁵<http://geology.mid.gov.kz/ru>

Figure 21. Kazakhstan's share in global proven reserves



Source: Annual Report of JSC "NSC "Kazgeology "

In total, there are 293 gold deposits in Kazakhstan (including 38% of complex, 60% of gold and 2% of placer deposits). Deposits are found in all areas of the country. The leading position is occupied by fields of Eastern, Northern and Central Kazakhstan. Table 11 lists the largest deposits in Kazakhstan.

Table 13. Large gold deposits of the Republic of Kazakhstan

Region	Field
North Kazakhstan	Vasilkovskoe, Varvarinskoe, Uzboy, Symbat, Komarovskoe, Elevatornoe, Akkarinskoe, Zhetygorinskoe
Central Kazakhstan	Maykain, Quartzite Hills, Enbekshi, Desert
Eastern Kazakhstan	Bakyrchik, Suzdal, Bolshevik, Vasilyevskoe, Ridder-Sokolnoe, Zhanan, Akzhal, Kaskabulak
South Kazakhstan	Akbakai, Altyntas, Dalabai, Aksakal-Beskempir, Mynaral, Zharkulak, Karamurun, Arkharly, Kumysty
Western Kazakhstan	Yubileynoye

Source: Committee of Geology and Subsoil Use of MID RK

The largest gold mining facility in Kazakhstan is the Vasilkovskoye deposit, 17 km north of the city of Kokshetau. The proven reserves of the Vasilkovsky deposit amount to 370 tons of gold, with an average grade of 2.8 g / t of metal in the ore. The field has been developed since 1979. Since 1991, semi-industrial tests of ore processing using the heap leaching method have been carried out at the Vasilkovsky mining and processing plant.

The second place in terms of reserves is taken by the Bakyrchik field, located in northeastern Kazakhstan (approximately 100 km from the city of Semipalatinsk). Its ore reserves are 208 tons with an average grade of 7.5 g / t, and mineral resources - 118 tons with an average grade of 6.9 g / t (including the Bolshevik deposit). The development of the field is difficult due to the high content of carbon in the ore, as well as toxic arsenic, which creates a threat of environmental pollution. The field is interesting for mining using the technology of bacterial or autoclave leaching of flotation concentrates.

The next in terms of reserves and industrial significance may be the Aksu, Quartzite Hills, Bestobe, Zholymbet deposits. These deposits are developed by the underground method.

According to the World Gold Council, by the end of 2017, Kazakhstan entered the top 20 countries in the world in terms of gold reserves, possessing 286 tons of pure gold.

GEOLOGICAL EXPLORATION

Kazakhstan is the second country in the world in terms of reserves and resources of uranium. According to the IAEA, uranium reserves and resources in Kazakhstan currently amount to about 1.6 million tons. Exploration work carried out in 2015-2017 and the reports of which passed the state examination, an increase in uranium reserves in the amount of 16,855 tons was obtained.

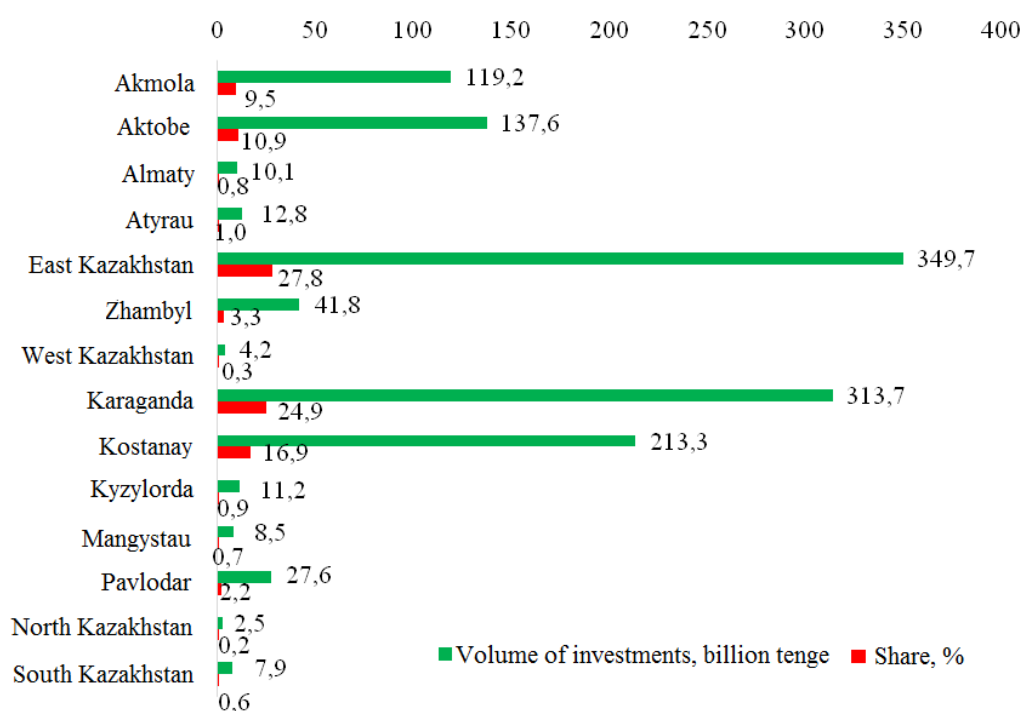
2016	2017
Of the 54 explored deposits with balance reserves of uranium, 16 are being developed, and the remaining 38 are in reserve.	Of the 56 explored deposits with balance reserves of uranium, 16 are being developed, and the remaining 40 are in reserve.

According to the Statistics Committee of the Ministry of National Economy of the Republic of Kazakhstan with reference to the data of the Committee of Geology and Subsoil Use, the volume of investments in the subsoil use of the mineral resource complex (excluding investments in hydrocarbons) in 2017 amounted to 1,260.1 billion tenge, including:

- in geological exploration - 28.9 billion tenge (2.3% of the total investment),
- other investments - 1231.2 billion tenge (97.7%).

The leading regions in investing in subsoil use are the East Kazakhstan region - 349.7 billion tenge (27.8% of the total investment), the Karaganda region - 313.7 billion tenge (24.9%), Kostanay region - 213.3 billion tenge (16.9%), Aktobe region - 137.6 billion tenge (10.9%), and Akmola region - 119.2 billion tenge (9.5%). (Figure 22).

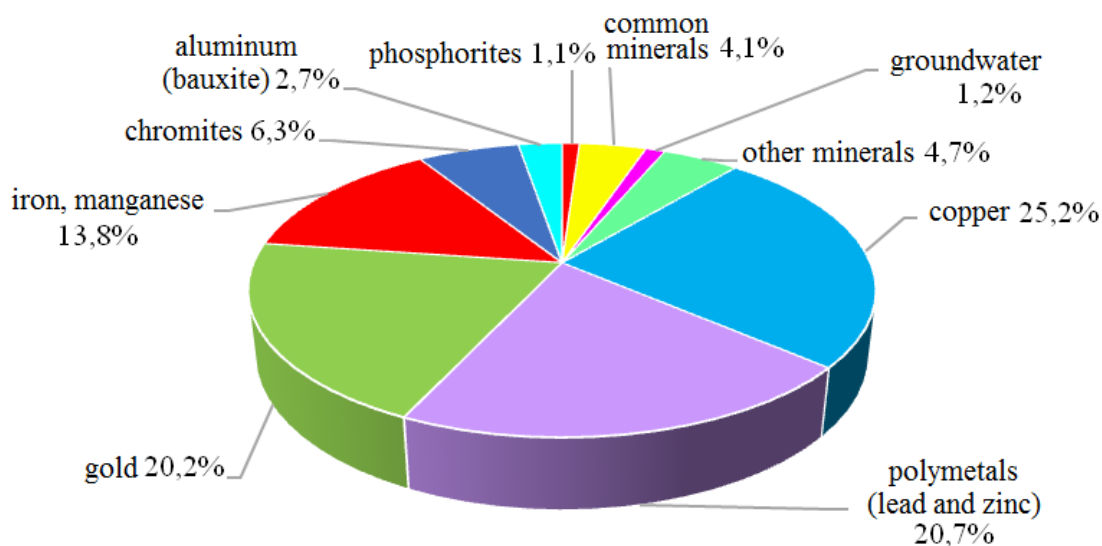
Figure 22. Distribution of investment in subsoil use by region in 2017



Source: Committee on Statistics of the MNE RK with reference to the data of the Committee of Geology and Subsoil Use. www.stat.gov.kz

In 2017, the priority areas of investment are objects of subsoil use of copper - 317.3 billion tenge (25.2% of the total investment), and large investments are also directed at the main types of minerals: polymetals (lead and zinc) - 260.9 billion tenge (20.7% of all investments), gold - 254.7 billion tenge (20.2%), iron and manganese - 174.5 billion tenge (13.8%), chromite - 78.9 billion tenge (6.3%) and aluminum (bauxite) - 34.0 billion tenge (2.7%) (Figure 23).

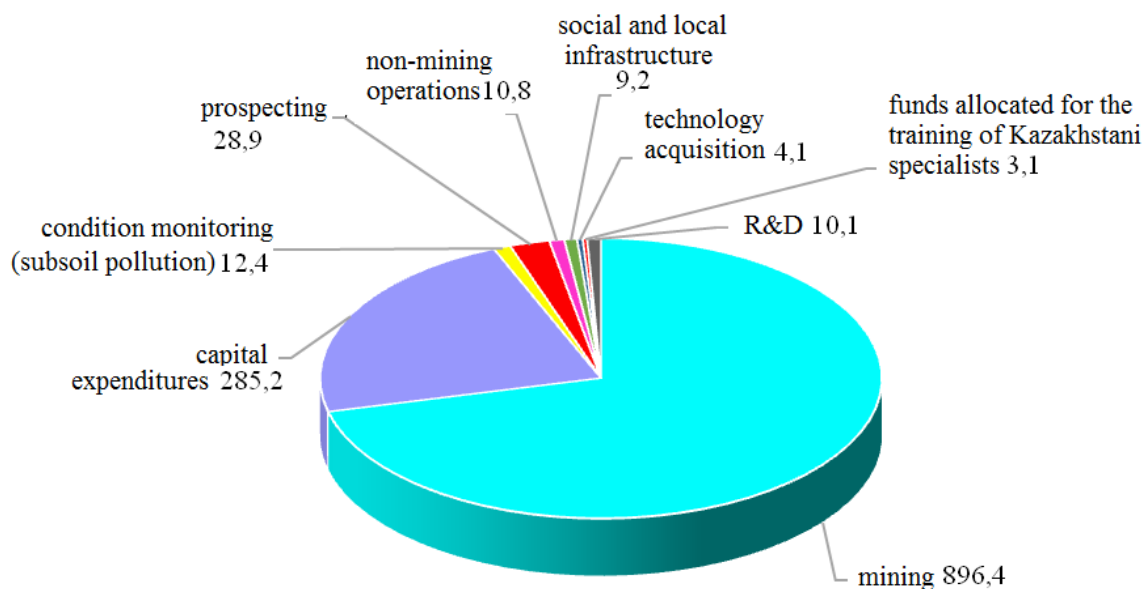
Figure 23. Distribution of investment in minerals in 2017, in %



Source: Committee on Statistics of the MNE RK with reference to the data of the Committee of Geology and Subsoil Use

In 2017, the cost of mining operations amounted to - 896.4 billion tenge (71.1% of the total investment), to monitor the state (pollution) of the subsoil - 12.4 billion tenge (2.3%), social sphere and local infrastructure - 9.2 billion tenge (0.7%) and funds allocated for the training of Kazakhstani specialists - 3.1 billion tenge (0.2%). (Figure 24).

**Figure 24. Structure of investment in subsoil use in 2017
(costs, billion tenge)**



Source: Committee on Statistics of the MNE RK with reference to the data of the Committee of Geology and Subsoil Use. www.stat.gov.kz

For more than 3 years, Kazgeology JSC has successfully cooperated with major mining companies, such as Rio-Tinto, Ulmus, Iluka. In 2017, the project was completed with the Japanese corporation «JOGMEC». According to the Annual Report of Kazgeology JSC, geological exploration is carried out in the framework of 10 investment projects implemented in cooperation with foreign investors:

Table 14. 10 investment projects implemented in cooperation with foreign investors

№	Project	Investor
1	Exploration of porphyry copper ores on the Korgantas site in the Karaganda region	«Rio Tinto» (Great Britain)
2	Exploration of porphyry copper ores on the Balkhash-Saryshaganskaya area in the Karaganda region	«Rio Tinto» (Great Britain)
3	Exploration of precious and non-ferrous metals on Besshokin area in the Karaganda region	«Ulmus Fund» (Germany)
4	State geological survey of subsoil at three sites in North Kazakhstan, Akmola and Kostanay regions	«Iluka Resources Ltd» (Australia)
5	State geological study of the subsoil in the Kyzyshek area in the Karaganda region	«JOGMEC» (Japan)
6	State geological study of the subsoil at the Shekar site in Kostanay region	«Polymetal» JSC (Russia)
7	State geological survey of the subsoil at the Agadir site in the Karaganda region	«Persian Gadir» (Iran)
8	Exploration of non-ferrous metals (with the exception of bauxite) on the area in the Kostanay region	No
9	Exploration of complex ores in the	No

№	Project	Investor
	Dusembay site in the Karaganda region	
10	Exploration of gold ore in the Maylishat site within Bakanaskaya area in the East Kazakhstan region	No

Source: Annual Report of "NSC "Kazgeology" JSC

The sum of attracted investments at the search stage in the framework of the above projects will amount to 16 billion tenge. For 2015-2017 attracted 5.8 billion tenge of investments, including the company JSC "Kazgeology" was invested in promising projects 445 million tenge. In 2017, compared with 2016, the volume of investments increased by 1.9 times.

Table 15. Amount of attracted investments

Investor	Country	Subsoil plot	Investment size, million tenge		Change,% / times
			2016 r.	2017 r.	
Rio Tinto	Great Britain	Korgantas in the Karaganda region.	414,2	1 028	2,5 t
		Balkhash-Saryshagan in the Karaganda region.	597,7	942	57,6
ULMUS FUND	Germany	Besshoky in the Karaganda region.	283,9	289,9	2,1
ILUKA	Australia	Three plots in North Kazakhstan	240,5	438	82,1
JOGMEC	Japan	Kyzymshek in the Karaganda region.	16,4	18	9,8
Persian Gadir	Iran	Agadyr in the Karaganda region.		75	
«Polymetal» JSC	Russia	Shekara in Kostanay region		318	
«NSC» Kazgeology» JSC	Kazakhstan	Area in Kostanay region	81,9	209	2,6 p
		Dusembay in the Karaganda region.	154,9	96	-38,0
		Milyshat in East Kazakhstan	15,6	43,7	2,8 t
Total			1 788	3 459	1,9 t

Source: Annual Report of "NSC "Kazgeology" JSC

Work has begun on the implementation of five projects together with Kazzinc LLP for the exploration of gold, copper and polymetals in the mono-towns Ridder, Zyryanovsk. In order to expand the mineral resource base of Corporation Kazakhmys LLP in the area of monotowns, Zhezkazgan, Satpayev, Balkhash, the Partnership has begun procedures for obtaining 5 facilities for exploration of copper-containing ores.

With the Turkish holding "Yildizlar SSS", an agreement on investments in geological exploration in Kazakhstan in the amount of up to \$ 50 million has been concluded. Also, the Turkish company Yildirim Holding A.S. shows interest in the implementation of 6 exploration projects for chromium, gold and platinoid ores.

In cooperation with the Iranian company GHADIR Investments, work has begun on the state geological study of the subsoil in 6 areas of the Agadyr area in the Karaganda region.

As part of a joint project with ILUKA Resources, drilling in the Kostanay region was carried out using the Australian dry drilling technology Air Core in the amount of 9,109

meters, 307 wells. According to the results of the geological study of the subsoil, 2 promising areas in Kostanay and North Kazakhstan regions were selected for obtaining contracts for exploration of placer titanium-zirconium ores.

On the area in the Kostanay region of Kazgeotek LLP aero-electromagnetic survey was carried out using the ZTEM method, with the scope of work 564 p.km. According to the results of aerogeophysical studies, 6 (six) anomalous zones that are promising for copper-gold ore occurrences were identified and recommended for wrapping drilling.

The Russian company JSC Polymetal for the first time began to finance exploration in Kazakhstan. Aerogeophysical studies were carried out jointly with Kazgeology JSC at the Shekar site in the Kostanay region, promising for the discovery of industrial deposits of gold-silver, skarn-copper-gold, gold-sulphide ores.

Along with the attraction of foreign investors in geological exploration, Kazgeology JSC actively supports the initiative of “junior domestic companies”. Thus, in 2017, JSC Kazgeology, as a strategic partner for geological exploration, began work with 6 companies. The total investment in them will be about 3 billion tenge, the area coverage - 1,100 sq. Km.

The CRIRSCO international standards will be applied on the Dusembay site in the Karaganda region as a pilot project for calculating reserves.

EXTRACTION

EXTRACTION OF SOLID MINERAL RESOURCES

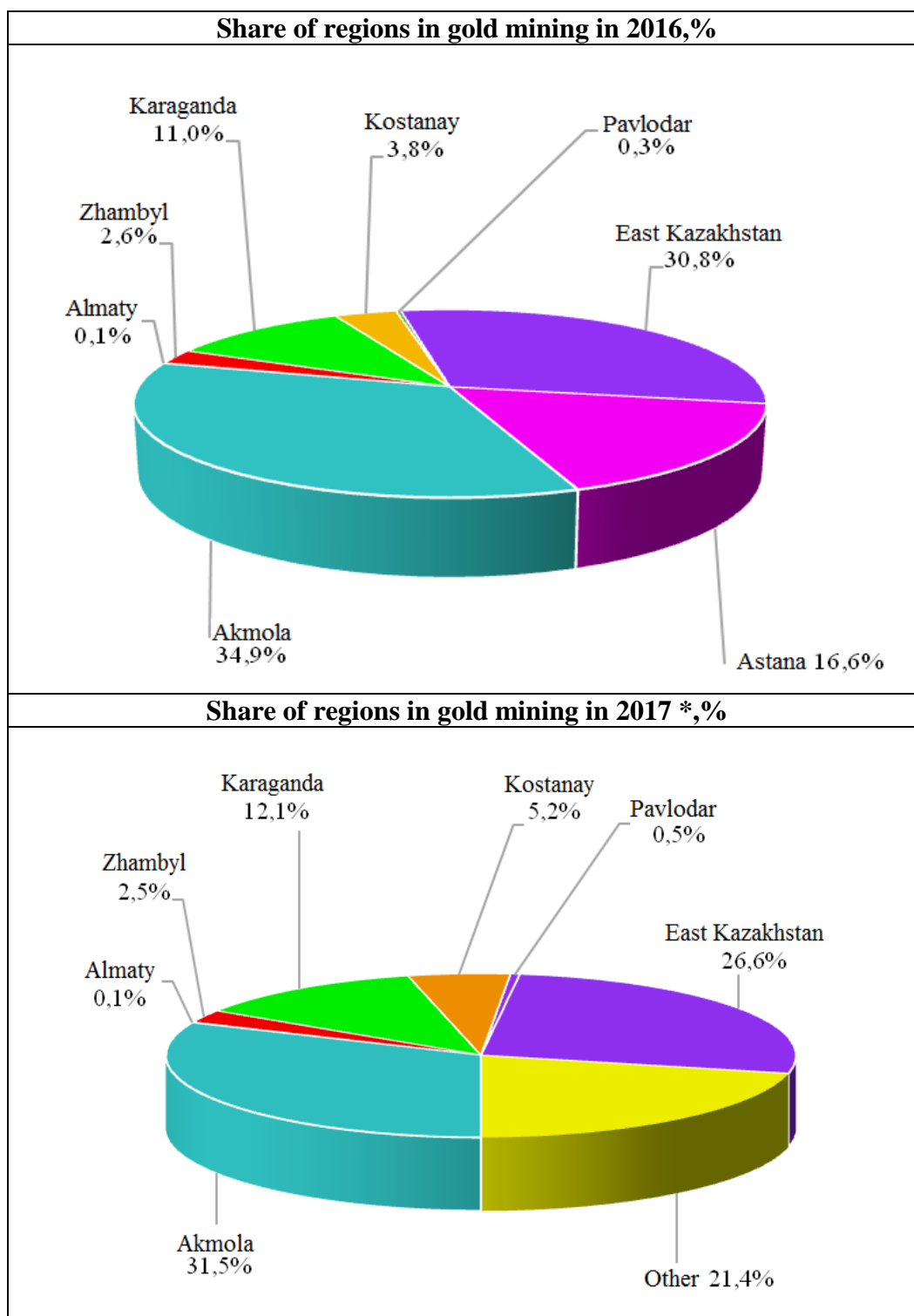
In 2017, the Committee on Statistics of the Ministry of National Economy of the Republic of Kazakhstan does not disclose data on the extraction of some types of TPI in the regions, for example, data on gold production in Astana, silver in the East Kazakhstan region, etc. Instead of the indicator for extraction, x and an explanation The Committee on Statistics of the MNE RK: "x" - the data are not filled in due to the fact that this type of product is produced by a single enterprise in the region. In accordance with clause 5 of Article 8 of the Law of the Republic of Kazakhstan “On State Statistics” dated March 19, 2010 No. 257, statistical information that directly or indirectly identifies the respondent or determines primary statistical data about him is confidential and can be disseminated only with the consent of the respondent.⁴⁶

Gold

According to the Statistics Committee of the Ministry of National Economy of the Republic of Kazakhstan, in 2017, the production of raw and semi-processed or in the form of gold powder increased by 14.2% compared to 2016 and amounted to 85 339 kg (85.3 tons). Gold production is growing steadily, in 2017 compared to 2010, it increased by 2.8 times.

⁴⁶ www.stat.gov.kz

Figure 25. Gold mining by region in 2016-2017



* Others - Astana and North Kazakhstan region

Source: Committee on Statistics, MNE RK. Authors calculations

Gold production in the Akmola region increased by 3.1% and amounted to 26.9 tons, or 31.5% of the total in the Republic of Kazakhstan in 2017. Gold production in the East Kazakhstan region decreased by 1.5%, to 22, 7 tons, 26.6% of the total volume (Figure 25). In 2017, gold production in the Karaganda region increased compared to 2016 by 25.7%, to 10.3 tons, Kostanay region - by 1.6 times, to 4.5 tons, Zhambyl region - by 12.7 %, up to 2.1 tons and Pavlodar region - 1.8 times, up to 0.4 tons (Appendix 6).

Significant volumes of gold production in 2016 were recorded in Astana - 12.4 tons, or 16.6% of the total. For 2017, data on gold production in Astana were not disclosed by the Committee on Statistics of the MNE RK.

According to JSC NSC Tau-Ken Samruk, in 2017 the volume of production of raw gold in Kazakhstan amounted to 85,029 kg, which is 13.8% more than in the same period of 2016. According to the Committee on Statistics, the volume of production unprocessed gold was 85 339 kg (see below) - discrepancy by 310 kg.

According to JSC NSC Tau-Ken Samruk, in 2017, in Kazakhstan, 19.7 million tons of gold-bearing ore were mined by such companies as Polymetal, Kazakhaltyn, Altyntau, Kazakhmys, Altynalmas "and others.

All gold produced in Kazakhstan is currently being bought by the state, replenishing the country's gold and currency reserves with refined gold bars. In 2017, according to the annual report of NSC Tau-Ken Samruk JSC, the production of refined gold at a refinery in Astana amounted to 579 thousand ounces (18 tons), of which 113 thousand ounces (3.5 tons) processed from raw materials obtained on a give-and-take basis (tolling). The plan for the production of gold refining for 2017 was fulfilled by 120% of the plan. The production plan of metallurgical silicon for 2017 at the plant in Karaganda was fulfilled by 66%.

“Altyntau Kokshetau” JSC

“Altyntau Kokshetau” JSC, a subsidiary of Kazzinc LLP, provides gold production from the extraction of gold ore to the production of cathode gold (Dore alloy)⁴⁷. The company is developing the Vasilkovskoye deposit.

From September 5, 2016, the main product of sales was refined gold, and the main buyer was the National Bank of Kazakhstan. The sale of refined gold is carried out at prices set on the London Precious Metals Exchange minus discounts of the National Bank of Kazakhstan.

According to the annual report of “Altyntau Kokshetau” JSC, in 2017 13,228.06 kg of refined gold were sold. At the end of 2017, the price of gold on the London Precious Metals Exchange was \$ 1,296.5 per troy ounce, and the forecast price for Glencore at the end of 2018 is \$ 1,315 per troy ounce.

“MMC Kazakhaltyn” JSC

In 2017, the largest enterprise in the mining industry in the Akmola region, “MMC Kazakhaltyn” JSC celebrated its 85th anniversary. The company successfully operates 3 working sites for the extraction of gold ore by underground and open mines - the mines: Aksu, Zholymbet and Bestobe. The main activity of “MMC Kazakhaltyn” JSC is geological exploration, mining, processing of ore raw materials and the wholesale sale of precious metals.

According to the annual report of “MMC Kazakhaltyn” JSC, in 2017. The company's revenue was generated through the sale of gold in sludge (46%), a flotation concentrate (19%) and quartz ore (24%). In 2016 The bulk of the mined gold in the sludge was sold to the refining plant of Tau-Ken Altyn LLP (93%) and Krastsvetmet OJSC (7%). From the beginning of 2017, the entire volume of the mined gold in the sludge is sold at the Tau-Ken Altyn Refinery.

⁴⁷https://kase.kz/files/emitters/ATKT/atktp_2017_rus.pdf

The growth of the weighted average price of gold in world markets by 15% in 2017. contributed to the growth of company revenues. In 2017, the launch of new gold mining factories at the Aksu and Zholymbet mines was carried out.

“AK Altynalmas” JSC

The main activity of “AK Altynalmas” JSC is geological exploration, mining of precious metals and other minerals, their processing, mining of non-metallic materials, production of precious metals. The company has subsoil use rights at the fields geographically concentrated in:

- Akbakai ore field, in Moyinkum district, Zhambyl region (project “Akbakai”);
- Northern Balkhash, in Aktogay district, Karaganda region (project “Desert”).

The final product of AK Altynalmas JSC is gold in Dore alloy, which is sent for further refining to the Tau-Ken Altyn Refinery in Astana (a division of the Tau-Ken Samruk Oil and Gas Company), which further refines them and implementation of the National Bank of the Republic of Kazakhstan to replenish the country's gold and foreign exchange reserves, or to domestic / world gold consumption markets.

The main results of 2017:

- gold production increased by 10% compared with 2016 and amounted to 3894 kg (more than 120 thousand ounces);
- the official launch of the Digital Mine project was given;
- implementation of an Integrated Management System based on international quality standards ISO 9001: 2015, ISO 14001: 2015, OHSAS 18001-2007.

National Bank

In accordance with the Law of the Republic of Kazakhstan “On Precious Metals and Precious Stones” of January 14, 2016 No. 444-V, the National Bank has the priority right of the state to purchase refined gold directly from domestic producers. The procedure for the implementation of priority rights is determined by the Resolution of the Board of the National Bank of Kazakhstan⁴⁸. From the moment of the introduction of the priority right of the state (the end of 2011⁴⁹), there is a constant replenishment of domestic gold. In the coming years, the National Bank plans to acquire all the refined gold produced in Kazakhstan. Gold bars of domestic refineries meet state and international standards of precious metals.

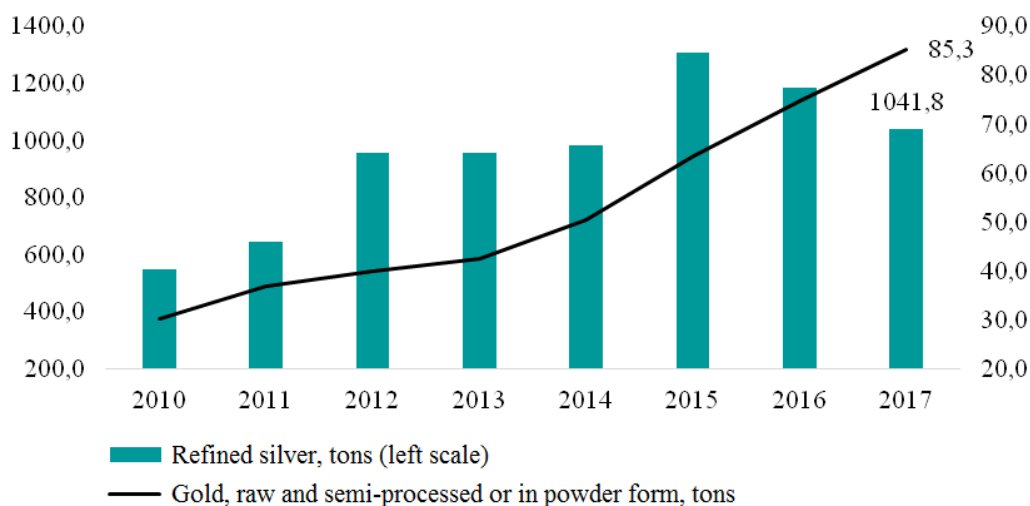
⁴⁸ Resolution of the Board of the National Bank of the Republic of Kazakhstan “On Approval of the Rules for the Implementation of Priority Law of the State to Purchase Refined Gold for Replenishment of Assets in Precious Metals” № 61 dated February 29, 2016. <http://nationalbank.kz/?&switch=kazakh>

⁴⁹ Resolutions of the Board of the National Bank of the Republic of Kazakhstan dated September 30, 2011 № 121 “On approving the Rules for implementing the priority right of the state to purchase refined gold in the form of ingots for replenishing gold assets of the National Bank of RK” and on August 24, 2012 № 241 “On approving the Rules of Implementation priority right of the state to purchase refined gold for the replenishment of assets in precious metals”(expired).

Silver

In 2017, the production of refined silver decreased by 11.9% compared with 2016 and amounted to 1041.8 tons, compared with 2010 increased by 1.9 times (Figure 26). Silver production in the Karaganda region increased by 6.6%, to 359.3 tons. (Appendix 6). Data on silver production in the East Kazakhstan region is not disclosed by the Committee on Statistics of the MNE RK.

Figure 26. Production of gold and silver in 2010-2017



Source: Committee on Statistics, MNE RK.

“KAZZINC” LLP

Production volumes by types of products of KAZZINC LLP are given on its website⁵⁰. In 2017, gold production from its own ore base was 585'483 ounces (according to our calculations, 1,6596.3 kg), which is 12.3% more than in 2016, silver production from its own ore base is 4'978 '136 ounces (according to our calculations, 167.6 tons), 18.8% more than in 2016. Refined lead production amounted to 151.5 thousand tons, which is 1.9% more than in 2016, zinc metal - 317.0 thousand tons (by 3.8%) and copper - 62.7 thousand tons, 8.0% less than in 2016

Raw aluminum; aluminum oxide, tons	1 745 801	1 771 697	1,5
Almaty region	-	783	
Karaganda	21	16	-23,8
South Kazakhstan	1 165	2 806	140,9
Pavlodar	1 740 181	1 764 029	1,4
Almaty city	4 434	4 063	-8,4

Copper

In 2007-2017, from 25 to 53 deposits were in operation. Of these, 5537 thousand tons of copper were mined during this period. Annual copper mining ranged from 472 thousand tons to 755 thousand tons.

In 2017, the production of refined raw, unalloyed copper increased by 4.3% compared to 2016 and amounted to 426.2 thousand tons, including 335.6 thousand tons in the Karaganda region (or 78.7% of the total volume) and the East Kazakhstan region - 81.1 thousand tons (or 19% of the total).

⁵⁰ <http://kazzinc.com/kz/Өндіріс>

“KAZ Minerals”

“KAZ Minerals PLC” was formed as a result of the reorganization of “Kazakhmys PLC” in 2014. “KAZ Minerals” is the largest copper producer in Kazakhstan, its shares are listed on the London, Hong Kong and Kazakhstan stock exchanges.

In 2017, the company's production activities were conducted in the open mines “Bozshakol” and “Aktogay”, located in the Pavlodar region and the Eastern region of Kazakhstan, at three underground mines in East Kazakhstan, the gold mine “Bozymchak” in Kyrgyzstan. Since 2011, the company has invested about \$ 4 billion to develop the projects Bozshakol and Aktogai.

According to the annual report of KAZ Minerals, in 2017 the company produced 258.5 thousand tons of copper, which is 1.8 times more than in 2016 (Table 16).

Table 16. Production activities of KAZMinerals in 2016-2017

Name	2017	2016
Copper production, thousand tons	258.5	143.5
Bozshakol	101.3	48.0
Aktogay	90.2	18.1
Eastern region and Bozymchak	67.0	77.4
Zinc in concentrate, thousand tons	57.6	75.4
Gold production (thousand ounces)	178.7	127.7
Silver production (thousand ounces)	3,506	3,284

Source: KAZ Minerals Annual Report

In 2017, KAZ Minerals exported from Kazakhstan about 112 thousand tons of cathode copper and 144 thousand tons of copper concentrate. Revenues from the sale of KAZ Minerals amounted to \$ 1,663 million, the amount of taxes paid and deductions to the budget of Kazakhstan - \$ 365 million, including mineral extraction tax –183 million dollars, CIT-182 million dollars.

Polymetals

Table 17. Production of copper and polymetals

Name	Volume		2017 to 2016, in %
	2016	2017	
Copper, refined, raw, unalloyed, tons	408 435	426 191	4,3
Karaganda	314 730	335 622	6,6
Pavlodar	1 323	X	
East Kazakhstan	79 651	81 135	1,9
Almaty	12 731	X	
Untreated lead, tons	134 192	149 129	11,1
Karaganda	179	107	-40,2
South Kazakhstan	-	1 738	
East Kazakhstan	134 013	X	
Raw zinc, tons	325 820	331 018	1,6
Karaganda	85	59	-30,6
East Kazakhstan	325 735	330 959	1,6

Polymetal International PLC is one of the leaders in the extraction of precious metals. The company has assets in Russia, Kazakhstan and Armenia, and its shares are listed on the London Stock Exchange. Polymetal owns eight existing gold and silver deposits.

In 2009, Polymetal acquired the Varvarinskoye (Kostanay region) gold-copper deposit in Kazakhstan.

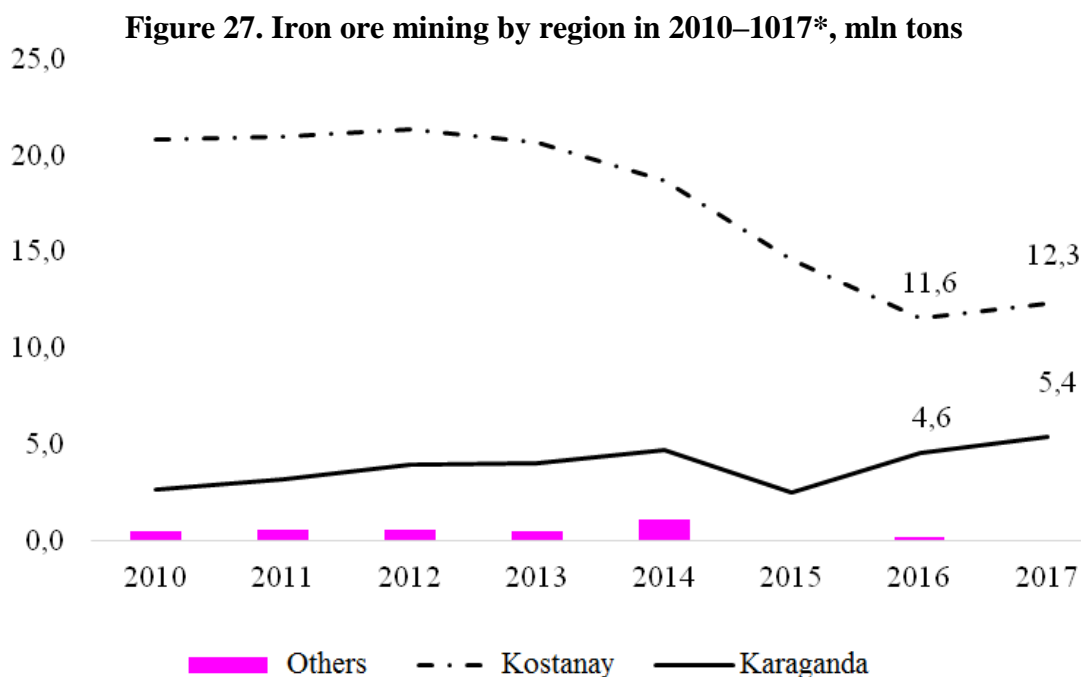
In 2017, almost 2 million tons of ore from the Komarovskoye deposit was mined and transported to Varvarinskoye by rail. As a result, 130 thousand ounces in gold equivalent were produced at Varvarinsky, which is 54% higher than in 2016, when 85 thousand ounces in gold equivalent were produced⁵¹.

The Kyzyl project, which includes the Bakyrchik and Bolshevik deposits, was acquired in 2014. Kyzyl is one of the best gold mining projects in the world at the development stage. The project is being implemented in accordance with the schedule, according to which the production of the first concentrate is planned for the 3rd quarter of 2018.

In 2017, 149.1 thousand tons of unprocessed lead were produced, which is 11.1% more than in 2016. The Committee on Statistics of the MNE RK did not disclose data from the East Kazakhstan region - the main producer of unprocessed lead (Table 17). The East Kazakhstan region is also a manufacturer of 100% of the volume of unprocessed zinc - 331.0 thousand tons, an increase of 1.6% compared with 2016 (Table 17 and Appendix 6).

Iron ore

In 2017, 18.0 million tons of iron ore was mined, 10.1% more than in 2016, 68.5% of the total iron ore accounted for the Kostanay region and 30.2% for the Karaganda region (Figure 27). Iron ore mining is also carried out in the Aktobe region (data for 2017 are not disclosed by the Committee on Statistics of the MNE RK), in the Akmola region (data for 2015-2017 are not available). In addition, in 2017 in the South Kazakhstan region a very small amount was mined - 33.2 thousand tons of iron ore (Appendix 6).



* Other: Akmola, Aktobe and South Kazakhstan regions

Source: Committee on Statistics of the MNE RK

⁵¹[https://www.polymetalinternational.com/upload/iblock/12d/Polymetal annual report 2017 interactive rus.pdf](https://www.polymetalinternational.com/upload/iblock/12d/Polymetal_annual_report_2017_interactive_rus.pdf)

Manganese ore

For the period 2007-2017, 28.3 million tons of **manganese ores** were mined.

In 2017, the production of manganese ore decreased by 8.8% compared with 2016 and amounted to 1.5 million tons. Over the past 7 years, there has been a drop in the production of manganese ores. In 2017, the production of manganese ores decreased 2.1 times compared with 2010 (Figure 28). The Karaganda region accounts for 99.6% of the production of manganese ore in the Republic of Kazakhstan (Appendix 6). Data on the extraction of manganese ore in the East Kazakhstan region are not disclosed by the Committee on Statistics of the MNE RK

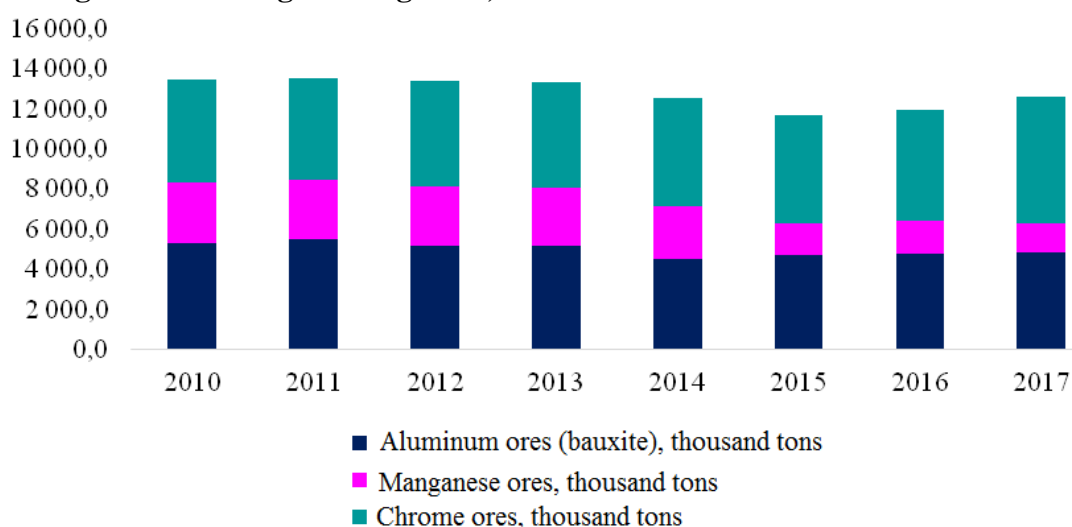
Bauxite

The extraction of aluminum ore (bauxite) is carried out in the Kostanay region and in 2017 the production volume compared to 2016 increased by 0.9% and amounted to 4.7 million tons (Appendix 6). In 2014-2015, there was a slight slowdown in the extraction of aluminum ores (Figure 28).

Chrome ore

The extraction of chrome ores is carried out in the Aktobe region and in 2017 the production volume compared to 2016 increased by 13.9% and amounted to 6.3 million tons, which is 24% more than in 2010 (Figure 28) .

Figure 28. Mining of manganese, aluminum and chrome ores in 2010-2017



Source: Committee on Statistics, MNE RK.

In 2017, 338.5 thousand tons of zinc and 69.6 thousand tons of lead were mined.

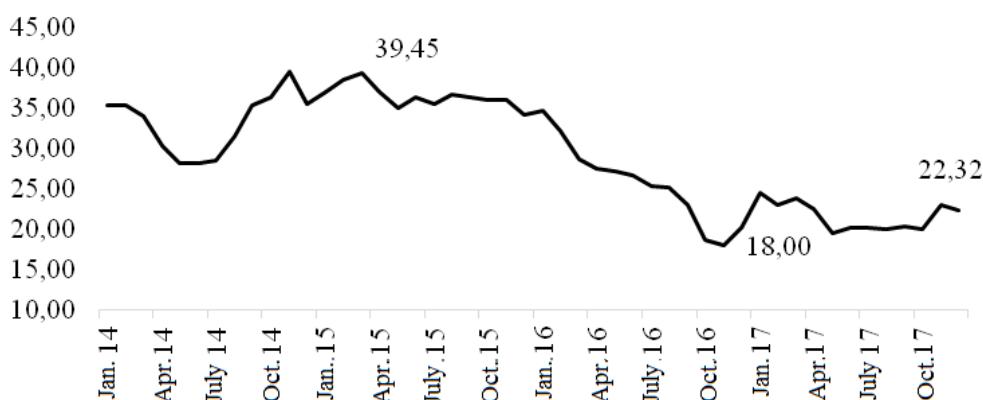
URANIUM EXTRACT

According to the operational data of the Ministry of Energy of the Republic of Kazakhstan, in 2017 the volume of uranium production amounted to 23,390 tons, which is 5.3% less than in 2016 (according to our calculations, 4.2% less than in 2016) . The Committee on Statistics of the Ministry of National Economy does not disclose uranium mining data. On the website of NAC Kazatomprom JSC, uranium mining data for 2017 has not yet been published.

In January 2017, Kazakhstan announced a reduction in uranium production by 10%, which is more than 2,000 tons of uranium from planned production in 2017. ⁵² On 4 December 2017, NAC Kazatomprom JSC announced its intention to reduce by 20% uranium production planned in accordance with contracts for the use of mineral resources by the Company's enterprises, in order to bring production levels in line with demand.

In recent years, due to the instability in the world market prices for uranium, the demand for uranium is falling. Thus, from March 2015 to November 2016, the average monthly spot price for uranium decreased by 2.2 times, from \$ 39.45 / lb to \$ 18.0 / lb (Figure 29).

Figure 29. Average monthly prices for uranium in 2014-2017 (spot, USD / lb)



<https://www.cameco.com/>

EXPORT

What countries are products of extractive industries delivered to?

EXPORT OF SOLID MINERALS

Exports of **gold** declined 10.1 times, from 128.2 kg in 2016 to 12.6 kg of gold in 2017 due to a reduction in exports to the UK, where gold is supplied from the East Kazakhstan region. The sharp reduction in the export of gold was affected by the introduction of a ban on the export from the territory of the Republic of Kazakhstan of unprocessed precious metals, scrap and waste of precious metals.⁵³

In 2017, **silver** exports decreased by 11.4% compared to 2016 and amounted to 1,036.6 tons due to a reduction in supplies to the UK: exports from the East Kazakhstan region decreased by 16.6% to 686.5 tons and from the Karaganda region - 2.1 times, to 168.3 tons. At the same time, in 2017, 167.3 tons of silver were exported to Germany from the Karaganda region and 14.6 tons to the USA (Appendix 6).

⁵²<http://www.kazatomprom.kz/ru/history/2017>

⁵³Order Acting of the Minister for Investment and Development of the Republic of Kazakhstan “On the introduction of a ban on the export from the territory of the Republic of Kazakhstan of unprocessed precious metals, scrap and waste of precious metals” dated August 24, 2015 № 867. <http://adilet.zan.kz/rus/docs/V1500011965/history>

Export of gold and silver

Product Name, Main Country - Destination	Unit	2017		2016		2017 to 2016, in %	
		volume	mln USD	volume	mln USD	By volume	By cost
Gold	kg	12,6	2,9	128,2	22,0	-10,1 p	-7,6 p
Connect Kingdom		12,6	2,9	128,2	22,0	10,1 p	-7,6 p
Silver	tons	1 036,6	538,1	1 169,8	584,5	-11,4	-7,9
Connect Kingdom		854,7	439,3	1 169,8	584,5	-26,9	-24,9
Germany		167,3	91,0	-	-	-	-
USA		14,6	7,9	-	-	-	-

In 2017, exports of manganese, iron and chrome ores increased significantly in both physical and in value terms. The main importers remain Russia and China. At the same time, 86.0% of the total exports of iron ores, 87% of the total exports of manganese ores and 81% of the total exports of chrome ores are accounted for Russia. In 2017, chrome ores were also exported to Sweden. Chrome ores are exported from the Aktobe region, where chrome ores are mined. The main part, 81% of the total iron ore was exported from Kostanay region. Iron and manganese ores were shipped from the Karaganda region. (Appendix 6).

Export of iron, manganese and chrome ores

Product Name, Main Country - Destination	Unit	2017		2016		2017 to 2016, in %	
		volume	mln USD	volume	mln USD	By volume	By cost
Iron ore	thsnd tons	9459,8	512,1	8373,8	389,4	13,0	31,5
Russia		8131,8	462,7	7110,0	347,9	14,4	32,7
China		1 309,0	49,4	1 256,1	41,2	4,2	19,8
Manganese ore	thsnd tons	446,1	48,9	282,9	23,6	57,7	2,1 p
Russia		388,3	40,1	240,9	17,8	61,2	2,3 p
China		57,8	8,8	42,0	5,8	37,8	51,9
Chrome ores	thsnd tons	963,7	201,1	781,8	116,4	23,3	72,8
Russia		781,7	144,7	740,6	105,3	5,5	37,4
China		123,1	37,8	41,2	11,1	3,0 p	3,4 p
Sweden		58,9	18,6				

Export of raw aluminum by countries

Raw aluminum	thsnd tons	234,3	473,2	213,8	345,3	9,5	37,0
Russia		53,7	104,2	55,3	86,1	-2,5	21,0
Uzbekistan		21,3	41,7	21,8	33,3	-2,2	24,9
Bulgaria		18,3	37,7	2,7	3,9	6,8 p	9,7 p
Greece		59,4	117,6	49,4	81,6	20,2	44,1
Italy		24,1	48,1	32,3	51,0	-25,5	-5,7
USA				16,6	24,9		
Turkey		45,1	90,2	24,5	39,9	83,5	126,4

China remains the main importer of *refined copper, untreated lead and zinc*. Copper and zinc shipments also increased to Turkey, and lead and zinc to Vietnam. For these countries, the growth rate of the value of exports outpaced the growth rate of the physical volume of exports (see below). The East Kazakhstan region, where Kazzinc is located, remains the main exporter of lead, zinc and refined copper. Copper also exports the Karaganda region (Appendix 6).

Exports of copper, lead and zinc

Product Name, Main Country - Destination	unit	2017		2016		2017 to 2016, in%	
		volume	mln USD	volume	mln USD	By volume	By cost
Refined copper	thsnd tons	406,6	2 341,9	402,2	1 825,9	1,1	28,3
United Kingdom		47,2	279,1	48,6	229,4	-2,9	21,7
China		192,8	1 095,9	190,3	854,3	1,3	28,3
UAE		92,5	537,4	56,7	262,8	63,0	2,1 p
Turkey		68,8	401,3	59,3	269,0	16,0	49,2
Other		5,3	28,2	47,3	210,4	- 8,9 p	-7,5 p
Lead is raw	thsnd tons	125,6	251,0	122,2	216,9	2,8	15,7
Vietnam		62,0	127,0	49,5	91,5	25,3	38,8
Spain		31,3	54,1	44,4	75,9	-29,6	-28,7
China		21,9	47,0	12,3	21,4	77,4	2,2 p
Other		8,0	17,9	2,7	4,9	3,0p	3,6 p
Raw zinc	thsnd tons	299,6	834,8	287,7	551,7	4,1	51,3
Ukraine		21,3	41,7	21,8	33,3	-2,2	24,9
Russia		13,8	42,6	23,4	53,7	-41,0	-20,7
Vietnam		47,5	127,7	23,9	46,7	2,0 p	2,7 p
China		115,5	325,5	96,4	180,1	19,9	80,7
Netherlands		18,7	49,4	43,3	77,0	-56,9	-35,9
Turkey		88,1	244,3	87,6	167,2	0,6	46,1

URANIUM EXPORT

According to the State Revenue Committee, in 2017, uranium exports decreased both in physical (by 4.1%) and in value (by 22.2%) and amounted to 28.1 thousand tons. Exports of uranium to China grew by 45.0% in physical terms and by 15% in value terms. China's share in the export of Kazakhstani uranium increased from 45.1% in 2016 to 68.3% in 2017.

For all other countries - importers of uranium there is a negative trend. Uranium is exported to China, Russia, France, India, Canada, USA, Ukraine (Appendix 6).

Uranium export

Product Name, Main Country - Destination	unit	2017		2016		2017 to 2016, in %	
		volume	mln USD	volume	mln USD	By volume	By cost
Natural uranium, processed	thsnd tons	28,1	1340,1	29,3	1721,1	-4,1	-22,2
Russia		3,3	149,5	4,1	245,0	-19,5	-39,0
Ukraine		0,2	11,6	0,2	9,4	-6,6	23,0
India		1,7	78,3	3,0	195,3	-40,8	-59,9
Canada		1,5	59,5	2,7	115,6	-42,1	-48,5
China		19,2	946,5	13,2	823,3	45,0	15,0
USA		1,2	51,8	1,9	128,8	-35,9	-59,8
France		0,9	42,9	4,2	203,7	-79,2	-78,9

State Revenue Committee

3.3 Government revenues generated by the extractive industries

3.3.1. Taxes and other charges (4.1)

The National Fund accumulates part of the revenues generated by the extractive sector of the economy with favorable pricing conditions, so that, on the one hand, they can be saved for future generations, and on the other, to maintain the necessary level of government spending, primarily social, in the event of a fall in oil prices⁵⁴.

Taxes from companies in the oil and gas sector, defined by the list approved annually by the Ministry of Finance of Kazakhstan and the Ministry of Economy of Kazakhstan, are sent to the National Fund of Kazakhstan for taxes and payments defined by law. The exception is the export customs duty (ETP) for crude oil, which is sent to the republican budget. Other taxes and payments, as well as taxes from other companies of the mining sector, go to the republican budget and local budgets and are not allocated from taxes received from other sectors of the economy.

In 2017, according to the Statistical Bulletin of the Ministry of Finance of the Republic of Kazakhstan, the amount of ETP on crude oil increased by 33.7% compared to 2016 and amounted to 854.5 billion tenge.

In December 2016, a meeting of OPEC countries and 11 non-OPEC countries (Kazakhstan, Russian Federation, Azerbaijan, Bahrain, Bolivia, Equatorial Guinea, Malaysia, Mexico, Oman, Sudan and South Sudan) was held. As a result, the countries agreed to speed up the process of restoring equilibrium in the global oil market by reducing the total volume of oil production by 1.8 million barrels per day. This agreement entered into force on January 1, 2017. The agreement was concluded in the first half of 2017 with the possibility of renewal. In May 2017, its validity period was extended by 9 months - until the end of March 2018.⁵⁵

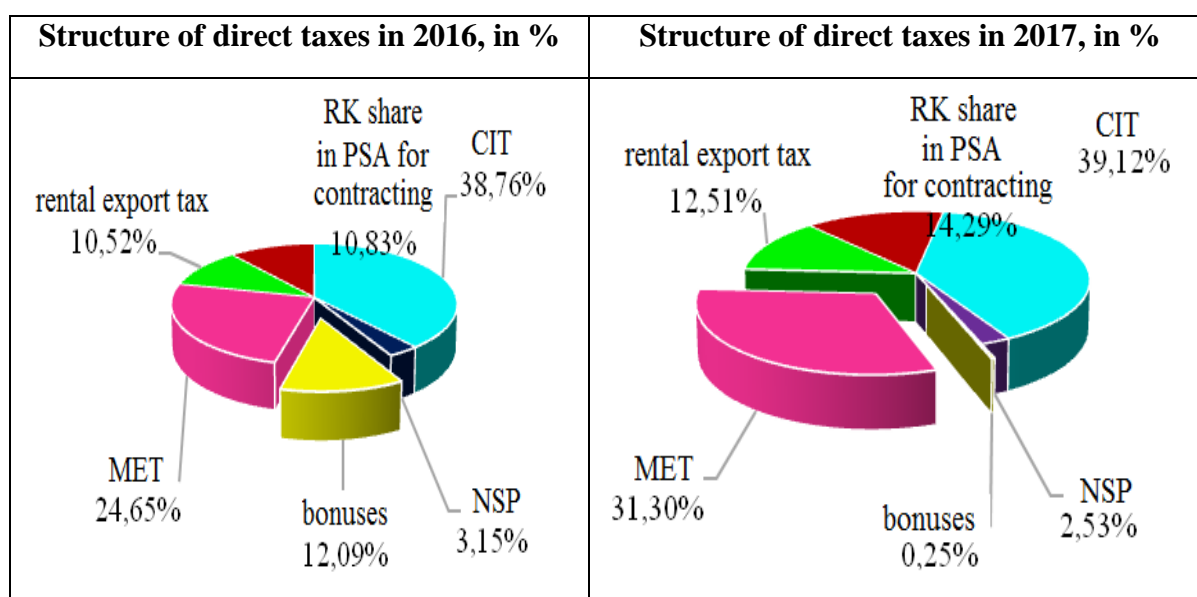
The deal under the OPEC + agreement to reduce oil production in 2017 allowed to balance the supply in the oil market and raise oil prices. As a result, according to the EIA, the average price for Brent oil for 2017 in the global commodity markets was \$ 54.25 per barrel (2016 - \$ 43.64 per barrel).

In 2017, revenues to the National Fund compared to 2016 increased 3.5 times to 3,479.8 billion tenge. (Table 18). In 2017, direct taxes from the organization of the oil sector (with the exception of taxes credited to local budgets) increased 1.8 times compared to 2016, to 2001.1 billion tenge, due to an increase in corporate tax (CIT) - 1.8 times, the mineral extraction tax (MET) - 2.2 times, the excess profit tax (NSP - by 42.3% and the rent tax on exports - 2.1 times. Bonuses decreased by 3.7 %

⁵⁴ Makhmutova, M. (2008) Oil Revenue Management: Concept of the National Fund. Almaty, FGC.

⁵⁵<http://energo.gov.kz/>

Figure 30. Direct taxes from the oil and gas sector to the National Fund (with the exception of taxes credited to local budgets) in 2016-2017.



Source: Report on receipts and use of the National Fund of the Republic of Kazakhstan for 2016-2017. <http://www.minfin.gov.kz/>.

In 2017, the state budget revenues compared to 2016 increased by 24.3% (22.4% of GDP), due to a significant flow of transfers from the National Fund, an increase of 54.6% (8.6% of GDP)⁵⁶.

In 2017, transfers from the National Fund to the republican budget were received in the amount of 4 trillion. 414 billion tenge (or in dollar terms, \$ 13.5 billion, at an average annual rate of 326 tenge per dollar) of these, 2 trillion. 92 billion tenge (or in dollar terms, \$ 6.4 billion) were transferred to the Problem Loan Fund JSC for the recovery of the banking sector⁵⁷.

It should be noted that the Decree of the President of the Republic of Kazakhstan on the allocation of targeted transfers from the National Fund for the improvement of the banking sector provided funds in the amount of \$ 1 trillion. 92.9 billion tenge⁵⁸ (or \$ 3.35 billion in dollar terms), and not 2 trillion. 92.9 billion tenge.

Table 18 shows the report on the income and use of the National Fund in 2016-2017 and changes.

Table 18. Report on receipts and use of the National Fund of the Republic of Kazakhstan for 2016-2017

Name	Amount million tenge		2017 to 2016, in %
	2016	2017	
Funds of the National Fund at the beginning of the reporting period (cash execution), total:	25 754 359,1	23 865 623,8	-7,3
Receipts:	985 647,5	3 479 812,5	3,5 p
direct taxes from the organization of the oil sector (with the exception of taxes credited to local budgets)	1 130 056,8	2 001 136,0	1,8 p
other revenues from operations carried out by organizations of the oil sector (with the exception of	7 867,8	32 369,0	4,1 p

⁵⁶ Makhmutova M, Kazakhstan: Macroeconomic review for 2017. Public Policy Research Center.

⁵⁷ Ibid.

⁵⁸ "On the allocation of targeted transfer from the National Fund of the Republic of Kazakhstan for 2017". Decree of the President of the Republic of Kazakhstan dated February 14, 2017 № 421.

revenues credited to local budgets)			
Proceeds from the privatization of state property owned by the republic and belonging to the mining and manufacturing industries	0,0	7 427,3	-
proceeds from the sale of agricultural land	835,0	444,2	-46,8
investment income from the management of the Fund	-155 070,6*)	1 429 000,2**)	
return of guaranteed transfer from the republican budget	0,0	0,0	
return of target transfer from the republican budget	420,8	9 435,8	22,4 p
other income and income not prohibited by the legislation of the Republic of Kazakhstan	1 537,8	0,0	-
Use, total:	2 874 382,8	4 420 911,5	53,8
including:	0,0	0,0	
- guaranteed transfers	2 110 000,0	2 880 000,0	36,5
- targeted transfers	745 574,1	1 534 317,4	2,1 p
- covering expenses related to the management of the Fund and the conduct of an annual external audit	18 808,7	6 594,1	-2,9 p
Funds of the Fund at the end of the reporting period, total:	23 865 623,8	22 924 524,8	-3,9

*) Taking into account the investment loss for 2016, according to the approved report of the NBK for 2016 on the trust management of the National Fund.

***) Taking into account investment income for 2017, according to the approved report of the NBK for 2017 on the trust management of the National Fund.

Source: Statistical Bulletin of the Ministry of Finance on January 1, 2018. Report on the revenues and use of the National Fund of the Republic of Kazakhstan for 2016-2017. <http://www.minfin.gov.kz/>.

Consider the total government revenues generated by the extractive industries in absolute terms and as% of the consolidated government revenues (table 19). In 2017, the total revenues of the state budget amounted to 7,634 billion tenge, revenues to the National Fund, according to its annual report, amounted to 23.1% of the revenues of the state budget.

Basically, the National Fund of Kazakhstan accumulates direct taxes from the oil and gas sector - 52.4% of all state budget revenues. The National Fund fully accumulates the share of the Republic of Kazakhstan under the Production Sharing Agreements - 99.3%, almost completely - rent tax on export (98.2%), bonuses (46.8%), revenues from users of natural resources on claims for compensation for harm by organizations of oil sectors (91.0%), excess profits tax (86.6%), the lion's share of the mineral extraction tax (70.7%).

Table 19. Revenues to the National Fund of the Republic of Kazakhstan in 2017, their share in the state budget revenues

Types of payments	Earnings to the National Fund of the Republic of Kazakhstan (thousand tenge)	State budget revenues * (thousand tenge)	Share of National Fund revenues from total government revenues, in%
Income	3 479 812 466	11 567 961 000	23,1
including: direct taxes from oil sector organizations (except for taxes credited to local budgets)	2 001 135 951	1 816 727 000	52,4
including: corporate income tax	782 798 272	1 538 785 000	33,7
excess profits tax	50 603 683	6 507 000	86,6
bonuses	5 083 596	5 784 000	46,8

Types of payments	Earnings to the National Fund of the Republic of Kazakhstan (thousand tenge)	State budget revenues * (thousand tenge)	Share of National Fund revenues from total government revenues, in%
<i>mineral extraction tax</i>	626 349 595	259 183 000	70,7
<i>export rental tax</i>	250 407 739	4 462 000	98,2
<i>share of the Republic of Kazakhstan on production sharing under the concluded contracts</i>	285 893 066	2 006 000	99,3
other revenues from operations carried out by organizations of the oil sector (with the exception of revenues credited to local budgets), including:	32 368 996	338 260 000	8,7
administrative fines, penalties, sanctions, penalties imposed by central government agencies, their territorial divisions, on the organizations of the oil sector	4 812 646	22 392 000	17,7
other fines, penalties, sanctions, penalties imposed by <i>state Institutions financed from the republican budget</i> for organizations of the oil sector	299 927	39 311 000	0,8
funds received from users of natural resources in claims for compensation for harm by organizations of the oil sector	27 251 201	2 685 000	91,0
other non-tax revenues from organizations of the oil sector.	5 222	273 872 000	0,0
proceeds from privatization of state property owned by the Republic and belonging to the mining and manufacturing industries	7 427 304		

Source: * - with the exception of income from organizations of the oil sector

Other taxes and payments, as well as taxes from other companies in the mining sector, go to the republican budget and local budgets, and are usually not allocated in the statistical reports of the Ministry of Finance of the Republic of Kazakhstan from taxes received from other sectors of the economy.⁵⁹

Table 20 shows the details of tax revenues to the republican and local budgets and to the National Fund.

⁵⁹Statistical Bulletin of the Ministry of Finance of the Republic of Kazakhstan
http://www.minfin.gov.kz/irj/portal/anonymous?NavigationTarget=ROLES://portal_content/mf/kz.ecc.roles/kz.ecc.anonymous/kz.ecc.anonymous/kz.ecc.anonym_budgeting/budgeting/reports_fldr

Table 20. Information on the share of tax revenues of companies in the extractive sector in tax revenues of the consolidated budget (GB + NF), republican and local budgets in 2017, in thousands tenge

Name	Number of payers	total for RK (GB + NF)	Including:			
			GB (RB + MB)	RB	MB	NF
TOTAL in RK		9 187 515 496	7 153 566 306	5 011 400 081	2 142 166 225	2 033 949 190
Tax Receipts		8 811 987 241	6 810 851 290	4 848 028 319	1 962 822 971	2 001 135 951
Non-tax receipts		306 832 856	274 463 859	159 426 280	115 037 579	32 368 997
Proceeds from the sale of fixed capital		68 695 399	68 251 157	3 945 482	64 305 675	444 242
<i>including:</i>						
Total revenues from the oil and gas sector (HCS) in Kazakhstan	159	3 298 530 397	1 265 166 215	1 052 591 763	212 574 452	2 033 364 182
<i>of which the sum of receipts on the list for reconciliation of hydrocarbons</i>	72	3 272 904 740	1 243 229 972	1 031 966 481	211 263 491	2 029 674 768
<i>share of total income from hydrocarbons (%)</i>		99,22	98,27	98,04	99,38	99,82
Total amount of revenues from the mining sector (TPI) in Kazakhstan	369	594 771 952	594 771 952	470 253 957	124 517 995	-
<i>of these, the amount of income on the list for reconciliation of TPI</i>	82	584 832 409	584 832 409	465 056 682	119 775 727	-
<i>share of total revenues from TPI (%)</i>		98,33	98,33	98,89	96,19	-
Total for HCS and TPI	528	3 893 302 349	1 859 938 167	1 522 845 720	337 092 447	2 033 364 182
Total receipts on the list for reconciliation of HCS and PTI	154	3 857 737 149	1 828 062 381	1 497 023 163	331 039 218	2 029 674 768
<i>share of total revenues in the Republic of Kazakhstan (%)</i>	154	42,38	26,00	30,39	15,74	99,97

Source: MF of RK

3.3.2. Payments in kind (4.2)

In 2017 there are no payments in kind. According to LCT reports, companies in the oil and gas and mining sectors did not make payments in kind.

3.3.3. Shipping Income (4.4)

Oil transportation

Transportation of Kazakh oil for export is carried out by pipeline transport, sea transportation from the port of Aktau on the Caspian Sea, the ports of Batumi and Novorossiysk on the Black Sea, as well as in the Mediterranean Sea by oil tankers of the National Maritime Shipping Company Kazmortransflot, as well as rail.

Oil is transported via trunk pipelines by a subsidiary of NC KazMunayGaz JSC KazTransOil JSC, which has a network of trunk pipelines with a length of 5377 km and water lines with a length of 1975 km. In addition, KazTransOil JSC provides storage, transshipment and transportation of oil in other related pipeline systems.

In addition, JSC NC KazMunayGaz owns share capital in the Caspian Pipeline Consortium (CPC) pipeline in the amount of 20.75%, including the Government of the Republic of Kazakhstan - 19% and Kazakhstan Pipeline Ventures –1.75%.

Diversification of the Kazakh oil transportation directions for JSC NC KazMunayGas has a special role, as it allows the choice of the most cost-effective routes for transporting hydrocarbon resources to world markets and serves as a guarantee of economic security.⁶⁰

The main oil export routes in operation are:

- Atyrau-Samara oil pipeline (KazTransOil JSC - 100%);
- CPC oil pipeline (NC KazMunayGas JSC –20.75%);
- the Atasu-Alashankou oil pipeline (KazTransOil JSC - 50%);
- sea terminal Aktau.

Atyrau-Samara oil pipeline

The Atyrau-Samara oil pipeline (throughput - 17.5 million tons of oil per year) with a total length of 697 km (of which 535 is the Kazakhstan section) provides access to the markets of the Russian Federation through the pipeline system of Transneft PJSC to the ports of Chernoy and Baltiysky of the seas.

In 2017, the volume of oil transportation through the Atyrau-Samara pipeline amounted to 15.9 million tons, which is higher by 5.9% than in 2016 (Table 21).

Caspian Pipeline Consortium (CPC)

The CPC oil pipeline (throughput capacity is 41 million tons of oil per year) with a total length of 1,510 km (of which 452 is the Kazakh section) connects the Tengiz field and the Yuzhnaya Ozereevka marine terminal on the Black Sea (Novorossiysk RF) and provides for the output of Kazakh oil to world markets⁶¹.

The project participants are Russia - 31%, Kazakhstan - 20.75% and mining companies.

In 2017, the volume of oil transportation. increased by 3.5% compared with 2016 totaled 58,538 thousand. The oil turnover increased by 12.1% and reached 48,360 million ton-km.

⁶⁰ Annual report of NC Kazmunaygas JSC for 2017

⁶¹ Annual report of NC Kazmunaygas JSC for 2017

Kazakhstan-China oil pipeline

Through the “Alashankou” delivery point of the Atasu - Alashankou main oil pipeline, a 100 millionth ton of oil has been transported since the pipeline was commissioned.

The main increase in the volume of oil delivered to the system of trunk oil pipelines of KazTransOil JSC is associated with an increase in transit of Russian oil within the framework of the supplementary agreement signed with PJSC Rosneft on the existing contract for the provision of oil transportation services to increase the total transit volume of Russian oil through the Republic Kazakhstan in China to 10 million tons per year.

The increase in supply through the Atyrau-Samara pipeline is associated with the start of oil delivery to the system of main oil pipelines from the Kashagan field, as well as the beginning of a separate transfer of light Kazakh oil through this pipeline.

Pumping Russian oil in the direction of Uzbekistan

Deliveries of Russian oil have been launched through the system of main oil pipelines of KazTransOil JSC along the route Omsk - Pavlodar - Shymkent - the Shagyr oil-loading ramp (loaded into a railway cistern).

Table 21. Volumes of oil transportation by destinations and consumers through the system of “KazTransOil” JSC

Direction	2017	2016	Changes, in %
to refineries			
“Atyrau Refinery” LLP	4 629	4 666	-0,8
“PetroKazakhstan Oil Products” LLP	4 686	4 497	4,2
“Pavlodar Petrochemical Plant” LLP	4 732	4 599	2,9
CASPI BITUM LLP	718	624	15,1
transit through the territory of the Russian Federation			
Atyrau-Samara oil pipeline	15 913	15 024	5,9
shipment through the port of Aktau			
Shipment to tankers in GNPS Aktau	1 192 2	196 2	45,7
oil transfer to pipeline companies *			
KKT LLP (Atasu - Alashankou oil pipeline)	12 289 (including transit 9 989)	10 068 (including transit 6 992)	22,1
	2 884	3 023	-4,6
“KTK-K” JSC (oil pipeline CPC)	3 306	4 233	-21,9
NWTC MunaiTas JSC	4 683	4 215	11,1
railway overpass NNP “Shagyr”			
railway overpass NNP “Shagyr”	261	210	- 24,2

* taking into account the share of participation of KazTransOil JSC

Source: Annual Report of KazTransOil JSC

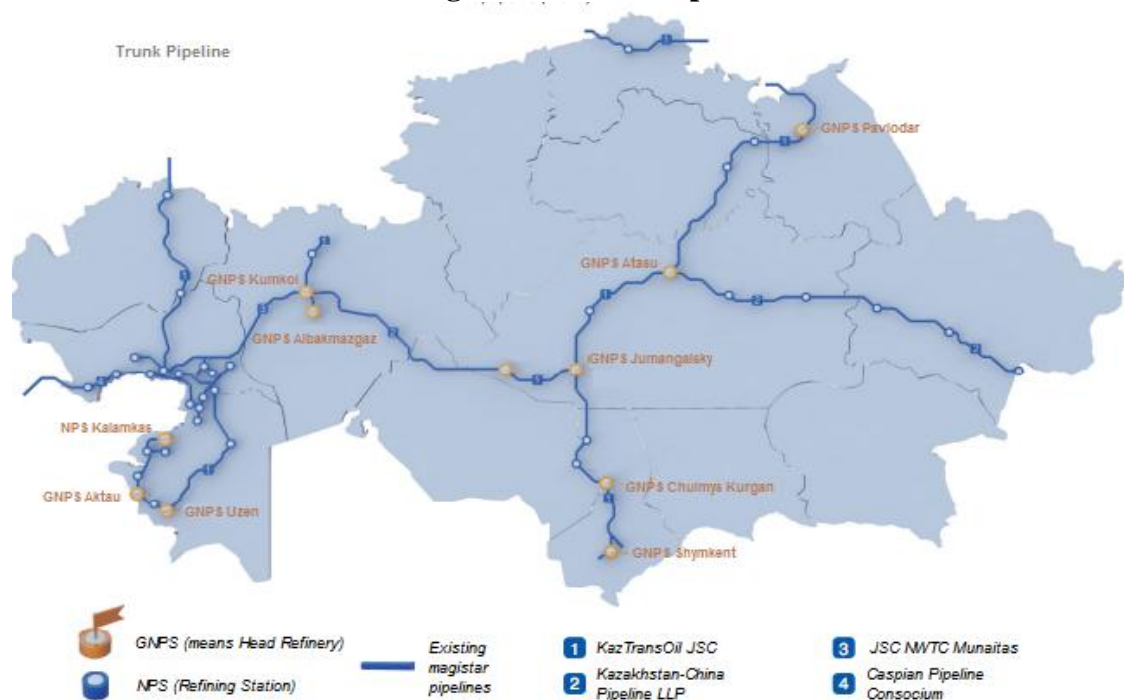
Sea oil transportation

Sea transportation of oil is carried out by the vessels of the subsidiary organization of NC KazMunayGas JSC - NMSK Kazmortransflot LLP.

To date, the main existing routes for the offshore oil transportation are:

- Aktau - Baku (Caspian Sea);
- Aktau - Makhachkala (Caspian Sea);
- Routes in the waters of the Black and Mediterranean Seas.

Figure 31. Trunk Pipeline



Source: NC "KazMunayGas" JSC

It is impossible to allocate taxes paid from revenues from transportation of mining products, oil and gas in the budget, since the amounts of taxes and other obligatory payments to the budget are paid in general from all activities of transport companies and are not divided into types of activities separately. The companies themselves disclose revenues from transportation, and this Report covers these revenues.

Disclosure of tariff rates and transportation volume of KazTransOil JSC is given in Appendix 7.

Transportation of oil through the system of KazTransOil JSC is carried out in the following areas (Table 22):

Table 22. Routes and volumes of oil transportation in 2017

№	Transportation direction	Oil volume, mln. tons
	Transportation volume	46,3
1	RK refineries, including:	14,8
	<i>AOR</i>	4,6
	<i>PKOP</i>	4,7
	<i>PNHZ</i>	4,7
	<i>Bituminous plant</i>	0,7
2	PSP Samara	15,9
3	Railway shipment	0,3
4	Shipment by sea (export through the port of Aktau)	1,2
5	Transfer to the MN KTK system	2,9
6	Transfer to n / patasu-alashankou	12,3
	including transit Russian oil	10,0

Source: data of KazTransOil JSC

Since May 18, 2015, amendments and additions to the Law of the Republic of Kazakhstan “On Natural Monopolies and Regulated Markets” have been introduced, according to which services for the transportation of oil through main pipelines for the purpose of transit through the territory of the Republic of Kazakhstan and export outside the Republic of Kazakhstan are excluded from the regulation of natural monopolies.

The Order of the Minister of Energy of the Republic of Kazakhstan dated March 1, 2017 No. 80 for the period 2017-2018 approved the cost of transporting Russian oil in the amount of up to 10 million tons per year through the territory of the Republic of Kazakhstan to the People’s Republic of China (PRC) in the amount of 11 dollars 36 cents USA for 1 ton excluding VAT.

The order of the General Director (Chairman of the Board) of KazTransOil JSC dated November 10, 2017 No. 186 for the period until December 31, 2017 approved the tariffs and the cost of services of KazTransOil JSC for the transportation of oil of Russian origin for the purpose of transit through the territory of the Republic of Kazakhstan to the Republic Uzbekistan

By the order of Acting General Director (Chairman of the Board) of KazTransOil JSC dated December 22, 2017 No. 223, the tariffs and the cost of services of KazTransOil JSC for the transportation of oil of Russian origin for transit through the territory of the Republic of Kazakhstan to the Republic of Uzbekistan were approved with the introduction of January 2018.

In June 2015, KazTransOil JSC approved (order N 64) the following tariffs for services for pumping oil through main pipelines:

- for the purpose of export outside the Republic of Kazakhstan - in the amount of 5,817.2 tenge per 1 ton per 1,000 km (excluding VAT) with entry into force from July 1, 2015;
- for the purpose of transit through the territory of the Republic of Kazakhstan along the Kazakhstan section of the Tuymazy-Omsk-Novosibirsk-2 trunk pipeline - in the amount of 1 727.1 tenge per 1 ton per 1,000 km (excluding VAT) with the introduction from June 26, 2015.

Tariff limits for the regulated service for pumping oil to the domestic market of the Republic of Kazakhstan on the system of main pipelines of KazTransOil JSC for 2015-2019 were approved by the Committee on Regulation of Natural Monopolies and

Protection of Competition (Order No347-OF dated August 21, 2015), with the introduction of from October 1, 2015, in the following amount:

- in 2015 – KZT 3,225.04 per ton per 1000 km (excluding VAT);
- in 2016 – KZT 3 547.46 tenge per ton per 1000 km (excluding VAT);
- in 2017 – KZT 3 902.13 tenge per ton per 1000 km (without VAT);
- in 2018 – KZT 4,292.40 per ton per 1000 km (excluding VAT);
- in 2019 – KZT 4,721.72 per ton per 1000 km (excluding VAT).

Table 23. Data on income received in connection with the transportation of oil of “KazTransOil” JSC for 2017

Name of income	Amount, thousand tenge
Revenue from the provision of oil transportation services, including:	184 818 487
Income from the provision of services for the transportation of oil for export	120 919 129
Revenue from the provision of oil transportation services to the domestic market	44 022 263
Revenue from the provision of oil transportation services for (TON 2)	3 228 594
Transportation of oil (domestic market) for TON-2	395 823
Income from the provision of oil transportation services Rosneft	10 146 025
Revenue from the provision of oil replacement services during transportation	6 106 653
Income from the provision of other services, including:	5 298 604
Income from the provision of services for the storage of oil	100 327
Income from fines for the failure to deliver the mandatory minimum annual volume of oil (OMO)	5 198 277
Income in the form of remuneration for a single routing, including:	697 652
Revenue from the provision of carrier services for a single routing	675 062
Revenue from the provision of carrier services for a single routing (domestic market)	22 590
Total	190 814 743

Source: KazTransOil JSC

In 2017, the group of companies of KazTransOil JSC paid taxes and other mandatory payments to the budget in the amount of 33,190,885 thousand tenge. In KazTransOil JSC there is no separate methodology for calculating taxes by type of activity. **The company keeps records of taxes in accordance with the generally established taxation procedure in accordance with the Tax Code of the Republic of Kazakhstan. The tax code does not provide for mandatory division by type of activity.** Taxes are paid by the company in total for all activities. Revenues from oil transportation in 2017 amounted to 179.5 billion (Appendix 7). The table below shows the taxes paid by the company in total for all activities.

Table 24. Taxes of “KazTransOil” JSC in 2017 and payments to the budget for transportation

Name of taxes	Amount, thousand tenge
Corporate income tax	15 031 420
CIT held at the source of payment of legal entities-non-residents	21 373
VAT from residents	2 900 000
VAT for non-residents	15 368
Customs Union VAT	8 292
IIT	4 247 634
Social tax	3 783 901
MET (underground water)	1 362
Property tax	6 860 304
Land tax	25 578
Vehicle tax	39 344
Payment for emissions to the environment	90 954
Payment for use of water resources	7 983
Payment for using the radio frequency spectrum	24 848
Other taxes	132 524
Total	33 190 885

Source: data of KazTransOil JSC

Gas transportation

Gas is transported through trunk gas pipelines and gas distribution systems by the group of companies KazTransGas JSC. The main gas transportation is carried out by JSC Intergas Central Asia, as well as joint ventures of Asian Gas Pipeline LLP, Beine-Shymkent Gas Pipeline LLP. Gas is transported through distribution pipelines by KazTransGas Aimak JSC.

KazTransGas JSC is part of the National Company KazMunayGas JSC and controls the country's main network of gas pipelines with a length of more than 17.7 thousand km. with an annual capacity of up to 160 billion cubic meters. The network of gas distribution pipelines with a length of more than 40 thousand km ensures uninterrupted operation of 31 compressor stations, which have 322 gas pumping units, and serves three underground gas storages.

The gas transportation infrastructure of the Republic of Kazakhstan for the transit of gas consists of the main gas pipelines:

- “Central Asia-Center” - length of about 4,000 km, capacity of 60 billion cubic meters (Turkmen and Uzbek gas);
- “Bukhara-Ural” - length is about 4,500 km, capacity is 7.2 billion cubic meters (Uzbek gas);
- “Orenburg-Novopskov and MG “Soyuz” - a length of 760 km, a capacity of 10 billion cubic meters and 20 billion cubic meters (Russian gas);
- “Kazakhstan-China” - the length of about 1,310 km. part of the Central Asia-China gas pipeline, designed to transport gas from the largest gas field Galkynysh (Turkmenistan) to China, with an operating capacity of 37 billion cubic meters, with the prospect of expansion to 55 billion cubic meters.

In 2017, for the first time, Kazakh gas began to be exported to China within the framework of a signed agreement between KazTransGas JSC and PetroChina International Company

Limited. This is the most promising and capacious market in Asia. KazTransGas JSC has become the most important and technologically most powerful operator of gas flows in Central and Central Asia. The volume of transit of Central Asian gas increased in the direction of Russia, Europe and China. Following the results of intergovernmental agreements, gas transit through the territory of Uzbekistan began.

Another important project implemented by KazTransGas JSC is the construction of the Beineu-Bozoi-Shymkent gas pipeline from the west to the south of Kazakhstan with a length of almost 1,500 km and a throughput capacity of 10 billion cubic meters. m per year. With the completion of the construction of the MG Beineu-Bozoi-Shymkent, the integration of the trunk systems of the West and South of Kazakhstan was completed and a single system of gas pipelines of the Republic was created.

The approved General Gasification Scheme for 2015–2030 is aimed at creating conditions for meeting the domestic gas needs of Kazakhstan through not only the large-scale construction of new gas pipelines, but also the search for alternative and rational sources of gas supply to the regions of the country. In addition, in the framework of stimulating and developing gasification of regions with liquefied natural gas, incentive measures will be provided for vehicles using gas as a motor fuel.

At present, 10 of 14 regions of the Republic of Kazakhstan are gasified, mainly regional centers. The gasification coverage rate of the population of the Republic of Kazakhstan in 2017 was 47.38%.

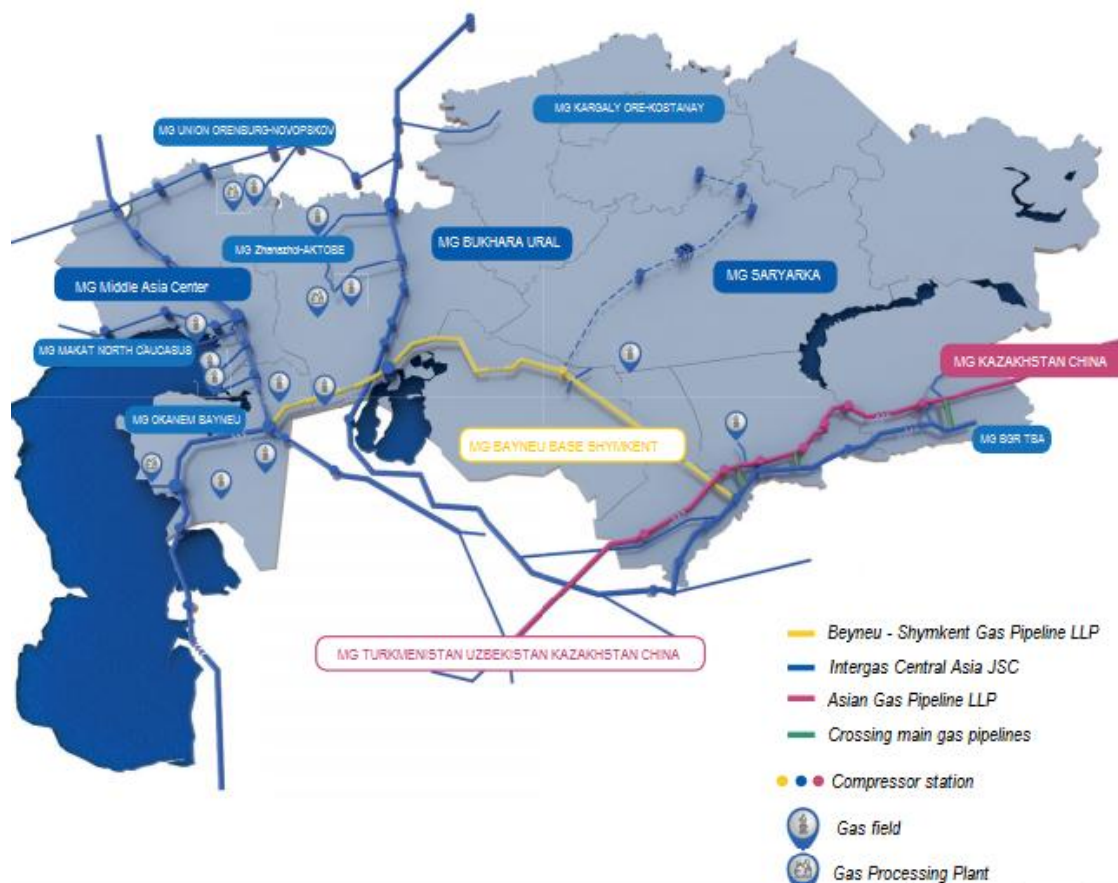
Gasification works were carried out as part of investment projects for distribution pipelines:

- “Modernization of gas distribution networks in Taraz” - 82.3 km of a polyethylene gas pipeline were built, 2,596 cabinet points were installed, 3,518 subscribers were reconnected.
- “Modernization, reconstruction and new construction of gas distribution networks in the Mangystau region” - 737.4 km of gas pipeline were laid, including 384 km of high pressure, 41.2 km of medium pressure, 312 km of low pressure. Established: GRPSH - 23 units., PHB - 28 units. and AGDS - 6 units.
- “Gasification of settlements and modernization of gas distribution networks of the Aktobe region” - 33 km of a polyethylene gas pipeline were built, AGRSs were installed - 2 units, PHB - 2 pcs.
- “Gasification of settlements of Kostanay region” - 178.788 km of gas pipelines were built, 7 gas-block points, 2 gas distribution cupboard points were installed.

In accordance with the Law of the Republic of Kazakhstan “On Gas and Gas Supply”, the National Operator - KazTransGas JSC exercises the preemptive right of the state to purchase raw and marketable gas from subsoil users of the Republic of Kazakhstan. From July 1, 2017, the Ministry of Energy of the Republic of Kazakhstan approved the marginal prices for the wholesale sale of marketable gas in the domestic market.

The main activities of KazTransGas JSC are gas sales in the foreign and domestic markets, as well as supervision of subsidiaries and affiliates engaged in the production and sale of gas, transportation and operation of main and distribution gas pipelines.

Figure 32. Gas pipeline network of the Republic of Kazakhstan



Source: Annual Report of JSC NC "KazMunayGas" for 2017.

Transit of natural gas from Turkmenistan and Uzbekistan to China and the Russian Federation is carried out through the territory of Kazakhstan.⁶²

Consolidated income of KazTransGas JSC in 2017 amounted to 662.4 billion tenge, which is 77.5 billion tenge more than in 2016. At the same time, the net profit of the group of companies of KazTransGas JSC for the reporting period amounted to 74.8 billion tenge, which is higher than planned by 23 billion tenge.

For 2017, the national operator KazTransGas JSC and its subsidiaries made taxes and other obligatory payments to the budget of the republic totaling 60.3 billion tenge.

Information on tariffs and revenues from gas transportation in the group of KazTransGas JSC in 2017 is given in Table 3 Appendix 7.

In accordance with the changes made in May 2015 to the Law on Natural Monopolies, services for the transportation of gas for export are excluded from state regulation. Tariffs for transit and export of gas are established on a contractual basis, without approval by the Committee on the Regulation of Natural Monopolies and the Protection of Competition.

Tariffs for gas transportation in the domestic market are regulated by the Committee for the Regulation of Natural Monopolies and the Protection of Competition in the manner prescribed by law. Tariffs for transportation of commercial gas through trunk pipelines for consumers of the Republic of Kazakhstan are approved in the following amounts:

- Since January 1, 2017 Intergas Central Asia JSC - KZT2,272.7 per thousand m³ (excluding VAT);

⁶² Annual report of NC "KazMunayGas" JSC for 2017

- Asian Gas Pipeline LLP from March 1, 2016 - KZT3,494.4 per thousand m3 (excluding VAT);
- Beineu-Shymkent Gas Pipeline LLP from March 1, 2016 - 18,071 tenge / thousand m3 (excluding VAT).

Payments to the gas transportation budget

The company keeps records of taxes in accordance with the generally established taxation procedure in accordance with the Tax Code of the Republic of Kazakhstan. The tax code does not provide for mandatory division by type of activity. Taxes are paid by the company in total for all activities. Accrual and payment of taxes are made in accordance with the Tax Code of the Republic of Kazakhstan.

In 2017, in the group of companies of KazTransGas JSC, the income received from transportation amounted to KZT 822.1 billion. Taxes and other obligatory payments to the budget (Appendix 7) were paid in the amount of KZT 54.7 billion (in 2015, KZT 20.1 billion was paid), including:

- IntergasCentralAsia JSC - 25.5 billion tenge (for comparison, in 2015 it was 11.7 billion tenge);
- KazTransGaz-Aymak JSC - 4.4 billion tenge (for comparison, in 2015 it was 2.2 billion tenge);
- Asian Gas Pipeline LLP - 24.1 billion tenge (in 2015 it was not);
- Beyneu-Shymkent Gas Pipeline LLP - 0.7 billion tenge (in 2015 it was not).

Transportation by rail

The railway is used to transport oil and mining products.

In accordance with the Decree of the Government of the Republic of Kazakhstan dated June 21, 2011 No. 682 "On approval of the Rules for the carriage of goods by rail" for the carriage of goods between the carrier and the shipper is a contract of carriage, and the contract of carriage of goods is drawn up by drawing up a railway bill of lading.

In accordance with the Law of the Republic of Kazakhstan "On Railway Transport" dated December 8, 2001 No. 266-II (hereinafter referred to as the Law), the consignment is indicated in the railway bill of lading - the person sending the cargo.

In addition, in accordance with the Law:

- transportation is the movement of passengers, baggage, cargo, mail, goods from the point of departure to the destination;
- transportation process - a set of organizationally and technologically interconnected operations performed during the preparation, implementation and completion of rail transportation;
- a participant in the transportation process is the user of transportation services, the carrier, the national infrastructure operator, the operator of locomotive traction, the operator of wagons (containers).

The cost of carriage of goods by rail in the domestic and international (export-import) messages is formed from four components:

- tariffs for the services of the main railway network (hereinafter referred to as OLS), approved by order of the Committee for the Regulation of Natural Monopolies and Protection of Competition of the Ministry of National Economy of the Republic of Kazakhstan (hereinafter referred to as the KREMZK);

- tariffs for cargo transportation services (for locomotive haulage services (hereinafter - LT), freight and commercial work (hereinafter - GK), for the use of freight wagons and containers (hereinafter - PV), approved by order of KTZh - Freight.

The principle of construction of tariffs for the transportation of goods is based on differentiation depending on the distance of transportation; the type of rolling stock; accessories of rolling stock (inventory (total) or own (rented)); kind of cargo; car loading, etc.

In accordance with the Law of the Republic of Kazakhstan “On Natural Monopolies”, the services of the OLS refer to the sphere of natural monopolies. The remaining components of the railway tariff (LT, GK, PV), which represent the cargo transportation service, in accordance with the Entrepreneurial Code of the Republic of Kazakhstan are socially important services, the prices of which are also regulated by the state.

“NC“ Kazakhstan Temir Zholy” JSC provided data on the level of the tariff for the transportation of goods in the republican (interregional) and international (export, import) messages (Appendix 7). The tariff guide (price list) of JSC "KTZH - Freight", entered into force on July 1, 2016, and determines the procedure for calculating tariffs for services for the carriage of goods by rail and fees for additional operations related to transportation.

At the same time, we note that NC “Kazakhstan Temir Zholy” does not have the practice of disclosing information in the annual report on cargo transportation, similar to the disclosure of oil and gas transportation schemes in the annual reports of KazTransOil JSC and KazTransGaz JSC.

In “NC“ Kazakhstan Temir Zholy” JSC **there is no separate accounting of paid taxes and other payments to the budget for transportation, and therefore information about paid taxes and other payments to the budget for transportation is not possible.**

3.3.4. Infrastructure presentation barter agreements (4.3)

According to the reporting on LCT, subsoil users finance infrastructure facilities in the regions (Appendix 5). In 2017, expenditures for the social sphere (in more detail in Section 3.5) and local infrastructure amounted to 8.007 billion tenge.

Barter Agreement. In section 3.2.1. Oil and gas sector: reserves, geological exploration, production and export issues on gas swap are covered: to provide the domestic market with gas, on December 27, 2006, an agreement was signed on gas supplies between Gazprom, NHC Uzbekneftegaz and JSC NC KazMunayGas. In accordance with the Agreement, all gas imports are “swaped” with Karachaganak exports at equal prices and in equal volumes. Under the Agreement, contracts are annually concluded for the supply of gas from the Karachaganak field to the south of the Republic of Kazakhstan and the Kostanay region⁶³.

According to the intergovernmental agreement between Kazakhstan and the Russian Federation, Kazakhstan carried out counter deliveries of crude oil to Russia in order to compensate for the losses of the federal budget of the Russian Federation in respect of oil products supplied from Russia to Kazakhstan in 2012-2013. During 2015, KMG EP made counter deliveries of crude oil in the amount of 916 thousand tons (in 2014 - 447 thousand

⁶³ Report of the Minister of Oil and Gas Mynbayev S. to the board of the Ministry on the results of 2012. January 28, 2013

tons). Deliveries were completed in August 2015. The 2015 EITI National Report covered these issues. The annual report of KMG EP notes that in 2017 28% of the total consumption of AI-92 gasoline on the domestic market was imported from Russia, in 2019 it is planned to fully meet domestic demand through its own production due to the modernization of three refineries. About counter deliveries of oil in 2017 to Russia in exchange for gasoline supplies in the Annual Report of KMG EP says nothing (<https://www.kmgep.kz/rus/>).

Kazakhstan, Russia and Iran are planning to resume oil swap operations with the Caspian states. At the first stage, it is possible to swap 50–100 thousand barrels of oil per day, in the future the volume will gradually increase.

At the same time, Tehran plans to increase capacity for swap operations with the Caspian states from the current 120 thousand barrels per day to 1.5 million barrels per day.

Kazakhstan carried out swap deliveries with Iran, which needs crude oil for further processing. And in return, Kazakhstan received oil in the Iranian ports of the Persian Gulf, from which sea tankers could access anywhere in the world.

The main producing deposits of Iran are located near the Persian Gulf, while the north of the country is experiencing some deficit in this regard. The situation is similar in Kazakhstan - despite significant production in the West, the North and the South depend on imports of oil and oil products from Russia. The lifting of sanctions and restrictions on the Islamic Republic of Iran reopens this route, contributing to increased profits, diversification of supplies and consolidation in new markets. The essence of swap operations is that Iran receives Central Asian oil in its ports on the coast of the Caspian Sea and sends it to its refineries. In return, Iran is sending the same amount of its oil from its ports in the Persian Gulf. By swap the parties carry out a mutual offset. This is very beneficial for Russia, Kazakhstan and Turkmenistan, since it does not have to pay for transportation and transit. Kazakhstan has exactly the same interests in the market as all other countries - oil exporters. At the beginning of this year, Russian companies discussed issues of swap operations with Iran and expressed interest in joint cooperation.

The technology of oil swap transactions involves the exchange of volumes of oil supplied to other transport routes, in this case, in the ports of the Persian Gulf.

The benefit of participants in swap transactions is to expand the geography of oil supplies, including buyers, to whom there are no own transport corridors. The increase in the number of potential buyers is the benefit of Kazakhstan.

Formally, Kazakhstan is one of the leading exporters, but in fact a significant part of exports falls to Western and Chinese companies, whose routes have been worked out. KazMunaiGaz Group also has its delivery obligations. The share of independent oil producers is small. Therefore, it can be predicted that swaps in the Caspian will grow, but primarily due to transactions between Iran

3.3.5. Transactions of public companies (4.5)

The section on state participation in the extractive industries discloses a list of national holdings and national companies. The government is a 100% shareholder of Samruk-Kazyna National Wealth Fund. The corporate financial report of Samruk-Kazyna NWF JSC covers transactions with national companies KazMunaiGaz National Company JSC, National Atomic Company Kazatomprom JSC, National Television Company Kazakhstan Temir Zholy JSC, National Mining Company Tau JSC -Ken Samruk. " The annual reports of National Company KazMunayGas JSC and National Atomic Company Kazatomprom JSC disclose transactions with their subsidiaries.

Samruk-Kazyna NWF JSC in 2017 paid dividends to the Shareholder in the amount of KZT 11,899 million at the end of 2016 in accordance with the Government Decree of November 13, 2017. In 2017, the National Welfare Fund declared dividends in the amount of 19,781 million tenge to holders of non-controlling interest in KazMunayGas Exploration Production JSC, Kaztransoil JSC, Kazakhtelecom JSC and other companies. In 2017, the National Welfare Fund declared dividends in the amount of **4,547 million tenge** to the National Bank of the Republic of Kazakhstan as the holder of a non-controlling interest in National Company KazMunaiGas.

Subsidiaries pay dividends to national companies that are both recipients and payers of dividends (in a consolidated form, that is, from all their subsidiaries and organizations, including from mining companies) in Samruk-Kazyna NWF JSC.

At the same time, it should be noted that in Kazakhstan there are no rules and practices governing the transfer of funds between a state-owned enterprise (GP) and the state. So, for example, at present, the National Bank of Kazakhstan holds a 10% stake in NC KMG, but this share was never redeemed before this decision was made and it is unclear how long the NB RK will remain a shareholder of NC KMG.

According to the consolidated reports of subsidiaries on dividends paid to the “NWF Samruk-Kazyna” JSC (Appendix 2-2) were as follows:

- NC “Kazmunaigas” JSC (state share 90%) - 41,330,046 thousand tenge.
- “Tau-Ken Samruk” JSC - 5 617 478 thousand tenge,
- NAC Kazatomprom JSC - 65,848,704 thousand tenge.

NC “Kazmunaygaz” JSC transferred to the National Bank of Kazakhstan (state share 10%) – KZT 4,547,451 thousand.

The National Geological Prospecting Company «Kazgeology» JSC transferred to the Governmental Revenue Board for Esil district of Astana 79 467 thousand tenge.

In 2017 KazMunayGaz JSC received dividends (Appendix 2-2) from the following subsidiaries:

- Exploration Production KazMunayGas JSC (63%)- 12,452,145 thousand tenge;
- Kazakhturkmunai LLP (100% state share) - 12,000,000 thousand tenge;
- KMG Karachaganak LLP (100%) - 6,026,712 thousand dollars;
- KazTransoil JSC (90%) - 53,656,666 thousand tenge;
- NMSK “Kazmortransflot” JSC (100%) - 100,000 thousand tenge;
- KMG System & Services LLP (100%) - 2 296 287 thousand tenge.
- KMG-Security – 60 000 thousand tenge.
- Tengizchevroil LLP (20%) – 79,694,300 thousand tenge.
- Trading partnership «Kylysh» – 195 609 thousand tenge.
- Professional Geo Solutions Kazakhstan LLP (50%) – 312 500 thousand tenge.
- KazRosGas LLP – 18 647 418 thousand tenge.
-

Tau-Ken Samruk JSC did not receive dividends from subsidiaries, as they are newly formed and have no income.

NAC Kazatomprom JSC in 2017 (Appendix 2-2) received dividends from the following subsidiaries:

- JV Zarechnoye JSC (49.98%) - 1,088,794 thousand tenge,
- “Semizbay-U” LLP (51%) - 314,767 thousand tenge,
- “JV Akbastau” JSC (50%) - 10,765,703 thousand tenge,

- “JV “Southern Gorno-Chemical Company” LLP(30%) - 5,016,061 thousand tenge,
- «MC Ortalyk» LLP (100%) -1 426 674 thousand tenge,
- Karatau LLP (50%) - 11,861,373 thousand tenge,
- Kazakh-French enterprise Katco LLP (49%) - 10,833,900 thousand tenge.

«National Geological Survey Company Kazgeology» JSC did not receive any dividends from subsidiaries.

In December 2017, documents were signed on the restructuring of JV Inkai LLP, indicated in the implementation agreement in May 2016 between Kazatomprom and Cameco. Under the terms of the implementation agreement, from January 1, 2018, the Company increased its stake in the Inkai joint venture from 40% to 60% and received operational control. Also under the agreement, Inkai received permission to extend the terms of the subsoil use contract until 2045.

During 2016 and 2017, JV Betpak-Dala LLP did not carry out operations. It is planned that the enterprise will be liquidated in the first half of 2018. In 2017, the Kazakh-Russian Company Nuclear Power Stations JSC (KPKAS), Kazatomprom-Sorbent LLP and KAS LLC were liquidated.

“According to the Decision of the Sole Shareholder of NAC Kazatomprom JSC dated June 11, 2018, NAC Kazatomprom JSC has accrued dividends on the shareholding for 2017.

The dividend per ordinary share is **1,215.06** (one thousand two hundred and fifteen) tenge 06 (six) tiyn, the total amount is **45,019,066,000** (forty-five billion nineteen million sixty-six thousand) tenge.

Payment in the amount of **45,019,066,000** (forty-five billion nineteen million sixty-six thousand) tenge was made on June 19, 2018 by transferring money to the bank account of the Sole Shareholder - National Welfare Fund Samruk-Kazyna JSC.

According to the Additional Decision of the Sole Shareholder of NAC Kazatomprom JSC dated June 25, 2018, the undistributed portion of the consolidated net income of NAC Kazatomprom JSC for 2017 in the amount of 93,508,603,000 (ninety-three billion five hundred eight million six hundred and three thousand) tenge from the received at the end of 2017, the consolidated net income in the amount of **138,527,669,000** (one hundred thirty eight billion five hundred twenty seven million six hundred sixty nine thousand) tenge is to be distributed in the following order:

- 1) for payment of dividends to the Sole Shareholder of **89,992,949,000** (eighty-nine billion nine hundred ninety-two million nine hundred forty-nine thousand) tenge;
- 2) to keep at the disposal of the Company net income in the amount of **3,515,654,000** (three billion five hundred and fifteen million six hundred and fifty-four thousand) tenge.

The total dividend for 2017 on one ordinary share is **3,643.96** (three thousand six hundred forty-three) tenge 96 (ninety-six) tiyn.

The payment will be made within 90 calendar days from the date of the start of dividend payment - from August 31, 2018, by transferring money to the bank account of the Sole Shareholder - National Wealth Fund Samruk-Kazyna JSC.

Source: <http://www.kazatomprom.kz/ru/shares/akcii-ao-nak-kazatomprom>

3.4. Distribution of revenues from the extractive industries (5.1)

As already noted, revenues from mining companies in the oil and gas sector go to the National Fund of the Republic of Kazakhstan. Revenues from mining companies go to the republican and local budgets, depending on the type of tax or payment.

Table 25. Use of targeted transfers from the National Fund of the Republic of Kazakhstan for 2017, in mln tenge

The ministry	Budget expenditure	Directions of budget expenditure	Execution
MA	Due to the co-financing of foreign loans from the target transfer from the National Fund of the Republic of Kazakhstan	Increase in the authorized capital of quasi-state sector entities for the implementation of projects for borrowing quasi-state sector entities	569
		Implementation of budget investment projects in the framework of promoting sustainable development and growth of Kazakhstan	604
MLSP	Due to the co-financing of foreign loans from the target transfer from the National Fund of the Republic of Kazakhstan	Implementation of program projects in the framework of promoting sustainable development and growth of Kazakhstan	273
MES	Due to the co-financing of foreign loans from the target transfer from the National Fund of the Republic of Kazakhstan	Implementation of program projects in the framework of promoting sustainable development and growth of Kazakhstan	1 387
MNE	Due to the co-financing of foreign loans from the target transfer from the National Fund of the Republic of Kazakhstan	Implementation of program projects in the framework of promoting sustainable development and growth of Kazakhstan	30
MF	Due to the target transfer from the National Fund of the Republic of Kazakhstan	Targeted transfer to the “Problem Loans Fund” JSC	1 092 941
ME	Due to the target transfer from the National Fund of the Republic of Kazakhstan	Targeted transfers for development to regional budgets, budgets of the cities of Astana and Almaty for the development of the gas transmission system	984
		Crediting of regional budgets, budgets of the cities of Astana and Almaty for the reconstruction and construction of heat supply systems	5 560
		Targeted transfers to the development of regional budgets, budgets of the cities of Astana and Almaty to increase the authorized capital of the quasi-public sector entities in the framework of promoting sustainable development and growth of Kazakhstan	467
MID	Due to the target transfer from the National Fund of the Republic of Kazakhstan	Road development at the republican level	143 517
		Increase of the authorized capital of “International Airport Astana” JSC	3 470
		Increase of the authorized capital of Baiterek National Management Holding JSC with a subsequent increase in the authorized capital of Housing Construction Guarantee Fund JSC for the implementation of the mechanism for guaranteeing equity deposits	10 000
		Targeted transfers to the development of regional budgets, budgets of the cities of Astana and Almaty to increase the	3 551

The ministry	Budget expenditure	Directions of budget expenditure	Execution
		authorized capital of the quasi-public sector entities in the framework of promoting sustainable development and growth of Kazakhstan	
		Crediting of regional budgets, budgets of the cities of Astana and Almaty for the reconstruction and construction of heat, water supply and drainage systems	41 133
		Increase of the authorized capital of Baiterek National Management Holding JSC with a subsequent increase in the authorized capital of JSC Development Bank of Kazakhstan for the implementation of leasing financing of manufacturing industry projects and infrastructure through BRK-Leasing JSC	20 000
		Crediting of Baiterek NUH JSC with the subsequent crediting of Development Bank of Kazakhstan JSC to finance domestic automakers through conditional financing of second-tier banks for lending to individuals - buyers of Kazakhstan-made passenger cars, as well as leasing financing of legal entities and individual entrepreneurs leasing vehicles and special purpose vehicles, with the exception of Kazakhstan-made agricultural machinery	10 000
MNE	Due to the target transfer from the National Fund of the Republic of Kazakhstan	Increase of the authorized capital of Samruk-Kazyna National Welfare Fund JSC to ensure competitiveness and sustainability of the national economy	26 552
MES	Targeted transfers to the development of regional budgets, budgets of the cities of Astana and Almaty for the construction and reconstruction of educational facilities and the regional budget of the Almaty region and the budget of the city of Almaty for seismic strengthening of secondary education organizations through targeted transfer from the National Fund of the Republic of Kazakhstan	Ensuring the availability of quality school education	76 410
ME		Development of thermal electric power industry	2612
	Targeted transfers for the development of regional budgets, budgets of the cities of Astana and Almaty for the development of the heat and power system through targeted transfers from the National Fund of the Republic of Kazakhstan		2 596
	Payment of services to the authorized agent for the execution of the order in the framework of the modernization of the construction of heat supply systems at the expense of the		16

The ministry	Budget expenditure	Directions of budget expenditure	Execution
	target transfer from the National Fund		
MID		Implementation of activities under the Nurly Zher housing program	77130
	Target transfers for the development of regional budgets, budgets of the cities of Astana and Almaty for the design, development and (or) arrangement of engineering and communications infrastructure through a targeted transfer from the National Fund of the Republic of Kazakhstan		50 130
	Target transfers for the development of regional budgets, budgets of the cities of Astana and Almaty for the design and (or) construction, reconstruction of housing of communal housing stock through a targeted transfer from the National Fund of the Republic of Kazakhstan		25 000
	Subsidizing part of the rate of remuneration on loans to developers due to targeted transfer from the National Fund of the Republic of Kazakhstan		700
	Subsidizing a part of the interest rate on mortgage housing loans issued to the population at the expense of a targeted transfer from the National Fund of the Republic of Kazakhstan		667
MID	Payment of services to the operator provided within the framework of subsidies under the Nurly Zher housing program through targeted transfer from the National Fund of the Republic of Kazakhstan		633
		Implementation of activities in the field of housing and utilities in the framework of the Program of development of regions until 2020	4955
	Payment of services to the authorized agent for the execution of the order in the framework of the modernization of the construction of heat, water supply and sanitation systems through targeted transfer from the National Fund of the Republic of Kazakhstan		503
	Payment of services to the operator, provided in the framework of subsidizing the construction, reconstruction and modernization of heat, water and sanitation systems through a		41

The ministry	Budget expenditure	Directions of budget expenditure	Execution
	targeted transfer from the National Fund of the Republic of Kazakhstan		
	Subsidizing the construction, reconstruction and modernization of heat, water and wastewater systems through targeted transfer from the National Fund of the Republic of Kazakhstan		4 410
MNE	Targeted transfers for the development of regional budgets, budgets of the cities of Astana and Almaty for the development of industrial infrastructure through targeted transfers from the National Fund of the Republic of Kazakhstan	Implementation of activities in the framework of the Unified program of support and development of business “Business Road Map 2020”	8 561
	Due to the co-financing of the grant from the target transfer from the National Fund of the Republic of Kazakhstan	Implementation of technical assistance activities in the framework of promoting sustainable development and growth of Kazakhstan	3 569
		TOTAL	1 534 275

Source: Statistical Bulletin of the Ministry of Finance of the Republic of Kazakhstan on January 1, 2018 №12

3.5. Social expenses (6.1)

According to reports of the LKU, in 2017, expenditures on the social sphere and local infrastructure amounted to 47.9 billion tenge, of which 39.9 billion tenge by oil and gas companies (83% of the total amount), mining companies 8.0 billion tenge. The enrollment of payments for the development of the social sphere of the regions is transferred to the budget classification code (BCC) 206114 “Deductions for subsoil users for the socio-economic development of the region and the development of its infrastructure”.⁶⁴

Also in akimats of administrative regions, on an annual basis, open meetings are held with the involvement of companies, the public, the media, where local administrative bodies (hereinafter referred to as MIA) report on the use of funds allocated by companies to develop the social sphere of the regions. At the same time, in addition to funds allocated to BCC 206114, expenses are incurred in the framework of memorandums and social partnership agreements. 2017 materials are available on the EITI National website. <http://eiti.geology.gov.kz/ru/about-us/meetings-in-akimats>

In March 2017, a Memorandum of Cooperation was signed between NAC Kazatomprom JSC, UMP JSC and East Kazakhstan Oblast Akimat, within which in the period 2017-2019. It is planned to transfer to the budget of the East Kazakhstan region a cumulative amount of 3 billion tenge for the socio-economic development of the region.

3.6. Quasi-fiscal costs of state-owned companies (6.2)

Annual reports of state-owned companies provide information on expenditures that can be partially or fully classified as quasi-fiscal. For example, in the Annual Report of Samruk-Kazyna NWF JSC for 2017, data on sponsorship and charitable assistance and government

⁶⁴ Order of the Minister of Economy and Budget Planning of the Republic of Kazakhstan dated 17.07.2014. No. 199 “On Amendments and Addenda to the Order of the Minister of Economy and Budget Planning of the Republic of Kazakhstan dated March 13, 2013 No. 71“ Some Issues of the Single Budget Classification of the Republic of Kazakhstan”.

subsidies are provided.⁶⁵ Similar information can be found in the annual reports for 2017 of NC KMG, NAC Kazatomprom.

In 2018, a quasi-fiscal expenditure form was included for the first time in EITI reporting. A report on quasi-fiscal expenditures in 2017, produced by national companies, subsidiaries and joint ventures with state ownership of the shares, is given in Appendix 4. Some companies produced quasi-fiscal expenditures of almost 833.0 billion Tenge. At the same time, it is not possible to establish the “nature” of all the sums spent on the mentioned measures. Companies do not provide a detailed classification of expenses, which allows to determine which of them are quasi-fiscal costs and which are not.

Companies included in the Samruk-Kazyna NWF made quasi-fiscal expenditures through Samruk-Kazyna Trust for KZT 15.0 billion, according to their statement. It is unclear whether the charitable events of Samruk-Kazyna NWF were financed by the company's profits (in this case, these are not quasi-fiscal operations) or by budget funds at the disposal of the state (then, such events are quasi-fiscal). From the CFA of the Samruk-Kazyna National Welfare Fund, it was not possible to find out the sources of income generation for Samruk-Kazyna Trust. If they are formed at the expense of deductions from the net profit remaining at the disposal of the enterprise, then they cannot be referred to as quasi-fiscal expenses. The question is how well companies understand the essence of quasi-fiscal expenses when they fill in the data given in Appendix 4. The nature of expenses and whether they can be classified as quasi-fiscal requires additional research.

The methodological manual on the procedure for compiling and submitting a report on the Extractive Industries Transparency Initiative in the Integrated Information System "The Unified State Subsoil Use Management System of the Republic of Kazakhstan" (IIS EGSU NP RK) does not contain a definition of quasi-fiscal expenditures and the method for their identification by extractive companies.

The CFA of the Samruk-Kazyna National Welfare Fund contains a number of expenses that require clarification in terms of treating them as quasi-fiscal expenses. **Thus, for example, obligations for government subsidies under the Nurly Zhol program.** During 2016, the obligation for government subsidies under the Nurly Zhol program was recognized. During 2017, liabilities on government subsidies were reduced by the amount of income on government subsidies in the amount of 4.653 million tenge. Revenues from government subsidies are calculated by applying the percentage of loans to the total discount. During 2017, due to changes in conditions related to the loan from the Government, the discount for which was recognized as a liability for state subsidies in 2016, the Fund additionally accrued income on government subsidies in the amount of 17.237 million tenge, and also reclassified long-term liabilities on government subsidies in short-term liabilities. In addition, during 2017, the purpose of using part of the funds under this program was changed and redirected to Baiterek NUH JSC. As the directed funds are not classified as an annual subsidy, the commitment in the amount of 11,382 million tenge was written off at the time of issuing the loan.

In addition, in 2017, the Samruk-Kazyna NWF recognized the result of the business activities of PSA LLP, which performs the state functions of the authority in the PSA in the amount of KZT 5.803 million as other distributions to the Shareholder.

Since the nature of these funds is presumably initially budgetary, as the Samruk-Kazyna National Welfare Fund receives replenishment of its authorized capital at the expense of budget funds, it is possible that these costs are quasi-fiscal expenses when the Samruk-Kazyna Fund transfers the budget funds to the final recipient.

⁶⁵ <https://www.sk.kz/about-fund/otchety-i-plany/>

In addition, questions have arisen with these areas of expenditures of the Samruk-Kazyna NWF specified in the CFA In accordance with the decisions of the State Commission on the modernization of the economy of the Republic of Kazakhstan of April 5, 2012, of October 7, 2013 and **July 3, 2017 as of December 31, 2017, the Fund is to finance a number of investment projects totaling KZT 174.954 million.** As of December 31, 2017, disbursements of the Fund include disbursements of the Fund to finance the Affordable Housing - 2020 program in the amount of KZT 22,434 million and commitments to finance investment projects in the amount of KZT 152.520 million, including:

- ▶ financing the acquisition by the United Chemical Company of a 48% interest in Firma ALMEX PLUS LLP in the authorized capital of KPI Inc. LLP in the amount of not more than 56,770 million tenge;
- ▶ financing the implementation of the investment project “Construction of an integrated gas and chemical complex in the Atyrau region. First phase ”in the amount of not more than 92.316 million tenge, including at the expense of funds previously allocated for the implementation of the investment project“ Construction of an integrated gas and chemical complex in the Atyrau region. The second phase in the amount of 12.495 million tenge;
- ▶ financing of the project “Creating a special economic zone “Chemical Park Taraz” in the amount of 3.434 million tenge.

3.7. Information on Kazakhstan content

Information on the Kazakhstan content in the procurement of goods, works and services for 2017 is given in Appendix 9. **The share of Kazakhstan content in the acquired GWS for 2017 amounted to 42%.**

Oil and gas sector (HCS). The main share of purchases of subsoil users of Kazakhstan falls on three main subsoil users: TCO, Karachaganak Petroleum Operating B.V. and North Caspian CompanyB.V.).

The total amount of attracted goods, works and services by subsoil users that were reconciled in 2017 amounted to 4,402.8 billion tenge, the share of local content - 39.8% (1,753.8 billion tenge).

Mining sector (TPI). The total amount of attracted goods, works and services by subsoil users that were reconciled for 2017 amounted to 713.8 billion tenge, the share of local content - 55.1% (393.4 billion tenge).

According to the conditions reached in the negotiation process on accession to the WTO, Kazakhstan stipulated the right to maintain local content until January 1, 2021 for contracts for subsoil use concluded before January 1, 2015.

3.8 Contribution of the extractive sector to the economy (6.3)

According to the calculations of the Statistics Committee of the Ministry of National Economy of the Republic of Kazakhstan, in 2017 the gross value added (GVA) of the oil and gas sector amounted to 9,877.1 billion tenge, or 18.6% of GDP⁶⁶ (in 2016, 18.2% of GDP). The share of production of crude oil and natural gas; technical services in the field of mining industry is 11.1% of GDP (10.4% of GDP in 2016).

⁶⁶ The Committee on Statistics of the MNE RK. Express information № 36-2/274 dated July 31, 2018

The Committee on Statistics does not make evaluations of the activities of the informal sector; it is not possible to make such assessments in the framework of this report.

In 2017, production in the mining and quarrying sector grew by 9.3% compared with 2016 and amounted to 11,568.8 billion. its share in the total industrial production reached 50.8% from 49.4% in 2016 (Table 26).

The entire mining sector (i.e., the oil and gas and mining sectors) provides 61.9% of industry

Table 26. Mining industry in the industrial structure of Kazakhstan in 2016-2017

	The number of enterprises of production	Production volume, billion tenge		2017 to 2016, in%	Share, in %	
		2016	2017		2016.	2017
Industry - total	12 385	19 038,2	22 790,2	7,3	100,0	100,0
Mining and quarrying	1 458	9 397,8	11 568,8	9,3	49,4	50,8
1. Coal and lignite mining	36	232,7	292,1	5,2	1,2	1,3
2. Extraction of crude oil and natural gas	100	7 409,9	9 202,7	10,6	38,9	40,4
<i>Crude oil production</i>	<i>98</i>	<i>7 293,1</i>	<i>8 994,9</i>	<i>10,5</i>	<i>38,3</i>	<i>39,5</i>
<i>Natural gas production</i>	<i>2</i>	<i>116,8</i>	<i>207,8</i>	<i>12,6</i>	<i>0,6</i>	<i>0,9</i>
3. Mining of metal ores	100	989,2	1 188,4	7,5	5,2	5,2
<i>Iron Ore Mining</i>	<i>13</i>	<i>194,8</i>	<i>244,0</i>	<i>7,0</i>	<i>1,0</i>	<i>1,1</i>
<i>Mining of non-ferrous metals</i>	<i>87</i>	<i>794,4</i>	<i>944,4</i>	<i>7,6</i>	<i>4,2</i>	<i>4,1</i>
4. Other mining industries	707	175,9	192,0	10,6	1,0	0,8
5. Technical services in the field of mining	515	590,1	693,6	12,9	3,1	3,1

Source: Committee on Statistics, MNE RK. Notes to the table: italics are lines of the amount specified in the line in bold

Employment in the extractive industries

In 2017, the number of workers in the mining industry increased by 1.4% compared with 2016 and amounted to 199.8 thousand people (31.0% of the total number of workers in the industry).

In 2017, the share of workers in the mining industry and the total number of people employed in the economy remained at the level of 2016 - 2.3%. Employment data in the extractive industries in absolute terms and as a percentage of the total employment is given in (Table 27).

Table 27. The number of workers in the mining industry and their share of the total number of employees

№	Name	2016	2017	2017 to 2016, in %
1	Total employed in the economy, thousand people.	8 553,4	8 585,2	0,4
2	Industry	653 697	643 532	-1,6
3	In the mining industry, total people, including:	197 071	199 758	1,4
4	Coal and lignite mining, people	29 686	28 420	-4,3
5	Extraction of crude oil and natural gas, people	47 283	48 332	2,2
6	Mining of metal ores, people	78 191	82 062	5,0
7	Other mining industries	12 782	11 556	-9,6
8	Technical Services for Mining	29 129	29 388	0,9
9	The share of workers in the mining industry in total employment in the economy,%	2,3	2,3	

Source: Committee on Statistics, MNE RK

IV. VERIFICATION OF ACCOUNTABLE PAYMENTS

4.1. Consolidated report on significant tax and non-tax Payments/Revenues

The recipient provided the Reports on Payers, received according to the information system of the KGD MF RK - Analytical Report Designer. Control of budget allocations, including extractive companies, is provided for in the External State Financial Control Program according to the annual Plans of Control Measures of the Accounts Committee. The reconciliation of the Reports on Substantial Tax and Non-Tax Payments / Receipts was carried out in accordance with the Technical Specification of the services being purchased, including:

- clarification of the list;
- receiving reports from Payers from the system of IIS EGSU NP RK;
- work with Payers on reports (clarification of data, correction of technical errors related to violation of the procedure for compiling in accordance with the Instructions for completing the report);
- receiving reports on Payers from the Recipient;
- reconciliation of Payers' Reports with Recipient Reports;
- when discrepancies were identified, we sent inquiries by e-mail to Payers to provide supporting documents (bank statements, payment orders, personal accounts, etc.) and to the Recipient;
- compilation of the “Consolidated report on substantial tax and non-tax Payments / Receipts”.

During the reconciliation, we clarified that 148 Payers audited the financial statements for the year ended December 31, 2017, compiled in accordance with International Financial Reporting Standards, which means that the payment information provided in Payers reports is verified and confirmed audit report. For the remaining Payers, an audit is carried out and will be completed by November 2018. For companies that have not submitted audit reports, taxes paid in the amount of 1,974.2 thousand tenge, which is 0.52% of the total amount of taxes received. Information on Payers is presented in Appendices 1-4 and 1-5.

After conducting procedures aimed at clarifying discrepancies and identifying the causes of discrepancies, we compiled a “Summary Report on Substantial Tax and Non-Tax Payments / Receipts of Payers of the Oil and Gas and Mining Sectors of the Republic of Kazakhstan for 2017” (Appendix 1-6). Information on payments to the budget in the context of Payers is presented in Appendices 1-4 and 1-5.

In 2017, according to the Terms of Reference, 163 companies were included in the reconciliation, including 91 of the mining sector and 72 of the oil and gas sector.

Of the 91 companies of the mining sector “Branch Kazakhmys Corporation” - Production Association “Karagandatsvetmet” is not included in the reconciliation, because the Recipient did not separately provide information on it, the reconciliation was made throughout the company as a whole. One company did not provide a report (Satbor LLP), work is underway, measures are being taken. Companies JSC “NC“ SEC “Saryarka”, “Standard Cement” LLP, and “Kramds Quartzite” LLP have submitted letters that they do not participate in the reconciliation for the following reasons:

- “NC“ SEC “Saryarka” JSC in 2017 did not carry out activities under contracts of subsoil use;

- Kramds-Quartzite LLP develops Tekturmas quartzite deposit and is engaged in the extraction of common minerals (PGI);

- the main activity of Standard Cement LLP is cement production; in 2017, mining operations according to the Work Program for Coal Mining at the Taskomyrsay Deposit in Suzaksky District of SKR were not carried out and there were no payments to the budget.

The share of their total taxes and payments amounted to - 1 613.32 million tenge (0.28% of the total amount of taxes on the mining sector for 2017).

The Company was excluded from the reconciliation - KazMunaiGas Exploration Production JSC of the 72 companies in the oil and gas sector, which reorganized its production branches Ozenmunaygas and Embamunaigas into separate joint-stock companies. These AOs participate in the reconciliation as independent companies-subsoil users.

Companies North Caspian Operating Company N.V., PSA LLP, Oil Company KOR JSC provided letters that they do not participate in the reconciliation for the following reasons:

- The North Caspian Operating Company N.V. branch is not a subsoil user, but an Operator appointed under the Production Sharing Agreement for the North Caspian;
- PSA LLP is determined by the recipient on behalf of the state of the RK share under the Production Sharing Agreement for the Northern Caspian Sea of November 18, 1997. In this connection, it sells minerals received from the subsoil user in fulfillment of the tax obligation in kind;
- Oil Company KOR JSC did not provide an EITI Report due to the Company's confidential policy.

The share of their total taxes and payments amounted to - 28,471.73 million tenge (0.87% of the total amount of taxes on the oil and gas sector for 2017).

The recipients of taxes and other obligatory payments to the budget (hereinafter - the "Recipient") were:

- State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan, - on tax, customs and other payments to the budget;
- The Ministry of Energy and Mineral Resources of the Republic of Kazakhstan, - for Payments made in kind.

For 2017, revenues to the budget came from Payers of subsoil users (for which reconciliation was carried out) on taxes and other payments in the amount of 3 827 652.1 million tenge, including from Payers of the oil and gas sector in the amount of 3 244 433.01 million tenge (84.76% of total income), from Payers of the mining sector in the amount of 583,681.42 million tenge (15.24% of total income).

The discrepancy between Payers' data and Recipient data for 2017 amounted to -16,018.27 million tenge (0.42% of the total Payments), including in the oil and gas sector amounted to 14,873.76 million tenge, in the mining sector 1,144, 51 million tenge The discrepancy mainly occurred in section I-III "Taxes" and section IV "Customs payments". Payments for clarified discrepancies are confirmed by personal accounts, acts of reconciliation and payment orders.

The discrepancy description of Payers data and Recipient data is shown below. General discrepancies between payers and recipients are calculated by module in order to objectively reflect them, and therefore, in order to better understand the discrepancies, it is also necessary to familiarize users with disaggregated information.

4.1.1. Tax revenues

In thousands tenge 2017

Payers Report	1 371 085 543
Recipient's Report	1 383 934 849

Discrepancy	13 563 671
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Including the result of reconciliation in the context of taxes:

1. Corporate Income Tax, BCC 101105-101110

The total amount of Corporate Income Tax includes actually paid in the reporting period Payments for all types of corporate income tax, including penalties and fines, regardless of whether these amounts belong to a specific period, as well as the amount of repayment of tax debt due to amounts overpaid by other taxes or payments strictly according to the specified BCF. The overpaid amount of tax credited to the payment of another tax or payment should be considered as a decrease in the amount of payment.

In thousands tenge 2017

Payers Report	1 378 811 860
Recipient's Report	1 378 717 296

Discrepancy	394 564
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The discrepancy in the "Corporate Income Tax" between the Payers and the Recipient is the amount of 394,564 thousand tenge.

Information on discrepancies is shown below:

№	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
1	JV "Akbastau" JSC Kazakhstan branch "Karachaganak Petroleum Operating BV"	4 421 659	4 571 659	150 000	-
2	"NC "KazMunayGas" JSC	(2 900 000)	(2 949 682)	49 682	-
3	Tengizchevroil LLP	4 381 020	4 246 081	134 939	-
4		608 083 741	608 023 798	59 943	-
Total		613 986 420	613 891 856	394 564	-

According to the clarified discrepancies, the Payers provided extracts from the personal account on the status of settlements with the budget, payment orders and written explanations.

The discrepancy between "JV "Akbastau" JSC and the Recipient amounted to 150,000 thousand tenge.

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
101110	"JV "Akbastau" JSC	4 421 659	4 571 659	150 000	-
Total		4 421 659	4 571 659	150 000	-

The payer, "JV "Akbastau" JSC as supporting documents, submitted an application for offsetting the overpaid (erroneously) paid amount of taxes, fees and penalties from

05.07.2017 for the transfer of 150,000 thousand tenge from BCC 105302 to BCC 101110, statements on the absolute personal accounts on the above CSC for 2017. The discrepancy occurred due to the fact that the Payer did not take into account in his report the transfer of sums from another BCF:

№	BCC	Paid			Return from budget (transfer)			Total
		tax	finances	penalty	tax	finances	penalty	
1	101110	4 421 659	-	-	150 000	-	-	4 571 659
2	105302	-	-	-	(150 000)	-	-	(150 000)
Total		4 421 659	-	-	-	-	-	4 421 659

The discrepancy between **Karachaganak Petroleum Operating BV** and the Recipient was 49,682 thousand tenge. The discrepancy occurred due to the fact that the Payer did not take into account the payment made for the non-resident company in its data.

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
101105	Kazakhstan branch "Karachaganak Petroleum Operating BV"	(2 900 000)	(2 949 682)	49 682	-
Total		(2 900 000)	(2 949 682)	49 682	-

As confirmation, Karachaganak Petroleum Operating BV LLP sent an account statement for BCC 101105, in which it is clear that the Payer paid 49,682 thousand tenge for a non-resident company.

The discrepancy between "NC" **KazMunayGas** JSC and the Recipient amounted to 134 939 thousand tenge.

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
101110	"NC" "KazMunayGas" JSC	-	(134 939)	134 939	-
Total		-	(134 939)	134 939	-

As a supporting document, the payer sent an extract on the absolute personal account as of December 31, 2017 with zero receipts. According to the explanation received from the Recipient, this discrepancy arose due to the return of an erroneous payment made by the Payer in 2016, and in 2017 the Recipient adjusted it by transferring it to the required CSC.

The discrepancy between **Tengizchevroil LLP** and Recipient amounted to 59,943 thousand tenge.

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
101110	Tengizchevroil LLP	-	(31 698)	31 698	-
101105	Tengizchevroil LLP	608 083 741	608 055 496	28 245	-
Total		608 083 741	608 023 798	59 943	-

According to the oral explanation, Tengizchevroil LLP is an organization of the oil sector, therefore, it does not produce any operations under this CSC "Corporate income tax from legal entities *with the exception* of revenues from oil sector organizations".

At our additional request, the Ministry of Finance of the Republic of Kazakhstan and the Treasury confirmed the refund in the amount of US \$ 84,820.11, which was in tenge

equivalent to KZT28,245 thousand, made according to a letter from the Company dated November 22, 2017 in favor of ERUMA SECURITY INTERNATIONAL LIMITED. A return of USD 96,427.12 in tenge equivalent of KZT31,698 thousand was also confirmed, made according to a letter from the Company dated January 30, 2017 in favor of LLC TGT Prime. RSU "DGD in Atyrau oblast" provided letters to the above companies and the Payer, from which it is clear that after conducting thematic checks by the Tax Committee, it is necessary to refund taxes withheld at the source of payment to the Payer. Additionally, on our request, as confirmation, the Treasury Committee of the Ministry of Finance of the Republic of Kazakhstan sent "Statements in foreign currency accounts, special accounts of foreign loans or related grants, accounts to special accounts of foreign loans or related grants of state institutions" in the Atyrau region. The above data is indicated. The payer did not indicate these returns in its report, which caused discrepancies.

2. Individual income tax, BCC 101201-101205

The total total amount of individual income tax includes payments actually made in the reporting period for all types of individual income tax, including penalties and fines, regardless of whether these amounts belong to a specific period, as well as the amount of repayment of tax debt due to amounts of overpaid other payments, according to indicated by the CSC. The overpaid amount of payment credited to the payment of another payment is reduced by the amount credited.

<i>In thousands tenge</i>	2017
Payers Report	78 242 453
Recipient's Report	90 981 903
Discrepancy	12 739 450

The discrepancy in the "Individual income tax" between the Payer and the Recipient is the amount of 12,739,450 thousand tenge.

Information on discrepancies is shown below:

№	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
1	VERTEX HOLDING LLP	4 669	4 864	195	-
2	Tengizchevroil LLP	6 109 486	18 531 903	12 422 418	-
3	"Marine Oil Company KazMunayTeniz" JSC	48 800	365 638	316 838	-
Total		6 162 955	18 902 405	12 739 450	-

According to the clarified discrepancies, the Payers provided extracts from the personal account on the status of settlements with the budget, payment orders and written explanations.

The discrepancy between "Marine Oil Company "KazMunayTeniz" JSC and the Recipient amounted to 316,838 thousand tenge, which arise annually.

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
101201	"Marine Oil Company KazMunayTeniz" LLP	48 800	365 638	316 838	-
Total		48 800	365 638	316 838	-

By “Marine Oil Company“ KazMunayTeniz” JSC

BCC	Discrepancy	Explanation	Documents provided
101201	316 838	Carries out trust management (DM) activities in Tolky and Borankol contract territories.	
103101	286 084	Payments of taxes and payments to the budget in the framework of the activities on the DM are carried out from a special bank account with the permission of the Ministry of Economy of the Republic of Kazakhstan. The records of management activities are maintained separately, reflected in the separate financial statements of the KMT Branch and are not consolidated in the KMT financial statements confirmed by the auditors of Ernst & Young LLP.	Letter ref. № 201-09 / 784 dated August 15,2018, Contract № 1 DU-UVS / 198-26 and № 2-DU-UVS / 197-26 dated July 21, 2010.
104309	6 039		
105115	625		
105326	17 691		
204110	599		
204201	227		
106110	1 315 873		
106201	512		
Total	1 944 488		

The discrepancy between “Tengizchevroil” LLP and Recipient amounted to 12 422 418 thousand tenge.

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
101201	“Tengizchevroil” LLP	6 109 486	18 531 903	12 422 418	-
Total		6 109 486	18 531 903	12 422 418	-

For Tengizchevroil LLP, a discrepancy was formed in the amount of 12,422,418 thousand tenge in BCC 101201, which the Payer explains by the fact that the amount is the payment of the PIT for the seconded employees of Chevron. Chevron Company directly pays IIT to the budget of the Republic of Kazakhstan, crediting is made to personal accounts of Tengizchevroil LLP on BCC 101201 annually, but the Payer did not provide us with any documentary confirmation.

The discrepancy between “Vertex Holding” LLP and Recipient amounted to 195 thousand tenge.

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
101202	“Vertex Holding” LLP	-	195	195	-
Total		-	195	195	-

The payer provided us with “Evidence of the absence (presence) of debt, accounting for which is held by the state revenue authorities” as of July 9, 2018 in the Directorate for Almalinsky district, SRD in Almaty, in which in the column “Amount of tax , overpayment "is the amount of 195 thousand tenge.

According to the information provided by the Recipient on the payment information of the Committee of the State Duma of the Ministry of Finance of the Republic of Kazakhstan, this amount was credited to this CSC - 130 thousand tenge from 30.11.2017 and 65 thousand tenge from 27.12.2017 according to the respective statements of the Payer. This discrepancy is due to the fact that the Payer did not take into account tax transfers on this CSC in its report, while the Recipient took these payments into account in his report.

3. Social tax, BCC 103101

The total amount of payments includes the amounts of such payments actually paid in the reporting period, taking into account penalties and fines, regardless of whether these amounts belong to a certain period, as well as the amount of repayment of tax debt at the expense of overpaid other payments, strictly according to the CSC. The overpaid payment amount, credited against the payment of another payment, is reduced by the credited amount.

<i>In thousands tenge</i>		2017
Payers Report		90 268 822
Recipient's Report		90 555 065

Discrepancy		286 244
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The discrepancy in the “Social tax” between the Payers and the Recipient data is 286 244 thousand tenge.

Information on discrepancies is shown below:

№	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
1	“Satbor” LLP	8 965	9 125	-	160
2	“Marine Oil Company KazMunayTeniz” JSC	49 441	335 525	286 084	-
Total		58 406	344 650	286 084	160

According to the clarified discrepancies, the Payers provided extracts from the personal account on the status of settlements with the budget, payment orders and written explanations.

For the “**Marine Oil Company “KazMunayTeniz” JSC** there was a discrepancy in the amount of 286,084 thousand tenge in the BCC 103101, the explanation is on page 157 of this report:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
103101	“Marine Oil Company KazMunayTeniz” LLP	49 441	335 525	286 084	-
Total		49 441	335 525	286 084	-

The unexplained discrepancy in “**Satbor” LLP** occurred due to the fact that the Payer did not provide a report. Explanatory notes from Payer not received.

BCC	Company	According to the Payer	According to the Recipient	Discrepancy	
				Explained	Unexplained
103101	“Satbor” LLP	8 965	9 125	-	160
Total		8 965	9 125	-	160

4. Tax on property of legal entities and individual entrepreneurs, BCC 104101

In thousands tenge

2017

Payers Report	66 227 411
Recipient's Report	66 251 692

Discrepancy **25 719**

The discrepancy in the "Property tax" between the Payers and the Recipient data is the amount of 25,719 thousand tenge.

Information on discrepancies is shown below:

№	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
1	"NC" SEC "Baikonur" JSC	8 400	7 681	719	-
2	"SNPS-Ai-Dan Munai" JSC	126 367	151 367	25 000	-
Total		134 767	159 048	25 719	-

According to the clarified discrepancies, the Payers provided extracts from the personal account on the status of settlements with the budget, payment orders and written explanations.

For "NC "SEC Baikonur" JSC there was a discrepancy in the amount of 719 thousand tenge:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
104101	"NC" SEC "Baikonur" JSC	8 400	7 681	719	-
Total		8 400	7 681	719	-

As a supporting document, the Payer, JSC NK SEC Baikonur, provided extracts from the personal account on the status of settlements with the budget for payments, accounting for the fulfillment of tax obligations, as well as obligations for the calculation, withholding and transfer of mandatory pension contributions, and the calculation and payment of social contributions, deductions and (or) contributions for compulsory social health insurance as of December 31, 2017 according to the following ASD:

- Al-Farabi district of the South Kazakhstan region;
- Zhanakorgan district of Kyzylorda region;
- Syrdarya district of Kyzylorda region;
- In the city of Kyzylorda.

According to the explanations received from the Ministry of Finance of the Republic of Kazakhstan, 719 thousand tenge were erroneously enrolled in the Department of Public Information of the South Kazakhstan region and were subsequently reversed in 2017.

№	Company	Paid			Returned from budget			Total
		tax	finances	penalty	tax	finances	penalty	
1	"NC" SEC "Baikonur" JSC	8 398	8	-	-	(6)	-	8 400
Total		8 398	8	-	-	(6)	-	8 400

On “SNPS-AidanMunai” JSC there was a discrepancy in the amount of 25 000 thousand tenge:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
104101	“SNPS-AidanMunai” JSC	126 367	151 367	25 000	-
Total		126 367	151 367	25 000	-

As a supporting document, the Payer provided an extract for the absolute personal account in which the Recipient dated December 28, 2017 “Conclusion № TNK 3310 / 17-0019147 dated December 26, 2017” 25 000 thousand tenge was withdrawn from BCC 104101, which caused a discrepancy .

The requested information from the Recipient received an explanation that

Taxpayer	Payment	Amount of payment	Date of write-off, enrollment	Oper. day	Purpose of payment	Wiring type	Bank, payer's / sender's account	OGD-recipient
TRN: 331000042403 IIN/BIN: 03064005443	Payment order № TNK3310 / 17-0019147 Dated December 25, 2017 Posted	25000000	December 26, 2017 December 25, 2017	February 12, 2018	According to application № 331026122017H 00019 of December 25, 2017, Joint Stock Company “SNPS- Ai Dan Munai” IIN / BIN 030640005443, 101105	Payment	RGU “Treasury Department for Astana City Treasury Committee of the Ministry of Finance of the Republic of Kazakhstan” KZ24070105KSN000000	3306 - Department of Internal Affairs for Syrdarya district

According to the payer, the amount in the amount of 25,000 thousand tenge was made from BCC 101105 to BCC 104101, however, due to the failure of online payments at the end of the year, this amount was spread through the fault of the second-tier banks (Halyk Bank JSC, Kazpost JSC) in the payer's personal account at the beginning of 2018; therefore, in the account statement, the amount presented by the payer for 2017 is absent.

5. Land tax, BCC 104303-104309

In thousands tenge **2017**

Payers Report	3 506 130
Recipient's Report	3 512 169

Discrepancy **6 039**

The discrepancy in the “Land tax” between the Payers and the Recipient is the amount of 6 039 thousand tenge.

Information on discrepancies is shown below:

№	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
1	“Marine Oil Company KazMunayTeniz” JSC	-	6 039	6 039	-
Total		-	6 039	6 039	-

According to the clarified discrepancies, the Payers provided extracts from the personal account on the status of settlements with the budget, payment orders and written explanations.

For the “**Marine Oil Company KazMunayTeniz**” JSC there was a discrepancy in the amount of 6 039 thousand tenge on the BCC 104309, explanation, see on page 157 of this report.

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
104309	“Marine Oil Company KazMunayTeniz” JSC	-	6 039	6 039	-
Total		-	6 039	6 039	-

6. Tax on vehicles from legal entities, BCC 104401

In thousands tenge **2017**

Payers Report	588 350
Recipient's Report	588 458

Discrepancy **107**

The discrepancy in the “Vehicle Tax” between the Payers and the Recipient is 107 thousand tenge.

Information on discrepancies is shown below:

№	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
1	“Satbor” LLP	1 361	1 468	-	107
Total		1 361	1 468	-	107

The unexplained discrepancy in “**Satbor**” LLP occurred due to the fact that the Payer did not provide a report. Explanatory notes from Payer not received.

7. Value added tax on goods produced, work performed, services rendered in the Republic of Kazakhstan, BCC 105101

In thousands tenge **2017**

Payers Report	(346 617 440)
Recipient's Report	(346 624 926)

Discrepancy **3 676**

The discrepancies in the “Value Added Tax on goods produced, work performed, services rendered in the Republic of Kazakhstan” between Payers and Recipient data amount to 3,676 thousand tenge.

Information on discrepancies is shown below:

№	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
1	“KAZ Minerals Bozshakol” LLP	(43 154 334)	(43 158 010)	3 676	-
Total		(43 154 334)	(43 158 010)	3 676	-

On the clarified discrepancies, the payer provided extracts from the personal account on the status of settlements with the budget, payment orders and written explanations.

In the report on “KAZ Minerals Bozshakol” LLP for BCC 105101, there was a discrepancy in the amount of 3 676 thousand tenge.

BCC	Company	According to the Payer	According to the Recipient	Difference
105101	“KAZ Minerals Bozshakol” LLP	(43 154 334)	(43 158 010)	3 676
Total		(43 154 334)	(43 158 010)	3 676

“KAZ Minerals Bozshakol” LLP as the supporting documents sent an extract on the absolute personal account as of December 31, 2017.

№	Company	Paid			Returned from budget			Total
		tax	finances	penalty	tax	finances	penalty	
1	“KAZ Minerals Bozshakol” LLP	-	-	-	(43 154 334)	-	-	(43 154 334)
Total		-	-	-	(43 154 334)	-	-	(43 154 334)

This discrepancy was due to the fact that 3 676 thousand tenge was transferred by the Payer in 2016 to this CSC under payment order No. 62532 of November 2, 2016, subsequently transferred to KBK 105,102 on February 1, 2017. Payer did not take into account tax diversion in its report to another CSC, the Recipient confirmed this data by providing information on the billing information of the Committee of the State Duma of the Ministry of Finance of the Republic of Kazakhstan.

8. Value added tax on manufactured goods imported into the territory of the Republic of Kazakhstan, except for VAT on goods imported from the territory of the Russian Federation and the Republic of Belarus, BCC 105102

In thousands tenge **2017**

Payers Report	37 751 192
Recipient's Report	37 748 820

Discrepancy **2 835**

The discrepancies in “Value added tax on manufactured goods imported into the territory of the Republic of Kazakhstan, except for VAT on goods imported from the territory of the Russian Federation and the Republic of Belarus” between Payers and Recipient data are 2 835 thousand tenge.

Information on discrepancies is shown below:

№	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
1	“JV “Inkai” LLP “KAZ Minerals Bozshakol”	1 727	-	1 727	-
2	LLP	636 159	636 096	63	-
3	“Satpayevsk ore mining and processing enterprise” LLP	-	29	29	-
4	“Tengizchevroil” LLP	7 881	7 181	-	700
5	Branch of the company “Maersk Oil Kazakhstan GmbH”	78 285	78 273	12	-
6	“Tarbagatai Munai” LLP	3 643	3 565	78	-
7	“Firma ADA-Oil” LLP	50	253	203	-

№	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
8	Branch of limited liability company "Agip Caspian Sea BV"	24	-	24	-
Total		727 769	725 398	2 135	700

According to the clarified discrepancies, the Payers provided extracts from the personal account on the status of settlements with the budget, payment orders and written explanations.

In the report on "JV Inkai" LLP for the BCC 105102 a discrepancy in the amount of 1,727 thousand tenge was formed.

BCC	Company	According to the Payer	According to the Recipient	Difference
105102	"JV Inkai" LLP	1 727	-	1 727
Total		1 727	-	1 727

"JV Inkai" LLP as a supporting document sent an extract from the personal account for 2017, a written explanation that the tax was paid by an accountable person on the corporate card of JSC Halyk Bank, check No. 005 of 22.06.2017 for the amount of 1 727 thousand tenge. Due to the fact that this payment was received by the Recipient in another BIN, a discrepancy appeared:

№	Company	Paid			Returned from budget			Total
		tax	finer	penalty	tax	finer	penalty	
1	"JV Inkai" LLP	1 727	-	-	-	-	-	1 727
Total		1 727	-	-	-	-	-	1 727

In the report on "KAZ Minerals Bozshakol" LLP for BCC 105102, a discrepancy of 63 thousand tenge was formed.

BCC	Company	According to the Payer	According to the Recipient	Difference
105102	"KAZ Minerals Bozshakol" LLP	636 159	636 096	63
Total		636 159	636 096	63

"KAZ Minerals Bozshakol" LLP as the supporting documents sent an extract on the absolute personal account as of December 31, 2017.

№	Company	Paid			Returned from budget			Total
		tax	finer	penalty	tax	finer	penalty	
1	"KAZ Minerals Bozshakol" LLP	636 159	-	-	-	-	-	636 159
Total		636 159	-	-	-	-	-	636 159

According to the information provided by the Recipient on the payment information of the Committee of the State Duma of the Ministry of Finance of the Republic of Kazakhstan, payments totaling 636,096 thousand tenge were credited to this CSC.

In the report on “**Satpayevsk ore mining and processing enterprise**” LLP for BCC 105,102, a discrepancy in the amount of 29 thousand tenge was formed.

BCC	Company	According to the Payer	According to the Recipient	Difference
105102	“Satpayevsk ore mining and processing enterprise” LLP	-	29	29
Total		-	29	29

As a supporting document, “Satpayevsk ore mining and processing enterprise” LLP has sent an extract from the absolute personal account as of December 31, 2017 with zero receipts.

№	Company	Paid			Returned from budget			Total
		tax	finances	penalty	tax	finances	penalty	
1	“Satpayevsk ore mining and processing enterprise” LLP	-	-	-	-	-	-	-
Total		-	-	-	-	-	-	-

As a confirmation, the Recipient has sent information on the payment information of the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan in which payment notification No. 1060/1 of April 12, 2017 is reflected in the amount of 29 thousand tenge, where the payer is Satpaevsk Titanium Mines LLP credited to the Payer BIN, which and caused a discrepancy. The payer in his report did not take into account the payment made by a third party in his favor.

A discrepancy in the amount of 12 thousand tenge was formed in the report on **The branch of the company “Maersk Oil Kazakhstan GmbH”** on BCC 105102.

BCC	Company	According to the Payer	According to the Recipient	Difference
105102	The branch “Tarbagatai Munai” LLP GmbH”	78 285	78 273	12
Total		78 285	78 273	12

As confirmation, the branch of the company “Maersk Oil Kazakhstan GmbH” sent an act of reconciliation of customs duties, taxes, customs duties and penalties on the “SRD in the city of Almaty” and on the “SRD in the city of Atyrau” in which it is clear that the Payer paid 78,285 thousand tenge for the year 2017. The discrepancy was due to data on the Almaty branch.

In the report on “**Tarbagatai Munai**” LLP on BCC 105102 a discrepancy in the amount of 78 thousand tenge was formed.

BCC	Company	According to the Payer	According to the Recipient	Difference
105102	“Tarbagatai Munai” LLP	3 643	3 565	78
Total		3 643	3 565	78

As confirmation, “**Tarbagatai Munai**” LLP sent a reconciliation report on customs duties, taxes, customs duties and penalties in the SRD in Almaty, in which it is clear that Payer paid 3 643 thousand tenge for 2017.

The customs post	Balance at the beginning of the period (arrears -, overpayment +)	Accrued / reduced	Returned	Paid	Balance at the end of the period (arrears - overpayment +)
SRD in Almaty	453	4 066	(453)	4 010	30
Total	453	4 066	(453)	4 010	30

This discrepancy is due to the fact that the Payer in its report took into account the payment made by the transport company, “DHL International Kazakhstan” LLP in the amount of 78 thousand tenge, which made payments on behalf of the Payer during customs clearance of the cargo.

In the report on the “**Firm ADA-Oil**” LLP on BCC 105102, a discrepancy in the amount of 203 thousand tenge was formed.

BCC	Company	According to the Payer	According to the Recipient	Difference
105102	“Firm ADA-Oil” LLP	50	253	203
Total		50	253	203

As confirmation, “Firm ADA-Oil” LLP sent a reconciliation report on customs duties, taxes, customs duties and penalties in the SRD in Aktobe region, in which it is clear that Payer paid 50 thousand tenge for 2017.

The customs post	Balance at the beginning of the period (arrears -, overpayment +)	Accrued / reduced	Returned	Paid	Balance at the end of the period (arrears - overpayment +)
SRD in Aktobe region	-	46	-	50	4
Total	-	46	-	50	4

In the information sent by the Recipient on the payment information of the Committee of the State Duma of the Ministry of Finance of the Republic of Kazakhstan, payment notifications № 10 of December 5, 2017 in the amount of 61 thousand tenge and № 8 of December 5, 2017 in the amount of 142 thousand tenge are visible. These payments were made by the Payer through Kazpost JSC and were not taken into account in the report.

In the report on **The branch “Agip Caspian Sea B.V.”** on BCC 105102 a discrepancy in the amount of 24 thousand tenge was formed.

BCC	Company	According to the Payer	According to the Recipient	Difference
105102	The branch “Agip Caspian Sea B.V.”	24	-	24
Total		24	-	24

As confirmation, The branch “Agip Caspian Sea B.V.” sent payment order № 143 of January 31, 2017, where it is clear that a third party tax was paid to the “DGD of Almaty district of the SRD of Almaty” EAT LLP.

In the report on “**Tengizchevroil**” LLP for BCC 105102, a discrepancy in the amount of 700 thousand tenge was formed.

BCC	Company	According to the Payer	According to the Recipient	Difference
105102	“Tengizchevroil” LLP	7 881	7 181	700
Total		7 881	7 181	700

We have not received an explanation from the Payer in the amount of the discrepancy. We assume that this discrepancy was due to the incorrect posting of numbers in the IIS ESMS system when filling out the report.

9. Value added tax for non-residents, BCC 105104

<i>In thousands tenge</i>		2017
Payers Report		8 150 525
Recipient's Report		8 150 587
Discrepancy		62

The discrepancies in the “Value Added Tax for a Non-Resident” between the Payers and the Recipient data amount to 62 thousand tenge.

Information on discrepancies is shown below:

№	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
1	“Oil Company Lukoil” JSC (Russia)	-	61	61	-
2	Minor discrepancies for other companies due to rounding	-	1	1	-
Total		-	62	62	-

According to the clarified discrepancies, the Payers provided extracts from the personal account on the status of settlements with the budget, payment orders and written explanations.

Discrepancies between the data of “**Oil Company Lukoil**” JSC and the data of the Recipient amounted to 61 thousand tenge.

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
105104	“Oil Company Lukoil” JSC (Russia)	-	61	61	-
Total		-	61	61	-

As confirmation, “Oil Company Lukoil” JSC sent payment order № 319 dated October 12, 2017, where it can be seen that they paid tax in the amount of 60.9 thousand tenge to the personal account of the Kazakhstan branch of Karachaganak Petroleum Operating BV, which and caused discrepancies between the Recipient and Payer.

10. Value added tax on goods originating and imported from the territory of the Russian Federation and the Republic of Belarus before the creation of a single customs territory of the customs union, BCC 105113

<i>In thousands tenge</i>	2017
Payers Report	(20 500)
Recipient's Report	(20 500)
Discrepancy	-

There are no discrepancies in the “Value Added Tax on goods originating and imported from the territory of the Russian Federation and the Republic of Belarus before the creation of a single customs territory of the customs union” between the Payer and the Recipient.

11. Value added tax on goods imported from the territory of the EAEU Member States, BCC 105115 (105109, 105108)

<i>In thousands tenge</i>	2017
Payers Report	49 140 812
Recipient's Report	49 141 437
Discrepancy	625

The discrepancies in the “Value added tax on goods imported from the territory of the EAEU Member States” between Payers and Recipient data amount to 625 thousand tenge.

Information on discrepancies is shown below:

№	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
1	“Marine Oil Company KazMunayTeniz” JSC	-	625	625	-
Total		-	625	625	-

According to the clarified discrepancies, the Payers provided extracts from the personal account on the status of settlements with the budget, payment orders and written explanations.

For the “**Marine Oil Company KazMunayTeniz**” JSC there was a discrepancy in the amount of 625 thousand tenge on the BCC 105109, explanation, see on page 157 of this report.

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
105109	“Marine Oil Company KazMunayTeniz” JSC	-	625	625	-
Total:		-	625	625	-

12. Transfer (refund) by the taxpayer of the amount of excess of value added tax, previously returned from the budget and not confirmed for return during a tax audit, transfer of the penalty amount, BCC 105114

<i>In thousands tenge</i>	2017
Payers Report	4 651 471
Recipient's Report	4 651 471
Discrepancy	-

There are no discrepancies in the “Transfer (return) by the taxpayer of the amount of excess of value added tax previously returned from the budget and not confirmed for refund during a tax audit, transfer of the penalty amount” between Payer's data and Recipient data.

13. Excise taxes on crude oil and gas condensate produced in the Republic of Kazakhstan, BCC 105229

<i>In thousands tenge</i>	2017
Payers Report	1 176
Recipient's Report	1 176
Discrepancy	-

There are no discrepancies in the “Excise tax on crude oil and gas condensate produced in the territory of the Republic of Kazakhstan” between Payer data and Recipient data.

14. Other tax revenues to the republican budget, BCC 107109

<i>In thousands tenge</i>	2017
Payers Report	16 686
Recipient's Report	(86 069)
Discrepancy	104 021

The discrepancies in the “Other tax revenues to the republican budget” between Payers and Recipient data are 104 021 thousand tenge.

Information on discrepancies is shown below:

№	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
1	“Corporation Kazakhmys” LLP “Golden Compass	-	(103 388)	103 388	-
2	Jambyl” LLP	-	21	21	-
3	“NC SEC “Baikonur” JSC	-	612	612	-
Total		-	(102 755)	104 021	-

According to the clarified discrepancies, the Payers provided extracts from the personal account on the status of settlements with the budget, payment orders and written explanations.

The discrepancy between the “Corporation Kazakhmys” LLP and the Recipient amounted to 103 388 thousand tenge:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
107109	“Corporation Kazakhmys” LLP	-	(103 388)	103 388	-
Total		-	(103 388)	103 388	-

Payer, “Corporation Kazakhmys” LLP, on the discrepancy gave the following explanation: they were paid for payment order No. 92491 of December 30, 2016 at 103,388 thousand tenge for BCC 206114. The recipient considered this payment for BCC 107109 “Other revenues to the republican budget »Until clarification of the circumstances, and later, in 2017, he canceled this tax receipt on this BCC. This operation is reflected in the absolute personal account sent to us by the Payer.

№	Company	Paid			Returned from budget			Total
		tax	finances	penalty	tax	finances	penalty	
1	“Corporation Kazakhmys” LLP	-	-	-	(103 388)	-	-	(103 388)
Total		-	-	-	(103 388)	-	-	(103 388)

The discrepancy in the amount of 21 thousand tenge between “Golden Compass Jambyl” LLP (hereinafter referred to as Payer) and Recipient was due to the fact that payment in the amount of 21 thousand tenge was withheld from the salary of the employee Saparbayev AM according to the writ of execution № 3714 / 17-19-2398 from September 9, 2017, in favor of the UGD in the city of Taldykorgan.

As confirmation, the Payer submitted payment order № 884 of September 18, 2017 for the amount of 21 thousand tenge.

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
107109	TOO «Golden Compass Jambyl»	-	21	21	-
Total		-	21	21	-

The discrepancy between “NC “SEC Baikonur” JSC and the Recipient formed in the amount of 612 thousand tenge:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
107109	“NC “SEC Baikonur” JSC	-	612	612	-
Total		-	612	612	-

According to the explanations received from the Recipient, this CSC is designed to record other tax revenues in the Republic of Belarus in accordance with paragraph 142 of the Budget Execution and Cash Service Regulations approved by Order No. 540 of the Minister of Finance of the Republic of Kazakhstan dated December 4, 2014. If the taxpayer incorrectly specifies in his payment orders details, for example, the BCF or BIN of the recipient, the Treasury enters such payments to this BCF. After clarification, SRD sends payments to the destination.

As supporting documents, the Recipient provided information on the payment information of the Committee of the State Duma of the Ministry of Finance of the Republic of Kazakhstan:

№	Company name	№ of payment order / check	Date of payment order	Amount in thousands of tenge	Note
1	“NC “SEC Baikonur” JSC	TNK33001/17-0000417	19.09.2017	(159,1)	Return
2	“NC “SEC Baikonur” JSC	TNK33001/17-0000406	21.09.2017	(45,4)	Return
3	“NC “SEC Baikonur” JSC	TNK33001/17-0000407	21.08.2017	(45,4)	Return
4	“NC “SEC Baikonur” JSC	TNK33001/17-0000414	21.09.2017	(113,5)	Return Invalid
5	“NC “SEC Baikonur” JSC	416	10.09.2017	45,4	BCC 105305 Invalid
6	“NC “SEC Baikonur” JSC	410	08.08.2017	45,4	BCC 105305 Invalid
7	“NC “SEC Baikonur” JSC	411	08.08.2017	113,5	BCC 105305 Invalid
8	“NC “SEC Baikonur” JSC	397	02.08.2017	159,1	BCC 105305 Invalid
9	“NC “SEC Baikonur” JSC	TNK 33001/17-0000214	02.06.2017	45,4	BCC 105305 Invalid
10	“NC “SEC Baikonur” JSC	263	24.05.2017	45,4	BCC 105305
11	“NC “SEC Baikonur” JSC	TNK 5821/17-0000035	30.03.2017	(1,0)	Return
12	“NC “SEC Baikonur” JSC	TNK 5821/17-0000029	29.03.2017	(718,5)	Return Invalid
13	“NC “SEC Baikonur” JSC	TNK 5821/17-0000027	27.03.2017	718,5	BCC 104101
14	“NC “SEC Baikonur” JSC	TNK 3301/17-0000081	06.03.2017	(106,1)	Return
15	“NC “SEC Baikonur” JSC	TNK 3301/17-0000080	06.03.2017	(45,4)	Return Invalid
16	“NC “SEC Baikonur” JSC	75	21.02.2017	718,5	BCC 104101 Invalid
17	“NC “SEC Baikonur” JSC	76	21.02.2017	1,0	BCC 104309
18	“NC “SEC Baikonur” JSC	TNK 3301/17-0000023	31.01.2017	(45,4)	Return Invalid
19	“NC “SEC Baikonur” JSC	39	31.01.2017	45,4	BCC 105305
20	“NC “SEC Baikonur” JSC	29	25.01.2017	(45,4)	Return
Total				612,4	

This discrepancy is due to the fact that the Payer did not take into account these data in his report, and the Recipient reflected them in his report.

15. Other tax revenues to the local budget, BCC 107110

In thousands tenge **2017**

Payers Report	366 597
Recipient's Report	366 271

Discrepancy **327**

The discrepancies in the “Other tax revenues to the local budget” between Payers and Recipient data are 327 thousand tenge.

Information on discrepancies is shown below:

№	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
1	“Varvarinskoye” JSC	327	-	327	-
Total		327	-	327	-

According to the clarified discrepancies, the Payers provided extracts from the personal account on the status of settlements with the budget, payment orders and written explanations.

The discrepancy between the data of the Payer, “Varvarinskoye” JSC and the Recipient was 327 thousand tenge:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
107110	“Varvarinskoye” JSC	327	-	327	-
Total		327	-	327	-

The payer - Varvarinskoe JSC, sent payment orders in the amount of 327 thousand tenge as the supporting documents, where the recipient for the payment for placing outdoor advertising is the “State Administration of the Taranovsky rural district”:

№	Company name	№ of payment order / check	Date of payment order	Amount in thousands of tenge
1	“Varvarinskoye” JSC	166	23.01.2017	27,2
2	“Varvarinskoye” JSC	482	23.02.2017	27,2
3	“Varvarinskoye” JSC	786	18.03.2017	27,2
4	“Varvarinskoye” JSC	1148	24.04.2017	27,2
5	“Varvarinskoye” JSC	1526	23.05.2017	27,2
6	“Varvarinskoye” JSC	1942	23.06.2017	27,2
7	“Varvarinskoye” JSC	2387	21.07.2017	27,2
8	“Varvarinskoye” JSC	342	22.08.2017	27,2
9	“Varvarinskoye” JSC	409	21.09.2017	27,2
10	“Varvarinskoye” JSC	439	20.10.2017	27,2
11	“Varvarinskoye” JSC	427	21.11.2017	27,2
12	“Varvarinskoye” JSC	428	20.12.2017	27,2
Total				326,7

4.1.2. Income for the use of natural and other resources

In thousands tenge 2017

Payers Report	1 530 281 393
Recipient's Report	1 530 232 705

Discrepancy **251 311**

Including the result of reconciliation in the context of special payments for subsoil use:

1. Excess profits tax, except for revenues from oil enterprises, BCC 105302

In thousands tenge 2017

Payers Report	6 598 499
Recipient's Report	6 448 499

Discrepancy **150 000**

The discrepancies in the “Excess Profit Tax, with the exception of receipts from enterprises of the oil sector” between Payers and Recipient data are 150 000 thousand tenge.

Information on discrepancies is shown below:

№	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
1	“JV “Akbastau” JSC	-	(150 000)	150 000	-
Totals		-	(150 000)	150 000	-

According to the clarified discrepancies, the Payers provided extracts from the personal account on the status of settlements with the budget, payment orders and written explanations.

The discrepancy between the Payer, “JV “Akbastau” JSC and the Recipient amounted to 150,000 thousand tenge and is due to the fact that the Payer did not take into account the transfer from this tax in its report:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
105302	“JV “Akbastau” JSC	-	(150 000)	150 000	-
Total:		-	(150 000)	150 000	-

Payer “JV “Akbastau” JSC, as supporting documents, submitted an application for offsetting the overpaid (erroneously) paid amount of taxes, fees and interest from 05.07.2017 for the transfer of 150 thousand tenge from BCC 105302 to BCC 101110, statements on the absolute personal accounts for the above BCC for 2017.

№	BCC	Paid			Returned from budget			Total
		tax	finer	penalty	tax	finer	penalty	
1	101110	4 421 659	-	-	150 000	-	-	4 571 659
2	105302	-	-	-	(150 000)	-	-	(150 000)
Total:		4 421 659	-	-	-	-	-	4 421 659

2. Excess profits tax from oil sector organizations, BCC 105322

<i>In thousands tenge</i>	2017
Payers Report	56 957 710
Recipient's Report	56 957 710
Discrepancy	-

There are no discrepancies in the “Excess profits tax from oil sector organizations” between the Payers and the Payee data.

3. Bonuses, with the exception of revenues from the oil sector, BCC 105305

<i>In thousands tenge</i>	2017
Payers Report	2 624 404
Recipient's Report	2 708 005
Discrepancy	83 601

The discrepancies in the “Bonuses, with the exception of proceeds from the oil sector” between Payers and Recipient data amount to 83,601 thousand tenge.

Information on discrepancies is shown below:

№	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
2	“Satbor” LLP	425 569	509 170	-	83 601
Total		425 569	509 170	-	83 601

The unexplained discrepancy in “Satbor” LLP occurred due to the fact that the Payer did not provide a report. Explanatory notes from Payer not received.

BCC	Company	According to the Payer	According to the Recipient	Discrepancy	
				Explained	Unexplained
105305	“Satbor” LLP	425 569	509 170	-	83 601
Total:		425 569	509 170	-	83 601

4. Bonuses from the organizations of the oil sector, BCC 105325

<i>In thousands tenge</i>	2017
Payers Report	4 558 656
Recipient's Report	4 558 656
Discrepancy	-

There are no discrepancies on the “Bonuses” between the Payers and the Payee data.

5. Mineral Extraction Tax, with the exception of receipts from organizations of the oil sector, BCC 105306

In thousands tenge **2017**

Payers Report	247 439 905
Recipient's Report	247 439 905

Discrepancy -

There are no discrepancies in the “Mineral Extraction Tax” between Payers and Recipient data.

6. Mineral Extraction Tax from Oil Sector Organizations, BCC 105326

In thousands tenge **2017**

Payers Report	629 587 369
Recipient's Report	629 587 369

Discrepancy -

There are no discrepancies in the “Mineral Extraction Tax” between Payers and Recipient data.

7. Rental tax on export, BCC 105307, 105327

In thousands tenge **2017**

Payers Report	251 114 357
Recipient's Report	251 114 357

Discrepancy -

There are no discrepancies in the “Rent Export Tax” between the Payers and the Recipient.

8. The share of the Republic of Kazakhstan in the division of products, BCC 105308, 105328

In thousands tenge **2017**

Payers Report	270 256 831
Recipient's Report	270 256 831

Discrepancy -

The share of the Republic of Kazakhstan in the division of products

9. Payment for the use of specially protected natural areas of republican significance, BCC 105313

<i>In thousands tenge</i>	2017
Payers Report	40 655
Recipient's Report	40 655
Discrepancy	-

There are no discrepancies in the “Payment for the use of specially protected natural territories of the republican” between the Payers and the Payee data.

10. Payment for the use of land, BCC 105315

<i>In thousands tenge</i>	2017
Payers Report	5 108 508
Recipient's Report	5 108 508
Discrepancy	-

There are no discrepancies in the “Payment for use of land plots” between the Payers and the Recipient.

11. Fee for emission to the environment, BCC 105316

<i>In thousands tenge</i>	2017
Payers Report	39 288 956
Recipient's Report	39 306 666
Discrepancy	17 710

The discrepancy in the “Charge for emission into the environment” between the Payers and the Recipient data is 17 710 thousand tenge.

Information on discrepancies is shown below:

№	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
1	“Satbor” LLP	12	32	-	20
2	“Marine Oil Company KazMunayTeniz” JSC	-	17 691	17 691	-
3	Minor discrepancies for other companies due to rounding	-	(1)	(1)	-
Total		12	17 722	17 690	20

According to the clarified discrepancies, the Payers provided extracts from the personal account on the status of settlements with the budget, payment orders and written explanations.

The unexplained discrepancy in “**Satbor**” LLP occurred due to the fact that the Payer did not provide a report. Explanatory notes from Payer not received.

BCC	Company	According to the Payer	According to the Recipient	Discrepancy	
				Explained	Unexplained
105316	“Satbor” LLP	12	32	-	20
Total		12	32	-	20

For the “**Marine Oil Company KazMunayTeniz**” JSC there was a discrepancy of 17,691 thousand tenge in BCC 105316, the explanation is given on page 157 of this report.

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
105316	“Marine Oil Company KazMunayTeniz” JSC	-	17 691	17 691	-
Total		-	17 691	17 691	-

12. Cost recovery payment, BCC 105319

<i>In thousands tenge</i>		2017
Payers Report		16 188 988
Recipient's Report		16 188 988
Discrepancy		-

There are no discrepancies in the “Cost Recovery Payment” between the Payers and the Recipient.

13. The fee for using the radio frequency spectrum, BCC 105309

<i>In thousands tenge</i>		2017
Payers Report		88 499
Recipient's Report		88 499
Discrepancy		-

There are no discrepancies in the “Payment for the use of the radio frequency spectrum” between the Payers and the Recipient.

14. Fee for use of navigable waterways, BCC 105310

<i>In thousands tenge</i>		2017
Payers Report		185
Recipient's Report		185
Discrepancy		-

There are no discrepancies in the “Charge for the use of navigable waterways” between the Payers and the Payee.

15. Payment for the use of water resources of surface sources, forest use, BCC 105303, 105304

In thousands tenge **2017**

Payers Report	427 872
Recipient's Report	427 872

Discrepancy **-**

There are no discrepancies in the “Payment for the use of water resources of surface sources, forest use” between the Payers and the Recipient data.

4.1.3. Other non-tax revenues to the budget

In thousands tenge **2017**

Payers Report	44 831 146
Recipient's Report	44 821 246

Discrepancy **223 219**

Including, the result of reconciliation in the context of other mandatory payments:

1. Funds received from nature users in claims for compensation for harm, with the exception of revenues from organizations of the oil sector, BCC 204110

In thousands tenge **2017**

Payers Report	1 485 365
Recipient's Report	1 486 008

Discrepancy **643**

The discrepancies in the “Funds received under claims for compensation for harm” between the data of Payers and Recipient data are 643 thousand tenge.

Information on discrepancies is shown below:

№	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
1	“Kazzinc” LLP “Marine Oil Company	976 901	976 945	44	-
2	KazMunayTeniz” JSC	-	599	599	-
Total		976 901	977 544	643	-

According to the clarified discrepancies, the Payers provided extracts from the personal account on the status of settlements with the budget, payment orders and written explanations.

In the report of “Kazzinc” LLP for the BCC 204110 does not indicate the payment, and the Recipient indicates the payment in the amount of 976,945 thousand tenge.

BCC	Company	According to the Payer	According to the Recipient	Difference
204110	“Kazzinc” LLP	976 901	976 945	44
	Total	976 901	976 945	44

The payer has sent payment orders for the amount of discrepancy of 44 thousand tenge as supporting documents.

№	Company name	№ of payment order / check	Date of payment order	Amount in thousands of tenge
1	“Kazzinc” LLP	338471	10.11.2017	20
2	“Kazzinc” LLP	341524	11.12.2017	1
3	“Kazzinc” LLP	374004	27.12.2017	23
	Total			44

This discrepancy is explained by the fact that the Payer showed in the report data by 44 thousand tenge less, since it withheld the tax on the salary of its employee on the writ of execution.

For “Marine Oil Company KazMunayTeniz” JSC, there was a discrepancy of 599 thousand tenge in BCC 204110, the explanation is given on page 157 of this report.

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
204110	“Marine Oil Company KazMunayTeniz” JSC	-	599	599	-
	Total	-	599	599	-

2. Administrative fines, penalties, sanctions, penalties imposed by central state bodies, their territorial divisions on organizations of the oil sector, BCC 204201

<i>In thousands tenge</i>		2017
Payers Report		4 320 312
Recipient's Report		4 319 995
Discrepancy		772

The discrepancies in “Administrative fines, penalties, sanctions” between the data of Payers and Recipient data is 772 thousand tenge.

Information on discrepancies is shown below:

№	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
1	“Tengizchevroil” LLP	3 388 495	3 387 950	-	545
3	“Marine Oil Company KazMunayTeniz” JSC	-	227	227	-
	Total	3 388 495	3 388 177	227	545

According to the clarified discrepancies, the Payers provided extracts from the personal account on the status of settlements with the budget, payment orders and written explanations.

For the “**Marine Oil Company KazMunayTeniz**” JSC there was a discrepancy in the amount of 227 thousand tenge in BCC 204201, the explanation is given on page 157 of this report.

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
204201	“Marine Oil Company KazMunayTeniz” JSC	-	227	227	-
Total		-	227	227	-

The unexplained discrepancy in “**Tengizchevroil**” LLP was 545 thousand tenge. Explanatory notes from Payer not received.

BCC	Company	According to the Payer	According to the Recipient	Discrepancy	
				Explained	Unexplained
204201	“Tengizchevroil” LLP	3 388 495	3 387 950	-	545
Total		3 388 495	3 387 950	-	545

3. Other fines, penalties, sanctions, penalties imposed by state institutions, financed from the republican budget, on organizations of the oil sector, BCC 204202

<i>In thousands tenge</i>		2017
Payers Report		214 733
Recipient's Report		214 733
Discrepancy		-

Discrepancies on “Other fines, penalties, sanctions on organizations of the oil sector” between Payers and Recipient data are not identified.

4. Funds received from users of natural resources in claims for compensation for harm by organizations of the oil sector, BCC 204203

<i>In thousands tenge</i>		2017
Payers Report		27 245 489
Recipient's Report		27 245 489
Discrepancy		-

There are no discrepancies in the “Funds received from users of natural resources in claims for compensation for harm by organizations of the oil sector” between these Payers.

5. Other non-tax revenues in the republican budget, with the exception of revenues from organizations of the oil sector, including BCC 206108

<i>In thousands tenge</i>		2017
Payers Report		3 805
Recipient's Report		5 161
Discrepancy		1 356

The discrepancy in “Other non-tax revenues from organizations of the oil sector” between Payers and Recipient data is the amount of 1,356 thousand tenge.

Information on discrepancies is shown below:

№	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
	“Corporation Kazakhmys”				
1	LLP	545	1 146	601	-
2	“Kazzinc” LLP	-	661	661	-
3	“Shubarkul Komir” JSC	-	94	94	-
	Total	545	1 901	1 356	-

According to the clarified discrepancies, the Payers provided extracts from the personal account on the status of settlements with the budget, payment orders and written explanations.

The discrepancy in the amount of 601 thousand tenge between “**Corporation Kazakhmys**” LLP (hereinafter referred to as the Payer) and the Recipient was due to the fact that payment in the amount of 601 thousand tenge was withheld from the salaries of employees according to the writs in favor of the State budget. The payer did not include these amounts in the report.

As confirmation, the Payer provided:

- Decisions on foreclosure of wages and other types of income;
- Money orders.

№	Company name	Date of issuance of the Decision on foreclosure of wages and other types of income	An individual from whose salary the amount was withheld	№ payment order	Date of payment order	Amount in thousands of tenge
1	“Corporation Kazakhmys” LLP	03.06.2017	Serikov A.E.	108756	05.07.2017	6,5
2	“Corporation Kazakhmys” LLP	10.06.2016	Bekenov D.D.	112187	14.08.2017	7,0
3	“Corporation Kazakhmys” LLP	10.06.2016	Bekenov D.D.	100918	10.04.2017	24,4
4	“Corporation Kazakhmys” LLP	10.06.2016	Bekenov D.D..	103365	11.05.2017	24,4
5	“Corporation Kazakhmys” LLP	10.06.2016	Bekenov D.D.	106189	08.06.2017	24,4
6	“Corporation Kazakhmys” LLP	10.06.2016	Bekenov D.D.	108757	05.07.2017	24,4
7	“Corporation Kazakhmys” LLP	10.06.2016	Bekenov D.D.	96066	09.02.2017	48,9
8	“Corporation Kazakhmys” LLP	10.06.2016	Bekenov D.D.	93516	11.01.2017	52,1
9	“Corporation	10.06.2016	Bekenov D.D.	98696	13.03.2017	55,6

№	Company name	Date of issuance of the Decision on foreclosure of wages and other types of income	An individual from whose salary the amount was withheld	№ payment order	Date of payment order	Amount in thousands of tenge
	Kazakhmys” LLP					
10	“Corporation Kazakhmys” LLP	30.10.2016	Ten V.L.	123129	08.12.2017	161,6
11	“Corporation Kazakhmys” LLP - ON “Zhezkazgantsvetmet”	04.02.2017	Tursynbayev B.A.	141671	14.03.2017	6,5
12	“Corporation Kazakhmys” LLP	04.02.2017	Tursynbayev B.A.	149530	11.08.2017	17,5
13	“Corporation Kazakhmys” LLP	04.02.2017	Tursynbayev B.A.	143382	14.04.2017	21,3
14	“Corporation Kazakhmys” LLP	06.02.2017	Kalibekov I.K.	141734	14.03.2017	29,9
15	“Corporation Kazakhmys” LLP	06.02.2017	Kalibekov I.K.	145356	23.05.2017	35,4
16	“Corporation Kazakhmys” LLP	04.02.2017	Tursynbayev B.A.	144737	15.05.2017	60,8
Total						600,8

The discrepancy in the amount of 661 thousand tenge between “Kazzinc” LLP (hereinafter the Payer) and the Recipient was due to the fact that payment in the amount of 661 thousand tenge was withheld from the employees' wages in favor of the State budget according to the writs.

BCC	Company	According to the Payer	According to the Recipient	Discrepancy	
				Explained	Unexplained
206108	“Kazzinc” LLP	-	661	661	-
Total		-	661	661	-

As confirmation, the Payer provided:

- Decisions on foreclosure of wages and other types of income;
- Money orders.

№	Company name	№ of payment order / check	Date of payment order	Amount in thousands of tenge	Note
1	“Kazzinc” LLP	132856	10.03.2017	9	940428351037 deduction from wages according to the writ of execution Kibatayeva E. Legal costs
2	“Kazzinc” LLP	133510	15.03.2017	9	650712301271 deduction from wages according to the writ of execution Podzorov Y.G.
3	“Kazzinc” LLP	133501	15.03.2017	5	890829351878 deduction from wages according to the writ of execution Beysatov A.Z.
4	“Kazzinc” LLP	136058	14.04.2017	6	931207351783 deduction from wages according to the writ of execution Khudyakov A.G.
5	“Kazzinc” LLP	136177	14.04.2017	50	920826351186 deduction from wages according to the writ of execution Turysbekov B.S.
6	“Kazzinc” LLP	138359	12.05.2017	14	900602300516 deduction from wages according to the writ of execution Yartseva K.N.
7	“Kazzinc” LLP	138478	12.05.2017	37	920826351186 deduction from

№	Company name	№ of payment order / chack	Date of payment order	Amount in thousands of tenge	Note
					wages according to the writ of execution Turysbekov B.S.
8	“Kazzinc” LLP	321372	13.06.2017	49	920826351186 deduction from salary Turysbekov Berik Sakenovich according to the execution sheet 830619302222 Bashkanyan A.G. -
9	“Kazzinc” LLP	321660	14.06.2017	12	procedural costs 871026303227 deduction from wages according to the writ of execution Tasanova T.N. in favor of the state
10	“Kazzinc” LLP	321758	14.06.2017	22	830619302222 Yuashkanian A.G. -
11	“Kazzinc” LLP	323949	11.07.2017	8	procedural costs 920826351186 deduction from wages according to the writ of execution Turysbekov B.S.
12	“Kazzinc” LLP	324235	12.07.2017	47	871026303227 deduction from wages according to the writ of execution Tasanova T.N.
13	“Kazzinc” LLP	324701	14.07.2017	7	710725302660 deduction from wages on the writ of execution Korneyev A.B.
14	“Kazzinc” LLP	324791	14.07.2017	34	871026303227 deduction from wages according to the writ of execution Tasanova T.N.
15	“Kazzinc” LLP	324683	14.07.2017	3	920826351186 deduction from wages according to the writ of execution Turysbekov B.S.
16	“Kazzinc” LLP	330077	10.08.2017	48	710725302660 deduction from wages on the writ of execution Korneyev A.B.
17	“Kazzinc” LLP	330538	14.08.2017	33	710725302660 deduction from wages Grigoryeva M.Y., according to the writ of execution procedural costs
18	“Kazzinc” LLP	330493	14.08.2017	12	920826351186 deduction from wages according to the writ of execution Turysbekov B.S.
19	“Kazzinc” LLP	333127	13.09.2017	24	710725302660 deduction from wages Korneyev A.B., according to the writ of execution procedural costs
20	“Kazzinc” LLP	333427	14.09.2017	34	deduction of wages on the writ of execution Costs of wages Klimov-Golovanova N.O. 850218401482
21	“Kazzinc” LLP	333308	14.09.2017	1	710725302660 deduction from wages on the writ of execution Korneyev A.B.
22	“Kazzinc” LLP	336100	13.10.2017	32	710725302660 deduction from wages on the writ of execution Korneyev A.B.
23	“Kazzinc” LLP	338838	14.11.2017	28	920516350142 deduction from wages according to the writ of execution Ilyenko B.V.
24	“Kazzinc” LLP	341556	11.12.2017	8	900215300999 deduction from wages on the writ of execution Mishchenko V.A. admin.fine
25	“Kazzinc” LLP	341555	11.12.2017	8	960523351136 deduction from wages on the writ of execution
26	“Kazzinc” LLP	341597	11.12.2017	19	

№	Company name	№ of payment order / chack	Date of payment order	Amount in thousands of tenge	Note
27	“Kazzinc” LLP	341616	11.12.2017	28	Yagodkin A.A. 710725302660 deduction from wages on the writ of execution
28	“Kazzinc” LLP	373982	27.12.2017	16	Korneyev A.B 960523351136 deduction from wages on the writ of execution
29	“Kazzinc” LLP	374025	27.12.2017	34	Yagodkin A.A. 710725302660 deduction from wages Korneyev A.B., according to the writ of execution procedural costs
30	“Kazzinc” LLP	373963	27.12.2017	12	941015350303 deduction from wages Sergyenko A.V., according to the writ of execution procedural costs
31	“Kazzinc” LLP	374608	28.12.2017	12	880522302244 debt according to the writ of execution (expert research) Reznikov V.A. for December 2017
Total				661	

The discrepancy in the amount of 94 thousand tenge between “Shubarkul Komir” JSC (hereinafter referred to as the Payer) and the Recipient was due to the fact that payment in the amount of 94 thousand tenge was deducted from the wages of workers in favor of the State budget according to the writs of execution.

BCC	Company	According to the Payer	According to the Recipient	Discrepancy	
				Explained	Unexplained
206108	“Shubarkul Komir” JSC	-	94	94	-
Total:		-	94	94	-

As a supporting document, the payer submitted payment orders for the total amount of 94 thousand tenge:

№	Company name	№ of payment order / chack	Date of payment order	Amount in thousands of tenge
1	“Shubarkul Komir” JSC	27	29.08.2017	4,5
2	“Shubarkul Komir” JSC	26	29.08.2017	2,7
3	“Shubarkul Komir” JSC	17	26.07.2017	0,4
4	“Shubarkul Komir” JSC	4	26.06.2017	1,7
5	“Shubarkul Komir” JSC	598	20.02.2017	48,1
6	“Shubarkul Komir” JSC	35	18.09.2017	11,3
7	“Shubarkul Komir” JSC	34	18.09.2017	11,3
8	“Shubarkul Komir” JSC	1074	18.03.2017	7,0
9	“Shubarkul Komir” JSC	10001364	17.11.2017	7,2
Total				94,2

6. Other non-tax revenues to the local budget, other non-tax revenues from organizations of the oil sector, BCC 206109, 206111

In thousands tenge

2017

Payers Report	1 046 183
Recipient's Report	1 047 027

Discrepancy **844**

The discrepancy in "Other non-tax revenues ..." between the Payers and the Recipient data is the sum of 844 thousand tenge.

Information on discrepancies is shown below:

№	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
1	"Corporation Kazakhmys" LLP	-	473	473	-
2	"Kazzinc" LLP	-	318	318	-
3	"EEC" JSC (Eurasian Energy Company)	-	53	53	-
Total		-	844	844	-

According to the clarified discrepancies, the Payers provided extracts from the personal account on the status of settlements with the budget, payment orders and written explanations.

The discrepancy in the amount of 473 thousand tenge between "Corporation Kazakhmys" LLP (hereinafter referred to as Payer) and Recipient was due to the fact that the payment in the amount of 473 thousand tenge was withheld from the salaries of employees according to the writs in favor of the State budget.

BCC	Company	According to the Payer	According to the Recipient	Discrepancy	
				Explained	Unexplained
206109	"Corporation Kazakhmys" LLP	-	473	473	-
Total		-	473	473	-

As confirmation, the Payer provided:

- Decisions on foreclosure of wages and other types of income;
- Money orders.

№	Company name	Date of issuance of the Decision on foreclosure of wages and other types of income	An individual from whose salary the amount was withheld	№ payment order	Date of payment order	Amount in thousands of tenge
1	"Corporation Kazakhmys" LLP	12.12.2016	Shahmuratov M.N.	147973	13.07.2017	25,0
2	"Corporation Kazakhmys" LLP	12.12.2016	Shahmuratov M.N.	143449	14.04.2017	31,0
3	"Corporation Kazakhmys" LLP	12.12.2016	Shahmuratov M.N.	146386	12.06.2017	43,0
4	"Corporation Kazakhmys" LLP	12.12.2016	Shahmuratov M.N.	149451	11.08.2017	44,0
5	"Corporation Kazakhmys" LLP	12.12.2016	Shahmuratov M.N.	144828	15.05.2017	50,0
6	"Corporation Kazakhmys" LLP	12.12.2016	Shahmuratov M.N.	156095	12.12.2017	50,0

№	Company name	Date of issuance of the Decision on foreclosure of wages and other types of income	An individual from whose salary the amount was withheld	№ payment order	Date of payment order	Amount in thousands of tenge
	Kazakhmys” LLP		M.N.			
7	“Corporation Kazakhmys” LLP	12.12.2016	Shahmuratov M.N.	150817	13.09.2017	80,0
8	“Corporation Kazakhmys” LLP	12.12.2016	Shahmuratov M.N.	152597	11.10.2017	150
Total						473,0

The discrepancy in the amount of 318 thousand tenge between “Kazzinc” LLP (hereinafter referred to as Payer) and Recipient was due to the fact that payment in the amount of 318 thousand tenge was withheld from the employees' wages in favor of the State budget according to the writs.

BCC	Company	According to the Payer	According to the Recipient	Discrepancy	
				Explained	Unexplained
206109	“Kazzinc” LLP	-	318	318	-
Total		-	318	318	-

As confirmation, the Payer provided:

- Decisions on foreclosure of wages and other types of income;
- Money orders.

№	Company name	№ of payment order / check	Date of payment order	Amount in thousands of tenge	Note
1	“Kazzinc” LLP	128158	12.01.2017	94	Fine (damage) from salary Kizatuldin Kanat Abylkhanovich 880802300498
2	“Kazzinc” LLP	128068	12.01.2017	17	Deduction from wages on the writ of execution (court examination) Atazhanov Didar Anarbekovich 891015300197
3	“Kazzinc” LLP	130805	13.02.2017	7	Fine (damage) from salary Kizatuldin Kanat Abylkhanovich 880802300498
4	“Kazzinc” LLP	130812	13.02.2017	9	Court examinations from the salary Atazhanov Didar Anarbekovich 891015300197
5	“Kazzinc” LLP	133127	13.03.2017	9	Fine (damage) from salary Kizatuldin Kanat Abylkhanovich 880802300498
6	“Kazzinc” LLP	133125	13.03.2017	5	Court examinations from the salary Atazhanov Didar Anarbekovich 891015300197
7	“Kazzinc” LLP	136135	14.04.2017	27	Fine (damage) from salary Kizatuldin Kanat Abylkhanovich 880802300498
8	“Kazzinc” LLP	136051	14.04.2017	5	Court examinations from the salary Atazhanov Didar Anarbekovich 891015300197
9	“Kazzinc” LLP	138174	11.05.2017	26	Fine (damage) from salary Kizatuldin Kanat Abylkhanovich 880802300498
10	“Kazzinc” LLP	138084	11.05.2017	5	Court examinations from the salary Atazhanov Didar Anarbekovich 891015300197

№	Company name	№ of payment order / chack	Date of payment order	Amount in thousands of tenge	Note
11	“Kazzinc” LLP	321613	14.06.2017	27	Fine (damage) from salary Kizatuldin Kanat Abylkhanovich 880802300498
12	“Kazzinc” LLP	321568	14.06.2017	5	Court examinations from the salary Atazhanov Didar Anarbekovich 891015300197
13	“Kazzinc” LLP	324718	14.07.2017	10	Court examinations from the salary Atazhanov Didar Anarbekovich 891015300197
14	“Kazzinc” LLP	324777	14.07.2017	28	Fine (damage) from salary Kizatuldin Kanat Abylkhanovich 880802300498
15	“Kazzinc” LLP	330544	14.08.2017	36	Deductions from wages according to the writ of action are reasons for the cause of Kizatuldin Kanat Abylkhanovich 880802300498
16	“Kazzinc” LLP	330451	14.08.2017	2	Court examinations from the salary Atazhanov Didar Anarbekovich 891015300197
17	“Kazzinc” LLP	333307	14.09.2017	1	Deductions from wages according to the writ of action are reasons for the cause of Kizatuldin Kanat Abylkhanovich 880802300498
18	“Kazzinc” LLP	333330	14.09.2017	5	Court examinations from the salary Atazhanov Didar Anarbekovich 891015300197
19	“Kazzinc” LLP	335950	13.10.2017	1	Court examinations from the salary Atazhanov Didar Anarbekovich 891015300197
Total				318	

The discrepancy in the amount of 53 thousand tenge between “**Eurasian Energy Corporation**” JSC (hereinafter referred to as Payer) and Recipient was due to the fact that the payment in the amount of 53 thousand tenge was withheld from the wages of employees according to the writs in favor of the State budget.

BCC	Company	According to the Payer	According to the Recipient	Discrepancy	
				Explained	Explained
206109	“Eurasian Energy Corporation” JSC	-	53	53	-
Total		-	53	53	-

As confirmation, the Payer provided:

- Decisions on foreclosure of wages and other types of income;
- Money orders.

№	Company name	Date of issuance of the Decision on foreclosure of wages and other types of income	An individual from whose salary the amount was withheld	№ payment order	Date of payment order	Amount in thousands of tenge
1	“Eurasian Energy Corporation” JSC	31.08.2017	Melnik A.V.	10012534	10.11.2017	49,5
2	“Eurasian Energy Corporation” JSC	31.08.2017	Melnik A.V.	10013756	08.12.2017	3,4
Total						52,9

7. Deductions of subsoil users for the socio-economic development of the region and the development of its infrastructure, BCC 206114

In thousands tenge 2017

Payers Report	10 515 257
Recipient's Report	10 502 833

Discrepancy **219 605**

The discrepancy in the “Deduction of subsoil users for the socio-economic development of the region and the development of its infrastructure” between Payers and Recipient data is the amount of 219,605 thousand tenge.

Information on discrepancies is shown below:

№	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
1	“Corporation Kazakhmys” LLP “Ulba Metallurgical Plant”	534 561	637 949	103 388	-
2	JSC “Aluminum of Kazakhstan, a	4 970	5 172	202	-
3	branch of the KBRU” JSC The branch of the limited partnership “Kazphosphate” “Mining and processing	74 049	-	74 049	-
4	complex “Karatau” “Aluminum of Kazakhstan,	22 343	20	22 323	-
5	branch TBRU” JSC “Phystech II” JSC (Fiztekh	25 230	22 230	3 000	-
6	Firm LLP)	16 643	-	16 643	-
Total		677 795	665 371	219 605	-

According to the clarified discrepancies, the Payers provided extracts from the personal account on the status of settlements with the budget, payment orders and written explanations.

The discrepancy between “**Kazakhmys Corporation**” LLP and Recipient amounted to 103 388 thousand tenge:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
206114	“Corporation Kazakhmys” LLP	534 561	637 949	103 388	-
Total		534 561	637 949	103 388	-

Payer, “Corporation Kazakhmys” LLP, on the discrepancy gave the following explanation: they were paid for payment order № 92491 of December 30, 2016 at 103,388 thousand tenge for BCC 206114. The recipient considered this payment for BCC 107109 “Other revenues to the republican budget”. Until clarification of the circumstances, and later, in 2017, he canceled this tax receipt on this BCC. This operation is reflected in the absolute personal account. The payer, Corporation Kazakhmys, provided as confirmation a payment order № 92491 dated December 30, 2016 in the amount of 103 388 thousand tenge, which the Recipient took into account in 2017.

The discrepancy between “Ulba Metallurgical Plant” JSC and Recipient was 202 thousand tenge:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
206114	“Ulba Metallurgical Plant” JSC	4 970	5 172	202	-
Total		4 970	5 172	202	-

The discrepancy according to the “Ulba Metallurgical Plant” JSC is due to the fact that the Recipient has reflected the data for the Company as a whole, all contracts for subsoil use, and the Payer for the “Contract for fluorite mining at the Karadzhal field located in the East Kazakhstan region Republic of Kazakhstan”, registration number 2008 dated from April 10, 2006.

Information on discrepancies is provided below:

№	Company name	№ payment order/ check	Date of payment order	Amount in thousands of tenge	Contact
1	“Ulba Metallurgical Plant” JSC	117629	20.09.2017	100,0	Subsoil use contract for the conduct of underground water extraction at the site of the Atamanovsky water intake in the city of Ust-Kamenogorsk EKR №1472 dated July 27, 2004
2	“Ulba Metallurgical Plant” JSC	117628	25.09.2017	100,0	The contract for subsoil use for construction and operation of facilities for the storage and disposal of hazardous substances (waste) at the site of the operating tailing facilities of UMP JSC № 003 dated of October 2, 2002 in the East Kazakhstan region.
3	“Ulba Metallurgical Plant” JSC	112719	06.01.2017	0,8	Contract for exploration and production of construction soil (loam, sandy loam, building stone) at the site of the tailing farm of UMP JSC, Ust-Kamenogorsk №29 dated May 25, 2001.
4	“Ulba Metallurgical Plant” JSC	113216	27.01.2017	1,2	Contract for exploration and production of construction soil (loam, sandy loam, building stone) at the site of the tailing farm of UMP JSC, Ust-Kamenogorsk №29 dated May 25, 2001.
Total				202,0	

The payer, “Aluminum Kazakhstan” JSC (a branch of the KBRU), as a confirmation, provided payment orders totaling 74,049 thousand tenge paid to the RSU SRD in Kostanay region. The payment documents indicate the BIN of the Payer 940140000325, which is the head organization, Aluminum of Kazakhstan JSC, the branch of the KBRU with BIN 040441006441 participated in the reconciliation.

№	Company name	№ payment order/ chack	Date of payment order	Amount in thousands of tenge
1	“Aluminum Kazakhstan” JSC	10014376	22.12.2017	1 275,8
2	“Aluminum Kazakhstan” JSC	10014377	22.12.2017	2 673,0
3	“Aluminum Kazakhstan” JSC	10004362	11.07.2017	7 500,0
4	“Aluminum Kazakhstan” JSC	10006192	11.08.2017	6 900,0
5	“Aluminum Kazakhstan” JSC	10001117	05.05.2017	50 000,0
6	“Aluminum Kazakhstan” JSC	10002526	31.05.2017	2 700,0
7	“Aluminum Kazakhstan” JSC	10005648	31.07.2017	3 000,0
Total				74 048,8

The discrepancy between the branch of the limited partnership “Kazphosphate” “Mining and processing complex “Karatau” and the Recipient amounted to 22,323 thousand tenge:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
206114	The branch of the limited partnership “Kazphosphate” “Mining and processing complex “Karatau”	22 343	20	22 323	-
Total		22 343	20	22 323	

This discrepancy is due to the fact that the Payer in its report took into account payments made in the districts of Zhambyl and South Kazakhstan regions. As supporting documents provided payment orders:

№	Company name	№ payment order/ chack	Date of payment order	Amount in thousands of tenge	Recipient
1	The branch of the limited partnership “Kazphosphate” “Mining and processing complex “Karatau”	6834	21.12.2017	11 245,3	MSI of Sarysu district of Zhambyl region
2	“Karatau”	6835	21.12.2017	11 077,4	SRD Suzak district of South Kazakhstan region
Total:				22 322,7	

The discrepancy between the “Aluminum of Kazakhstan” JSC, the branch of the TFRU and the Recipient was 3,000 thousand tenge. This discrepancy is due to the fact that the Payer in its report took into account the payment made by the parent company.

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
206114	The branch of the TFRU “Aluminum of Kazakhstan” JSC	25 230	22 230	3 000	-
Total:		25 230	22 230	3 000	-

The payer, “Aluminum of Kazakhstan” JSC (branch of the TFRU), as a confirmation, submitted payment order № 10003585 dated June 21, 2017 in the amount of 3,000 thousand tenge, paid to the RSU SRD in Kostanay region. The payment document contains the BIN of the payer 940140000325, which is the head organization, Aluminum of

Kazakhstan JSC, the branch of the TFRU with the BIN 040441006441 participated in the reconciliation.

The discrepancy between “Phystech II” JSC and the Recipient amounted to 16,643 thousand tenge. The discrepancy is due to the fact that the Recipient did not take into account the payment in the SRD in Mangistau region.

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
206114	“Phystech II” JSC	16 643	-	16 643	-
Total		16 643	-	16 643	-

As a confirmation, Phystech II sent payment order № 7 dated January 11, 2017, where it can be seen that payment was made in the SRD of Mangistau region in the amount of 16,642.5 thousand tenge.

4.1.4. Customs payments

<i>In thousands tenge</i>		2017
Payers Report		867 853 017
Recipient's Report		868 663 298
Discrepancy		1 980 070

Including the result of reconciliation in the context of customs payments:

1. Import duties, including BCC 106101

<i>In thousands tenge</i>		2017
Payers Report		6 357 521
Recipient's Report		5 970 971
Discrepancy		390 971

The discrepancy in the “Import Customs Duty” between the Payers and the Recipient is the amount of 390 971 thousand tenge.

Information on discrepancies is shown below:

№	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
	“Corporation “Kazakhmys”				
1	LLP	267 993	205 046	62 947	-
2	“TNK Kazchrome” JSC	823 930	572 035	251 895	-
3	“Kazzinc” LLP	1 459 306	1 459 318	12	-
4	“SSGPO” JSC	205 700	184 272	21 428	-
5	“JV KATKO” LLP	51 372	37 639	13 733	-
6	“EEC” JSC (Eurasian Energy Company)	49 801	49 581	220	-
7	“Copper Technology” LLP	54 570	54 340	230	-
8	“ArcelorMittal Temirtau” JSC	1 871 959	1 871 897	62	-
9	KAZ Minerals Bozshakol LLP (KAZ Minerals Bozshakol)	229 118	229 057	61	-
10	MMC “Kazakhaltyn” JSC	32 046	34 004	1 958	-

№	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
11	“AK Altyntalmas” JSC	11 592	11 687	95	-
12	“Varvarinskoye” JSC	15 046	15 000	46	-
13	“Aluminum of Kazakhstan, a branch of the KBRU” JSC	31 100	8 900	22 200	-
14	“Bapy Mining” LLP “KAZ Minerals Aktogay” LLP (KAZ Minerals)	11	(207)	218	-
15	Aktogay)	771 944	763 266	8 678	-
16	“Tengizchevroil” LLP “Petro Kazakhstan Kumkol	1 849	1 743	106	-
17	Resources” JSC	-	(6 869)	6 869	-
18	“Tarbagatai Munai” LLP	1 719	1 662	57	-
19	“Firma ADA-Oil” LLP	40	189	149	-
20	Minor discrepancies for other companies due to rounding		7	7	-
Total		5 879 096	5 492 567	390 971	-

According to the clarified discrepancies, the Payers provided extracts from the personal account on the status of settlements with the budget, payment orders and written explanations.

Payer, “Corporation Kazakhmys” LLP provided payment orders for the full amount of payment of 267,993 thousand tenge:

№	Company name	№ payment order/ chack	Date of payment order	Amount in thousands of tenge
1	“Corporation Kazakhmys” LLP	93270	11.01.2017	17,9
2	“Corporation Kazakhmys” LLP	96631	17.02.2017	4 013,8
3	“Corporation Kazakhmys” LLP	96545	15.02.2017	232,0
4	“Corporation Kazakhmys” LLP	101511	17.04.2017	991,6
5	“Corporation Kazakhmys” LLP	103857	16.05.2017	27,0
6	“Corporation Kazakhmys” LLP	93335	09.01.2017	1 012,0
7	“Corporation Kazakhmys” LLP	93629	11.01.2017	10 143,3
8	“Corporation Kazakhmys” LLP	94973	30.01.2017	3 231,9
9	“Corporation Kazakhmys” LLP	94970	30.01.2017	2 137,0
10	“Corporation Kazakhmys” LLP	95376	02.02.2017	5 702,3
11	“Corporation Kazakhmys” LLP	95695	03.02.2017	7 253,4
12	“Corporation Kazakhmys” LLP	95610	06.02.2017	6 857,5
13	“Corporation Kazakhmys” LLP	96494	14.02.2017	15 773,8
14	“Corporation Kazakhmys” LLP	97090	21.02.2017	6 794,8
15	“Corporation Kazakhmys” LLP	97980	10.03.2017	4 082,4
16	“Corporation Kazakhmys” LLP	98229	10.03.2017	1 404,3
17	“Corporation Kazakhmys” LLP	97989	10.03.2017	871,5
18	“Corporation Kazakhmys” LLP	97995	10.03.2017	653,6
19	“Corporation Kazakhmys” LLP	98222	13.03.2017	13 380,6
20	“Corporation Kazakhmys” LLP	98513	13.03.2017	1 232,1
21	“Corporation Kazakhmys” LLP	99424	27.03.2017	3 281,8
22	“Corporation Kazakhmys” LLP	100574	07.04.2017	1 326,0
23	“Corporation Kazakhmys” LLP	100577	07.04.2017	4 130,0
24	“Corporation Kazakhmys” LLP	100580	07.04.2017	450,0
25	“Corporation Kazakhmys” LLP	103877	16.05.2017	5 598,4
26	“Corporation Kazakhmys” LLP	103870	16.05.2017	452,0

№	Company name	№ payment order/ chack	Date of payment order	Amount in thousands of tenge
27	“Corporation Kazakhmys” LLP	103883	18.05.2017	1 470,3
28	“Corporation Kazakhmys” LLP	103867	18.05.2017	12 337,5
29	“Corporation Kazakhmys” LLP	103874	18.05.2017	5 210,5
30	“Corporation Kazakhmys” LLP	103886	18.05.2017	4 718,2
31	“Corporation Kazakhmys” LLP	103864	18.05.2017	1 326,0
32	“Corporation Kazakhmys” LLP	103880	18.05.2017	2 030,7
33	“Corporation Kazakhmys” LLP	105896	08.06.2017	1 667,1
34	“Corporation Kazakhmys” LLP	105893	08.06.2017	453,3
35	“Corporation Kazakhmys” LLP	106598	12.06.2017	24 537,1
36	“Corporation Kazakhmys” LLP	106596	12.06.2017	16 673,9
37	“Corporation Kazakhmys” LLP	107929	29.06.2017	20 555,6
38	“Corporation Kazakhmys” LLP	107932	29.06.2017	479,8
39	“Corporation Kazakhmys” LLP	108701	14.07.2017	6 422,4
40	“Corporation Kazakhmys” LLP	110187	25.07.2017	13 476,2
41	“Corporation Kazakhmys” LLP	110185	25.07.2017	18 599,0
42	“Corporation Kazakhmys” LLP	110692	28.07.2017	13,4
43	“Corporation Kazakhmys” LLP	111240	09.08.2017	4 528,6
44	“Corporation Kazakhmys” LLP	113112	25.08.2017	512,3
45	“Corporation Kazakhmys” LLP	113195	25.08.2017	22 601,9
46	“Corporation Kazakhmys” LLP	113201	25.08.2017	5 892,5
47	“Corporation Kazakhmys” LLP	115008	14.09.2017	3 108,1
48	“Corporation Kazakhmys” LLP	116959	06.10.2017	5 098,9
49	“Corporation Kazakhmys” LLP	120486	13.11.2017	3 028,3
50	“Corporation Kazakhmys” LLP	121662	23.11.2017	3 992,7
51	“Corporation Kazakhmys” LLP	124099	21.12.2017	12 348,2
52	“Corporation Kazakhmys” LLP	124202	21.12.2017	4 409,3
53	“Corporation Kazakhmys” LLP	148396	19.07.2017	240,0
54	“Corporation Kazakhmys” LLP	151010	30.09.2017	300,0
55	“Corporation Kazakhmys” LLP	152694	12.10.2017	190,0
56	“Corporation Kazakhmys” LLP	66440098	12.05.2017	(4 082,4)
57	“Corporation Kazakhmys” LLP	66440469	12.05.2017	(1 326,0)
58	“Corporation Kazakhmys” LLP	66440470	12.05.2017	(1 232,1)
59	“Corporation Kazakhmys” LLP	66440703	12.05.2017	(3 281,8)
60	“Corporation Kazakhmys” LLP	66440704	12.05.2017	(1 404,30)
61	“Corporation Kazakhmys” LLP	66440471	12.05.2017	(401,3)
62	“Corporation Kazakhmys” LLP	66440702	12.05.2017	(4 130,0)
63	“Corporation Kazakhmys” LLP	66440097	12.05.2017	(13 380,6)
64	“Corporation Kazakhmys” LLP	65806058	12.04.2017	(30,9)
65	“Corporation Kazakhmys” LLP	65806073	12.04.2017	(10,8)
Total				267 993,0

We carefully analyzed the data provided by the Payer and the Recipient, and found that the reason for the discrepancy was that not all payments and refunds were taken into account by them. The results are presented below:

TA cod	The body of the Tax Service of the Republic of Kazakhstan	Date of payment order	Amount in thousands of tenge	Discrepancy
<i>Payment made</i>				
Amount on payment orders for which data is agreed		233 986	233 986	-
Payment by p/o	TA of Kazybek bi NI district in Karaganda region NC of MF of RK	51 517	10	51 507
Total paid		285 503	233 996	51 507
<i>Tax Returns</i>				
3020	TA of Kazybek bi NI district in Karaganda region NC of MF of RK	(17 510)	(27 956)	10 446
3001	NI in the Karaganda region NC of MF of RK	-	(10)	10
6007	TA in Almaly region ND in the city of Almaty NC of MF of RK	-	(983)	983
1816	TA in the city of Ust-Kamenogorsk. NI in the East Kazakhstan region NC of MF of RK	-	(1)	1
Total		(17 510)	(28 950)	11 440
rand total		267 993	205 046	62 947

The discrepancy between “TC “Kazchrome” JSC and the Recipient was 251,895 thousand tenge:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
106101	“TC “Kazchrome” JSC	823 930	572 035	251 895	-
Total		823 930	572 035	251 895	

The payer, “TC “Kazchrome” JSC, provided acts of reconciliation of customs duties, taxes, customs duties and penalties in the total amount of 823,930 thousand tenge. The discrepancy is due to the fact that the Payer in his report took into account all payments for branches:

Payer	The customs post	Amount in thousands of tenge	Period
Ore Administration Kazmarganets	SRD in the Karaganda region	-	01.01.17-31.12.17
Aksu Ferroalloy Plant	SRD in Pavlodar region	277 500	01.01.17-31.12.17
Aktobe Ferroalloy Plant	SRD in Aktobe region	133 500	01.01.17-23.05.17
Aktobe Ferroalloy Plant	SRD in Pavlodar region	9 350	01.10.17-31.12.17
Aktobe Ferroalloy Plant	SRD in Pavlodar region	169 000	24.05.17-30.09.17
Donskoy GOK branch	SRD in Aktobe region	65 000	01.01.17-01.05.17
Donskoy GOK branch	SRD in Aktobe region	16 520	01.05.17-01.08.17
Donskoy GOK branch	SRD in Aktobe region	10 210	01.08.17-10.10.17
Donskoy GOK branch	SRD in Aktobe region	60 000	11.10.17-31.10.17
Donskoy GOK branch	SRD in Aktobe region	82 850	01.11.17-31.12.17
Total		823 930	

The discrepancy between “Kazzinc” LLP and Recipient was 12 thousand tenge:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
106101	“Kazzinc” LLP	1 459 306	1 459 318	12	-
Total		1 459 306	1 459 318	12	-

As a confirmation, “Kazzinc” LLP provided payment orders for the whole amount of payment of 1,459,306 thousand tenge:

№	Company name	№ payment order/ chack	Date of payment order	Amount in thousands of tenge
1	“Kazzinc” LLP	131292	14.02.2017	100
2	“Kazzinc” LLP	340493	28.11.2017	536
3	“Kazzinc” LLP	127168	05.01.2017	21 000
4	“Kazzinc” LLP	127257	06.01.2017	47 000
5	“Kazzinc” LLP	128823	17.01.2017	4 000
6	“Kazzinc” LLP	129168	20.01.2017	4 700
7	“Kazzinc” LLP	129996	03.02.2017	20 000
8	“Kazzinc” LLP	130115	06.02.2017	1 000
9	“Kazzinc” LLP	131420	16.02.2017	1 400
10	“Kazzinc” LLP	131662	20.02.2017	4 300
11	“Kazzinc” LLP	131766	21.02.2017	2 600
12	“Kazzinc” LLP	131953	23.02.2017	1 400
13	“Kazzinc” LLP	132327	02.03.2017	10 000
14	“Kazzinc” LLP	132326	02.03.2017	400
15	“Kazzinc” LLP	132697	07.03.2017	10 000
16	“Kazzinc” LLP	133351	13.03.2017	1 600
17	“Kazzinc” LLP	133954	17.03.2017	30 000
18	“Kazzinc” LLP	133967	17.03.2017	4 400
19	“Kazzinc” LLP	134118	18.03.2017	1 000
20	“Kazzinc” LLP	135076	06.04.2017	4 000
21	“Kazzinc” LLP	135944	13.04.2017	1 000
22	“Kazzinc” LLP	135945	13.04.2017	1 400
23	“Kazzinc” LLP	136492	17.04.2017	6 000
24	“Kazzinc” LLP	137050	24.04.2017	18 100
25	“Kazzinc” LLP	137477	02.05.2017	750
26	“Kazzinc” LLP	137760	05.05.2017	13 000
27	“Kazzinc” LLP	138009	10.05.2017	13 500
28	“Kazzinc” LLP	138814	15.05.2017	2 500
29	“Kazzinc” LLP	319589	22.05.2017	1 500
30	“Kazzinc” LLP	319686	23.05.2017	800
31	“Kazzinc” LLP	319997	26.05.2017	1 200
32	“Kazzinc” LLP	320318	01.06.2017	6 000
33	“Kazzinc” LLP	320319	01.06.2017	15 000
34	“Kazzinc” LLP	320391	02.06.2017	7 500
35	“Kazzinc” LLP	320518	05.06.2017	40 000
36	“Kazzinc” LLP	320891	08.06.2017	4 000
37	“Kazzinc” LLP	320889	08.06.2017	1 500
38	“Kazzinc” LLP	321134	09.06.2017	4 200

№	Company name	№ payment order/ chack	Date of payment order	Amount in thousands of tenge
39	“Kazzinc” LLP	321275	12.06.2017	15 000
40	“Kazzinc” LLP	322500	20.06.2017	2 700
41	“Kazzinc” LLP	323482	04.07.2017	8 500
42	“Kazzinc” LLP	323857	10.07.2017	1 200
43	“Kazzinc” LLP	324145	11.07.2017	27 000
44	“Kazzinc” LLP	325040	14.07.2017	2 400
45	“Kazzinc” LLP	325210	17.07.2017	1 000
46	“Kazzinc” LLP	325211	17.07.2017	1 600
47	“Kazzinc” LLP	325213	17.07.2017	4 200
48	“Kazzinc” LLP	325559	20.07.2017	5 500
49	“Kazzinc” LLP	325888	25.07.2017	2 600
50	“Kazzinc” LLP	328997	26.07.2017	350
51	“Kazzinc” LLP	329306	01.08.2017	3 000
52	“Kazzinc” LLP	329308	01.08.2017	11 200
53	“Kazzinc” LLP	329613	04.08.2017	4 500
54	“Kazzinc” LLP	330276	10.08.2017	1 000
55	“Kazzinc” LLP	331544	22.08.2017	1 200
56	“Kazzinc” LLP	331739	24.08.2017	1 000
57	“Kazzinc” LLP	331843	25.08.2017	9 600
58	“Kazzinc” LLP	332187	04.09.2017	205 000
59	“Kazzinc” LLP	332490	07.09.2017	1 200
60	“Kazzinc” LLP	332900	11.09.2017	205 000
61	“Kazzinc” LLP	333044	12.09.2017	500
62	“Kazzinc” LLP	333279	13.09.2017	1 500
63	“Kazzinc” LLP	333633	14.09.2017	3 900
64	“Kazzinc” LLP	334209	21.09.2017	12 200
65	“Kazzinc” LLP	334342	22.09.2017	7 400
66	“Kazzinc” LLP	334341	22.09.2017	7 300
67	“Kazzinc” LLP	334655	28.09.2017	500
68	“Kazzinc” LLP	334854	03.10.2017	2 400
69	“Kazzinc” LLP	335089	06.10.2017	200
70	“Kazzinc” LLP	336440	16.10.2017	850
71	“Kazzinc” LLP	336747	19.10.2017	6 000
72	“Kazzinc” LLP	337082	24.10.2017	2 000
73	“Kazzinc” LLP	338071	07.11.2017	5 500
74	“Kazzinc” LLP	338546	09.11.2017	120
75	“Kazzinc” LLP	339281	15.11.2017	2 000
76	“Kazzinc” LLP	339282	15.11.2017	4 500
77	“Kazzinc” LLP	339730	17.11.2017	4 200
78	“Kazzinc” LLP	339738	17.11.2017	100
79	“Kazzinc” LLP	340488	29.11.2017	8 300
80	“Kazzinc” LLP	341185	07.12.2017	500
81	“Kazzinc” LLP	342564	14.12.2017	4 600
82	“Kazzinc” LLP	373742	26.12.2017	12 000
83	“Kazzinc” LLP	373738	26.12.2017	800
84	“Kazzinc” LLP	373741	26.12.2017	8 800

№	Company name	№ payment order/ chack	Date of payment order	Amount in thousands of tenge
85	“Kazzinc” LLP	127428	09.01.2017	1 000
86	“Kazzinc” LLP	136718	19.04.2017	1 000
87	“Kazzinc” LLP	323656	05.07.2017	6 500
88	“Kazzinc” LLP	328995	26.07.2017	4 000
89	“Kazzinc” LLP	329304	01.08.2017	4 000
90	“Kazzinc” LLP	330909	16.08.2017	3 000
91	“Kazzinc” LLP	332258	05.09.2017	8 000
92	“Kazzinc” LLP	333045	12.09.2017	70 400
93	“Kazzinc” LLP	334752	29.09.2017	5 000
94	“Kazzinc” LLP	335821	11.10.2017	22 600
95	“Kazzinc” LLP	343529	25.12.2017	5 000
96	“Kazzinc” LLP	127166	05.01.2017	5 700
97	“Kazzinc” LLP	127958	11.01.2017	25 000
98	“Kazzinc” LLP	130116	06.02.2017	5 000
99	“Kazzinc” LLP	130211	07.02.2017	10 000
100	“Kazzinc” LLP	131289	14.02.2017	8 000
101	“Kazzinc” LLP	131868	22.02.2017	5 000
102	“Kazzinc” LLP	132132	27.02.2017	3 800
103	“Kazzinc” LLP	132242	28.02.2017	5 000
104	“Kazzinc” LLP	132695	07.03.2017	5 000
105	“Kazzinc” LLP	134120	18.03.2017	5 000
106	“Kazzinc” LLP	134335	27.03.2017	3 000
107	“Kazzinc” LLP	136491	17.04.2017	5 000
108	“Kazzinc” LLP	136954	21.04.2017	8 000
109	“Kazzinc” LLP	319888	25.05.2017	4 000
110	“Kazzinc” LLP	320392	02.06.2017	10 000
111	“Kazzinc” LLP	325558	20.07.2017	3 000
112	“Kazzinc” LLP	329312	01.08.2017	40 000
113	“Kazzinc” LLP	332262	05.09.2017	10 000
114	“Kazzinc” LLP	332484	06.09.2017	20 000
115	“Kazzinc” LLP	332491	07.09.2017	10 000
116	“Kazzinc” LLP	335824	11.10.2017	60 000
117	“Kazzinc” LLP	342333	13.12.2017	160 000
Total				1 459 306

In the information sent by the Recipient on the payment information of the Committee of the State Duma of the Ministry of Finance of the Republic of Kazakhstan, there is a payment notice in the amount of 12 thousand tenge paid to NU in the Almalinsky district of ND in the city of Almaty NK MF of the Republic of Kazakhstan, which was not taken into account by the Payer.

The discrepancy between “SSGPO” JSC and Recipient amounted to 21,428 thousand tenge:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
106101	“SSGPO” JSC	205 700	184 272	21 428	-
Total		205 700	184 272	21 428	-

As confirmation, the Payer – “SSGPO” JSC, provided payment orders for the entire amount of the payment, 205 700 thousand tenge.

№	Company name	№ payment order/ chack	Date of payment order	Amount in thousands of tenge
1	“SSGPO” JSC	10000219	13.01.2017	19 500
2	“SSGPO” JSC	10005677	30.03.2017	5 000
3	“SSGPO” JSC	10010392	12.06.2017	18 000
4	“SSGPO” JSC	10012623	18.07.2017	8 000
5	“SSGPO” JSC	10013855	11.08.2017	5 000
6	“SSGPO” JSC	10014911	22.08.2017	34 000
7	“SSGPO” JSC	10015636	07.09.2017	15 000
8	“SSGPO” JSC	10016921	19.09.2017	23 000
9	“SSGPO” JSC	10018969	17.10.2017	22 000
10	“SSGPO” JSC	10021506	17.11.2017	3 200
11	“SSGPO” JSC	10022375	06.12.2017	10 000
12	“SSGPO” JSC	10023203	12.12.2017	10 000
13	“SSGPO” JSC	100236662	14.12.2017	20 000
14	“SSGPO” JSC	10024432	27.12.2017	13 000
Total				205 700

The discrepancy is due to the fact that the Recipient did not take into account payment orders, where the beneficiary was “RSU“ UGD in Kostanay ”in the amount of 21,200 thousand tenge, and the Payer - returns in the amount of 228 thousand tenge:

№	Payment	№ payment order/ chack	Date of payment order	Amount in thousands of tenge
1	Payt.	10005677	30.03.2017	5 000
		10012623	18.07.2017	8 000
		10013855	11.08.2017	5 000
		10021506	17.11.2017	3 200
Total				21 200
2	Returns			(228)
Grand total				21 428

The discrepancy between the “JV “KATKO” LLP and the Recipient amounted to 13,733 thousand tenge:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
106101	“JV “KATKO” LLP	51 372	37 639	13 733	-
Total		51 372	37 639	13 733	-

As confirmation, “JV “KATKO” LLP sent payment orders for the total amount of 51,372 thousand tenge, the register of which is given below:

№	Company name	№ payment order/ chack	Date of payment order	Amount in thousands of tenge
1	“JV “KATKO” LLP	600098698	04.07.2017	6 660
2	“JV “KATKO” LLP	600101555	05.10.2017	2 850
3	“JV “KATKO” LLP	600094017	07.02.2017	90
4	“JV “KATKO” LLP	600092758	10.01.2017	2 050
5	“JV “KATKO” LLP	600098820	10.07.2017	7 070
6	“JV “KATKO” LLP	600092843	12.01.2017	2 030
7	“JV “KATKO” LLP	600092843	12.01.2017	1 335.4
8	“JV “KATKO” LLP	600092843	12.01.2017	11,1
9	“JV “KATKO” LLP	600100776	12.07.2017	480
10	“JV “KATKO” LLP	600098973	14.07.2017	200

№	Company name	№ payment order/ chack	Date of payment order	Amount in thousands of tenge
11	“JV “KATKO” LLP	600093133	17.01.2017	38
12	“JV “KATKO” LLP	600097173	18.05.2017	1 200
13	“JV “KATKO” LLP	600093186	19.01.2017	26 500
14	“JV “KATKO” LLP	600096435	20.04.2017	850
15	“JV “KATKO” LLP	3143004445	23.05.2017	(35,1)
16	“JV “KATKO” LLP	600095390	24.03.2017	43
Total				51 372,4

The discrepancies are caused by the fact that the Payer did not take into account all returns in his report, and the Recipient took into account.

The discrepancy between “EEC” JSC (Eurasian Economic Company) and Recipient amounted to 220 thousand tenge:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
106101	“EEC” JSC (Eurasian Economic Company)	49 801	49 581	220	-
Total		49 801	49 581	220	-

The payer, “EEC” JSC (Eurasian Economic Company), as supporting documents provided payment orders for the full amount of the payment of 49,801 thousand tenge:

№	Company name	№ payment order/ chack	Date of payment order	Amount in thousands of tenge
1	“EEC” JSC (Eurasian Economic Company)	10013983	12.12.2017	1 500
2	“EEC” JSC (Eurasian Economic Company)	10010593	28.09.2017	3
3	“EEC” JSC (Eurasian Economic Company)	10011120	12.10.2017	5 000
4	“EEC” JSC (Eurasian Economic Company)	10010097	15.09.2017	70
5	“EEC” JSC (Eurasian Economic Company)	10009640	07.09.2017	2 000
6	“EEC” JSC (Eurasian Economic Company)	10008798	18.08.2017	650
7	“EEC” JSC (Eurasian Economic Company)	10008732	17.08.2017	441
8	“EEC” JSC (Eurasian Economic Company)	10008048	03.08.2017	15 037
9	“EEC” JSC (Eurasian Economic Company)	10008628	14.08.2017	2 200
10	“EEC” JSC (Eurasian Economic Company)	10000289	12.01.2017	6 700
11	“EEC” JSC (Eurasian Economic Company)	10005195	25.05.2017	5 062
12	“EEC” JSC (Eurasian Economic Company)	10006053	14.06.2017	2 000
13	“EEC” JSC (Eurasian Economic Company)	10006148	20.06.2017	2 500
14	“EEC” JSC (Eurasian Economic Company)	10006270	21.06.2017	1 500
15	“EEC” JSC (Eurasian Economic Company)	10006880	10.07.2017	3 788
16	“EEC” JSC (Eurasian Economic Company)	10007484	19.07.2017	1 350
Total				49 801

The discrepancy is due to the fact that the Payer did not consider the return in its report.

The discrepancy between “Copper Technology” LLP and Recipient was 50 690 thousand tenge:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
106101	“Copper Technology” LLP	54 570	54 340	230	-
Total		54 570	54 340	230	-

As a supporting document, the payer sent payment orders for the total amount of payment of 54,570 thousand tenge:

№	Company name	№ payment order/ chack	Date of payment order	Amount in thousands of tenge
1	“Copper Technology” LLP	507610	12.01.2017	60
2	“Copper Technology” LLP	507607	12.01.2017	2 310
3	“Copper Technology” LLP	507613	12.01.2017	6 057
4	“Copper Technology” LLP	507648	23.02.2017	6 083
5	“Copper Technology” LLP	507636	22.02.2017	103
6	“Copper Technology” LLP	507640	22.02.2017	47
7	“Copper Technology” LLP	507660	05.04.2017	4 503
8	“Copper Technology” LLP	507668	31.05.2017	17 578
9	“Copper Technology” LLP	507676	15.08.2017	8
10	“Copper Technology” LLP	507682	23.08.2017	2 191
11	“Copper Technology” LLP	507690	28.08.2017	2 190
12	“Copper Technology” LLP	507700	05.09.2017	374
13	“Copper Technology” LLP	507695	05.09.2017	359
14	“Copper Technology” LLP	507698	05.09.2017	749
15	“Copper Technology” LLP	507719, 507715, 507710	06.09.2017	1
16	“Copper Technology” LLP	507726	07.09.2017	637
17	“Copper Technology” LLP	955707	13.10.2017	602
18	“Copper Technology” LLP	955721	13.11.2017	11
19	“Copper Technology” LLP	955716	13.11.2017	13
20	“Copper Technology” LLP	955738	14.11.2017	1 248
21	“Copper Technology” LLP	955728	14.11.2017	710
22	“Copper Technology” LLP	955731	14.11.2017	1 063
23	“Copper Technology” LLP	955747, 955745, 955753	27.11.2017	2
24	“Copper Technology” LLP	955758	08.12.2017	80
25	“Copper Technology” LLP	955766	08.12.2017	4 573
26	“Copper Technology” LLP	955769	08.12.2017	1 348
27	“Copper Technology” LLP	955780	08.12.2017	166
28	“Copper Technology” LLP	955786	22.12.2017	14
29	“Copper Technology” LLP	955792	22.12.2017	37
30	“Copper Technology” LLP	955798	22.12.2017	1 451
Total				54 570

The discrepancy is due to the fact that the Payer does not take into account the return on TA in Aktobe.

The discrepancy between the “RM of Arcelor Mittal Temirtau” JSC and the Recipient was 62 thousand tenge:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
106101	“RM of Arcelor Mittal Temirtau” JSC	1 871 959	1 871 897	62	-
Total		1 871 959	1 871 897	62	-

As a supporting document, the payer sent payment orders, checks from a corporate card for payment made in the amount of 12,056 thousand tenge and acts of reconciliation with customs posts in the amount of 1,859,902 thousand tenge.

№	Company name	№ payment order/ chack	Date of payment order	Amount in thousands of tenge	The customs post
1	“RM of Arcelor Mittal Temirtau” JSC	6181943	11.04.2017	3 513,2	Astana
2	“RM of Arcelor Mittal Temirtau” JSC	6184846	14.06.2017	330,0	Astana
Total payment orders				3 843,2	
3	“RM of Arcelor Mittal Temirtau” JSC	29	15.11.2017	2 021,2	CP of Almaly TEC
4	“RM of Arcelor Mittal Temirtau” JSC	311	29.11.2017	673,6	CP of Almaly TEC
5	“RM of Arcelor Mittal Temirtau” JSC	451	06.12.2017	1 153,4	CP of Almaly TEC
6	“RM of Arcelor Mittal Temirtau” JSC	631	13.12.2017	221,7	CP of Almaly TEC
7	“RM of Arcelor Mittal Temirtau” JSC	630	13.12.2017	1 054,7	CP of Almaly TEC
8	“RM of Arcelor Mittal Temirtau” JSC	200	23.11.2017	253,8	CP of Almaly TEC
9	“RM of Arcelor Mittal Temirtau” JSC	909	05.09.2017	425,4	CP of Almaly TEC
10	“RM of Arcelor Mittal Temirtau” JSC	863	29.08.2017	193,8	CP of Almaly TEC
11	“RM of Arcelor Mittal Temirtau” JSC	527	04.08.2017	1,2	CP of Almaly TEC
12	“RM of Arcelor Mittal Temirtau” JSC	442	14.07.2017	258,8	CP of Almaly TEC
13	“RM of Arcelor Mittal Temirtau” JSC	796	13.07.2017	87,4	CP of Almaly TEC
14	“RM of Arcelor Mittal Temirtau” JSC	686	30.06.2017	488,9	CP of Almaly TEC
15	“RM of Arcelor Mittal Temirtau” JSC	239	19.06.2017	813,9	CP of Almaly TEC
16	“RM of Arcelor Mittal Temirtau” JSC	148	10.04.2017	547,6	CP of Almaly TEC
17	“RM of Arcelor Mittal Temirtau” JSC	164	16.01.2017	17,3	CP of Almaly TEC
Check total				8 212,7	
Grand total				12 056,0	

The customs post	Balance at the beginning of the period (arrears -, overpayment +)	Accrued	Returned	Paid	Balance at the end of the period (arrears -, overpayment +)
Karaganda-TEC (Coal)	26 232,3	247 285,6	0,0	247 500,0	26 446,7
Auezhai-Karaganda	0,0	3 498,3	0,0	3 498,3	0,0
Zhetysu Almaty	3 100,2	95 840,0		95 927,8	3 188,1
Temirtau (Steel)	34 676,7	1 544 939,3	0,0	1 512 976,2	2 713,6
Total	64 009,2	1 891 563,2	0,0	1 859 902,4	32 348,4

The discrepancy between “KAZ Minerals Bozshakol” LLP and Recipient was 61 thousand tenge:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
106101	“KAZ Minerals Bozshakol” LLP	229 118	229 057	61	-
	Total	229 118	229 057	61	-

As a supporting document, “KAZ Minerals Bozshakol” LLP sent an extract from the personal account on the status of settlements with the budget for payments, accounting for the fulfillment of tax obligations, as well as obligations for calculating, retaining and transferring mandatory pension contributions, calculating and paying social contributions, deductions and (or) contributions for compulsory social health insurance as of December 31, 2017:

№	Company	Paid			Returned from budget			Total
		tax	finances	penalty	tax	finances	penalty	
1	“KAZ Minerals Bozshakol” LLP	229 118	-	-	-	-	-	229 118
	Total	229 118	-	-	-	-	-	229 118

The discrepancy between “Mining and Metallurgical Concern Kazakhaltyn” JSC and Recipient amounted to 1 958 thousand tenge:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
106101	“Mining and Metallurgical Concern Kazakhaltyn” JSC	32 046	34 004	1 958	-
	Total	32 046	34 004	1 958	-

The payer, JSC Mining and Metallurgical Concern Kazakhaltyn, sent payment orders for the total amount of 32,046 thousand tenge as supporting documents.

№	Company name	№ payment order/ chack	Date of payment order	Amount in thousands of tenge
1	“MMC Kazakhaltyn” JSC	114	29.11.2017	60
2	“MMC Kazakhaltyn” JSC	74	24.10.2017	292
3	“MMC Kazakhaltyn” JSC	27	17.10.2017	1 101
4	“MMC Kazakhaltyn” JSC	28	17.10.2017	58
5	“MMC Kazakhaltyn” JSC	64	05.10.2017	431

№	Company name	№ payment order/ chack	Date of payment order	Amount in thousands of tenge
6	“MMC Kazakhaltyn” JSC	38	23.08.2017	4 287
7	“MMC Kazakhaltyn” JSC	511	03.08.2017	4
8	“MMC Kazakhaltyn” JSC	4	03.07.2017	6 670
9	“MMC Kazakhaltyn” JSC	173	30.06.2017	1 891
10	“MMC Kazakhaltyn” JSC	168	21.06.2017	58
11	“MMC Kazakhaltyn” JSC	264	13.06.2017	1 101
12	“MMC Kazakhaltyn” JSC	150	11.05.2017	8 255
13	“MMC Kazakhaltyn” JSC	137	07.04.2017	425
14	“MMC Kazakhaltyn” JSC	62	15.03.2017	1 107
15	“MMC Kazakhaltyn” JSC	113	21.02.2017	6 187
16	“MMC Kazakhaltyn” JSC	188	06.01.2017	120
Total				32 046

In the information sent by the Recipient on the payment information of the Committee of the State Duma of the Ministry of Finance of the Republic of Kazakhstan, payment notices paid but not taken into account by the Payer can be seen in the amount of:

- 1 897 thousand tenge in TA in the city of Kokshetau ND in Akmola region NK of MF of RK;
- 61 thousand tenge on NI in Saryarka district of Astana, which was the cause of the discrepancies.

The discrepancy between “AK Altynalmas” JSC and the Recipient was 95 thousand tenge:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
106101	“AK Altynalmas” JSC	11 592	11 687	95	-
Total:		11 592	11 687	95	-

The payer, “AK Altynalmas” JSC, as supporting documents provided payment orders and checks from the corporate card on which the payment was made, in the total amount of 11,592 thousand tenge.

№	Company name	№ payment order/ chack	Date of payment order	Amount in thousands of tenge
1	“AK Altynalmas” JSC	6388	10.05.2017	123,0
2	“AK Altynalmas” JSC	7304	19.07.2017	105,5
3	“AK Altynalmas” JSC	7302	19.07.2017	562,5
4	“AK Altynalmas” JSC	7687	18.08.2017	2 084,0
5	“AK Altynalmas” JSC	7686	18.08.2017	1 464,0
6	“AK Altynalmas” JSC	7927	08.09.2017	17,8
7	“AK Altynalmas” JSC	8539	02.10.2017	1,1
8	“AK Altynalmas” JSC	2624	11.12.2017	775,3
9	“AK Altynalmas” JSC	5247	14.02.2017	1 016,5
10	“AK Altynalmas” JSC	56	15.02.2017	15,0
11	“AK Altynalmas” JSC	23232	13.04.2017	1 100,0
12	“AK Altynalmas” JSC	179	05.09.2017	300,0
13	“AK Altynalmas” JSC	59	15.02.2017	3 041,9
Total through the bank				10 606,8

№	Company name	№ payment order/ chack	Date of payment order	Amount in thousands of tenge
14	“AK Altynalmas” JSC	205	01.02.2017	27,8
15	“AK Altynalmas” JSC	205	01.02.2017	0,5
16	“AK Altynalmas” JSC	100	16.01.2017	87,1
17	“AK Altynalmas” JSC	175	25.05.2017	382,3
18	“AK Altynalmas” JSC	99	11.04.2017	434,6
19	“AK Altynalmas” JSC	6480162	05.10.2017	7,8
20	“AK Altynalmas” JSC	117	16.02.2017	45,6
Total paid by check				985,7
Grand total				11 592

In the information sent by the Recipient on the payment information of the Committee of the State Duma of the Ministry of Finance of the Republic of Kazakhstan, a payment notice paid by the Payer in the amount of 95 thousand tenge in TA in the city of Taraz NI in the Zhambyl region of the Tax Code of the Ministry of Finance of the Republic of Kazakhstan, not recorded by the Payer in its report.

The discrepancy between “**Varvarinskoye**” JSC and Recipient amounted to 46 thousand tenge:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
106101	“Varvarinskoye” JSC	15 046	15 000	46	-
Total:		15 046	15 000	46	-

As confirmation, the Payer, Varvarinskoye JSC, provided payment order No. 1815 dated June 16, 2017 for the amount of 15,000 thousand tenge and a receipt from the corporate card of Halyk Bank JSC with payment in the amount of 46 thousand tenge dated May 4, 2017, a copy of the cargo customs declaration No. 55301/040517/0025191 dated May 4, 2017, 2017, in column 47 “Calculation of payments” reflects the amount of customs duty paid.

The discrepancy between “**Aluminum Kazakhstan**” JSC, a branch of the TFRU and the Recipient was 22,200 thousand tenge:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
106101	The branch of the JSC “Aluminum of Kazakhstan” JSC	31 100	8 900	22 200	-
Total		31 100	8 900	22 200	-

As confirmation, Aluminum of Kazakhstan JSC (a branch of the TFRU) sent acts of reconciliation of calculations on customs payments and taxes on the SRD in Kostanay region for the full amount of the payment of 31,100 thousand tenge for 2017.

Period	Balance at the beginning of the period (arrears -, overpayment +)	Accrued	Returned	Paid	Balance at the end of the period (arrears - overpayment +)
01.01.17-31.01.17	5 569	173	-	-	5 396
01.02.17-31.05.17	5 396	-	-	-	5 396
01.06.17-31.07.17	5 396	9 296	-	8 900	5 000
01.08.17-31.08.17	5 000	1 277	-	-	3 723
01.09.17-31.12.17	3 723	21 294	-	22 200	4 629
Total		32 040	-	31 100	

The discrepancy is due to the fact that payments in the amount of 22,200 thousand tenge were made by the parent company, Aluminum of Kazakhstan JSC with another BIN, and a branch participated in the reconciliation.

The discrepancy between “Bapy Mining” LLP and Recipient was 218 thousand tenge:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
106101	“Bapy Mining” LLP	11	(207)	218	-
	Total	11	(207)	218	

As confirmation, “Bapy Mining” LLP sent payment orders and payment receipts to Nurbank JSC and a return in the total amount of 11 thousand tenge:

№	Company name	№ payment order/ chack	Date of payment order	Amount in thousands of tenge
1	“Bapy Mining” LLP	1476	26.07.2017	10
2	“Bapy Mining” LLP	633439	18.08.2017	1
3	“Bapy Mining” LLP	6260170	25.07.2017	11
4	“Bapy Mining” LLP	71047360	29.11.2017	(10)
	Total			11

The discrepancies are caused by the fact that the Payer did not consider returns to the budget in its report, while the Recipient took these data into account.

The discrepancy between “KAZ Minerals Aktogay” LLP and Recipient amounted to 8 678 thousand tenge:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
106101	“KAZ Minerals Aktogay” LLP	771 944	763 266	8 678	-
	Total	771 944	763 266	8 678	-

The payer, “KAZ Minerals Aktogay” LLP, sent payment orders for the full amount of payment, 771,944 thousand tenge as supporting documents.

In the information sent by the Recipient on the payment information of the Committee of the State Duma of the Ministry of Finance of the Republic of Kazakhstan, paid, but not recorded by the Payer, payment notices on refunds from the budget and tax transfers in the amount of:

- 549 thousand tenge in TA in the city of Pavlodar ND in the Pavlodar region of NC of MF of RK;

- 8,129 thousand tenge in TA in the Almalinsky district of the ND in the city of Almaty, NC of MF of RK, which caused discrepancies.

The discrepancy between “Tengizchevroil” LLP and Recipient was 106 thousand tenge:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
106101	“Tengizchevroil” LLP	1 849	1 743	106	-
	Total	1 849	1 743	106	-

As confirmation, the Payer submitted a reconciliation statement for the whole amount paid of 1,849 thousand tenge. The recipient reflected in their reporting data a smaller amount.

The discrepancy between “Petro Kazakhstan Kumkol” JSC and the Recipient amounted to 6,869 thousand tenge:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
106101	“Petro Kazakhstan Kumkol” JSC	-	(6 869)	6 869	-
	Total	-	(6 869)	6 869	-

The discrepancy is due to the fact that the Payer did not take into account the returns made from the budget in its data, while according to the billing information provided by the Committee of the State Duma of the Ministry of Finance of the Republic of Kazakhstan, these returns are taken into account in the reporting data.

The discrepancy between “Tarbagatai Munai” LLP and Recipient was 57 thousand tenge:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
106101	“Tarbagatai Munai” LLP	1 719	1 662	57	-
	Total	1 719	1 662	57	-

As confirmation, “Tarbagatay Munai” LLP sent an act of reconciliation of settlements on customs payments and taxes on the SRD in Almaty for 2017.

Period	Balance at the beginning of the period (arrears -, overpayment +)	Accrued	Returned	Paid	Balance at the end of the period (arrears -, overpayment +)
01.01.17-31.12.17	-	1 936,623	(217,526)	1 719,097	-
Total	-	1 936,623	(217,526)	1 719,097	-

The discrepancy is due to the fact that in their data the Payer took into account the payment made by the transport company, DHL International Kazakhstan LLP in its favor in the amount of 57 thousand tenge.

The discrepancy between “Firma ADA-Oil” LLP and Recipient was 149 thousand tenge:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
106101	“Firma ADA-Oil” LLP	40	189	149	-
	Total	40	189	149	-

Firma Ada Oil LLP sent a reconciliation report on customs duties, taxes, customs duties and penalties in the DGD in the Aktobe region, in which it is clear that the Payer paid KZT 40.0 thousand for 2017.

In the information sent by the Recipient on the payment information of the Committee of the State Duma of the Ministry of Finance of the Republic of Kazakhstan, payment notifications № 12 of December 5, 2017 in the amount of 105 thousand tenge and № 14 of December 5, 2017 in the amount of 44 thousand tenge, paid in the OGD of Almaly district of Almaty, are visible which the Payer did not take into account in his report.

2. Customs duties on exported goods, BCC 106102

<i>In thousands tenge</i>	2017
Payers Report	500 592
Recipient's Report	431 861
Discrepancy	68 903

The discrepancies in the “Customs duties on exported goods” between the Payers and the Recipient are the sum of 68 903 thousand tenge.

Information on discrepancies is shown below:

№	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
	“Corporation Kazakhmys”				
1	LLP	(24)	(2)	22	-
2	“Vostoksvetmet” LLP	(44)	(3)	41	-
3	“Altyntau Kokshetau” JSC	(24)	(2)	22	-
4	“AK Altynalmas” JSC	-	(7)	7	-
5	“Turgai – Petroleum” JSC	483 898	415 088	68 810	-
6	Minor discrepancies for other companies due to rounding	-	1	1	-
Total		483 806	415 075	68 903	-

According to the clarified discrepancies, the Payers provided extracts from the personal account on the status of settlements with the budget, payment orders and written explanations.

The discrepancy between “**Corporation Kazakhmys**” LLP and Recipient amounted to 22 thousand tenge and was due to the fact that the Recipient reflected in its reporting data a smaller amount:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
106102	“Corporation Kazakhmys” LLP	(24)	(2)	22	-
Total		(24)	(2)	22	-

As a supporting document, the Payer, “Corporation Kazakhmys” LLP, provided payment orders for the entire amount of the payment in the amount of 24 thousand tenge:

№	Company name	№ payment order/ chack	Date of payment order	Amount in thousands of tenge
1	“Corporation Kazakhmys” LLP	65916373	18.04.2017г.	(14)
2	“Corporation Kazakhmys” LLP	66060552	24.04.2017г.	(10)
Total				(24)

The discrepancy between “Vostoksvetmet” LLP and Recipient amounted to 41 thousand tenge:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
106102	“Vostoksvetmet” LLP	(44)	(3)	41	-
	Total	(44)	(3)	41	

The payer, “Vostoksvetmet” LLP, as the supporting documents, sent an extract from the personal account on the status of settlements with the budget for payments, accounting for the fulfillment of tax obligations, as well as obligations for calculating, retaining and transferring mandatory pension contributions, calculating and paying social contributions, deductions and (or) contributions for compulsory social health insurance as of December 31, 2017:

№	Company	Paid			Returned from budget			Total
		tax	finances	penalty	tax	finances	penalty	
1	“Vostoksvetmet” LLP	-	-	-	(44)	-	-	(44)
	Total	-	-	-	(44)	-	-	(44)

Payment order № 65218677 dated March 14, 2017 in the amount of 44 thousand tenge on return from the budget from the RSU "UGD in Ust-Kamenogorsk".

The discrepancy between “Altyntau Kokshetau” LLP and Recipient was 22 thousand tenge:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
106102	“Altyntau Kokshetau” JSC	(24)	(2)	22	-
	Total	(24)	(2)	22	-

As confirmation, the Payer submitted a payment order for the full amount of the payment:

№	Company name	№ payment order/ check	Date of payment order	Amount in thousands of tenge	Place of payment
1	“Altyntau Kokshetau” LLP	69156466	14.09.2017	(24)	Return from the Office of State Revenue for the city of Kokshetau
	Total			(24)	

The discrepancy between “AK Altynalmas” JSC and the Recipient was 7 thousand tenge:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
106102	“AK Altynalmas” JSC	-	(7)	7	-
	Total	-	(7)	7	-

As confirming documents, the Payer, JSC AK Altynalmas, provided an extract from the personal account with zero receipts on the status of settlements with the budget for payments, accounting for the fulfillment of tax obligations, as well as obligations for calculating, withholding and transferring mandatory pension contributions, and payment of social contributions, deductions and (or) contributions to compulsory social health insurance as of December 31, 2017.

The payer in their data took into account the refund from the budget.

The discrepancy between “**Turgai-Petroleum**” JSC and the Recipient amounted to 68,810 thousand tenge:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
106102	“Turgai – Petroleum” JSC	483 898	415 088	68 810	-
Total		483 898	415 088	68 810	-

As confirmation, “Turgai-Petroleum” JSC sent a reconciliation act for customs duties, taxes, customs duties and penalties for SRD in Kyzylorda city and for SRD in South of RK, which shows that Payer did not take into account 2 returns in the amount of 68,810 thousand tenge .

3. Export customs duties on crude oil, BCC 106110

In thousands tenge **2017**

Payers Report	849 597 367
Recipient's Report	850 925 039

Discrepancy **1 454 072**

The discrepancies in the “Export customs duties on crude oil” between Payers and the Recipient are the amount of 1,454,072 thousand tenge.

Information on discrepancies is shown below:

№	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
1	“Marine Oil Company KazMunayTeniz” JSC	-	1 315 873	1 315 873	-
2	“JV Zhaikmunai” LLP	1 304 108	1 379 108	75 000	-
3	“Buzachi Oil” LLP	1 236 827	1 173 627	63 200	-
4	Minor discrepancies for other companies due to rounding	-	(1)	(1)	-
Total		2 540 935	3 868 607	1 454 072	

According to the clarified discrepancies, the Payers provided extracts from the personal account on the status of settlements with the budget, payment orders and written explanations.

The discrepancy between “**Buzachi Oil**” LLP and the Recipient amounted to 63,200 thousand tenge, which is due to the fact that the Payer did not take into account in its data the tax refund for the Aktau representative office.

BCC	Company	According to the Payer	According to the Recipient	Difference
106110	“Buzachi Oil” LLP	1 236 827	1 173 627	63 200
Total		1 236 827	1 173 627	63 200

As evidence, the Payer, Buzachi Oil LLP, provided documents in the form of payment orders for the full amount of the payment:

№	Company name	№ payment order/ chack	Date of payment order	Amount in thousands of tenge
1	“Buzachi Oil” LLP	38	11.01.2017	37 051
2	“Buzachi Oil” LLP	171	06.02.2017	34 360
3	“Buzachi Oil” LLP	408	06.03.2017	36 360
4	“Buzachi Oil” LLP	674	14.04.2017	22 120
5	“Buzachi Oil” LLP	740	26.04.2017	32 200
6	“Buzachi Oil” LLP	1169	06.06.2017	45 360
7	“Buzachi Oil” LLP	2449	27.10.2017	30 060
8	“Buzachi Oil” LLP	1697	03.08.2017	31 110
9	“Buzachi Oil” LLP	1825	25.08.2017	29 100
10	“Buzachi Oil” LLP	0037	11.01.2017	55 576
11	“Buzachi Oil” LLP	0170	06.02.2017	51 540
12	“Buzachi Oil” LLP	0406	06.03.2017	54 540
13	“Buzachi Oil” LLP	0595	07.04.2017	32 000
14	“Buzachi Oil” LLP	0685	14.04.2017	41 080
15	“Buzachi Oil” LLP	0741	26.04.2017	59 800
16	“Buzachi Oil” LLP	1168	06.06.2017	68 040
17	“Buzachi Oil” LLP	1407	03.07.2017	71 610
18	“Buzachi Oil” LLP	1696	03.08.2017	72 590
19	“Buzachi Oil” LLP	1826	25.08.2017	67 900
20	“Buzachi Oil” LLP	0519	05.04.2017	63 200
21	“Buzachi Oil” LLP	2238	04.10.2017	75 900
22	“Buzachi Oil” LLP	2442	27.10.2017	70 140
23	“Buzachi Oil” LLP	1409	03.07.2017	30 690
24	“Buzachi Oil” LLP	2839	20.12.2017	20 500
25	“Buzachi Oil” LLP	2914	28.12.2017	70 000
26	“Buzachi Oil” LLP	2916	28.12.2017	31 000
27	“Buzachi Oil” LLP	1716	04.08.2017	3 000
Total				1 236 827

The discrepancy between “JV Zhaikmunai” LLP and Recipient amounted to 75,000 thousand tenge.

BCC	Company	According to the Payer	According to the Recipient	Difference
106110	“JV Zhaikmunai” LLP	1 304 108	1 379 108	75 000
Total:		1 304 108	1 379 108	75 000

As confirmation, “JV Zhaikmunai” LLP sent a payment receipt dated December 30, 2016 in the amount of 75,000 thousand tenge, which the Recipient took into account in the 2016 report data.

For the “Marine Oil Company KazMunayTeniz” JSC there was a discrepancy in the amount of 1,315,873 thousand tenge on the BCC 106110, the explanation is given on page 157 of this report.

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
106110	“Marine Oil Company KazMunayTeniz” JSC	-	1 315 873	1 315 873	-
Total:		-	1 315 873	1 315 873	-

4. Export customs duties on goods produced from oil, BCC 106111

In thousands tenge **2017**

Payers Report	29 648
Recipient's Report	29 648

Discrepancy **-**

There are no discrepancies in “Export customs duties on goods produced from oil” between the Payers.

5. Customs duties on imported goods, BCC 106112

In thousands tenge **2017**

Payers Report	1 438 705
Recipient's Report	1 438 450

Discrepancy **255**

The discrepancies in the “Customs duties on imported goods” between the Payers and the Recipient are 255 thousand tenge.

Information on discrepancies is shown below:

№	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
1	“Tengizchevroil” LLP	1 136	881	255	-
Total		1 136	881	255	

According to the clarified discrepancies, the Payers provided extracts from the personal account on the status of settlements with the budget, payment orders and written explanations.

The discrepancy between “**Tengizchevroil**” LLP and Recipient was 255 thousand tenge:

BCC	Company	According to the Payer	According to the Recipient	Difference
106110	“Tengizchevroil” LLP	1 136	881	255
Total		1 136	881	255

As confirmation, “Tengizchevroil” LLP sent acts of reconciliation of calculations on customs payments and taxes on the SRD in Atyrau region for the full amount of the payment of 1 136 thousand tenge for 2017.

Period	Balance at the beginning of the period (arrears -, overpayment +)	Accrued	Returned	Paid	Balance at the end of the period (arrears - overpayment +)
01.01.17-31.12.17	39 706	(559)	-	1 136	40 283
Total	39 706	(559)	-	1 136	40 283

6. Proceeds from the implementation of customs control and customs procedures, BCC 106201

In thousands tenge **2017**

Payers Report	9 657 069
Recipient's Report	9 595 147

Discrepancy **65 815**

The discrepancies in “Receipts from customs control and customs procedures” between Payers and Recipient data is 65,815 thousand tenge.

Information on discrepancies is shown below:

№	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
1	“TC Kazchrome” JSC	126 365	66 653	59 712	-
2	“Arcelor Mittal Temirtau” JSC	264 609	264 558	51	-
3	“JV South Mining Chemical Company” LLP	286	225	61	-
4	“KAZ Minerals Bozshakol” LLP (KAZ Minerals Bozshakol)	10 702	10 660	42	-
5	“NAC Kazatomprom” JSC	1 600	1 500	100	-
6	APPAK LLP	225	125	100	-
7	“Kostanay minerals” JSC	10 419	10 369	50	-
8	“Varvarinskoye” JSC	1 075	1 050	25	-
9	“Aluminum of Kazakhstan, a branch of the TFRU” JSC	425	75	350	-
10	“Temirtau Electrometallurgical Plant” JSC	954	1 164	210	-
11	“Satpayevsk ore mining and processing enterprise” LLP	-	25	25	-
12	“Tengizchevroil” LLP	55 968	54 826	1 142	-
13	“Marine Oil Company KazMunayTeniz” JSC	-	512	512	-
14	“JV Zhaikmunai” LLP	211 662	212 812	1 150	-
15	Branch of the company “Maersk Oil Kazakhstan GmbH”	1 636	1 458	178	-
16	“Tarbagatai Munai” LLP	798	773	25	-
17	“Firma ADA-Oil” LLP	797	847	50	-

№	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
18	“Buzachi Oil” LLP Branch of limited liability company “Agip Caspian Sea BV”	37 669	35 669	2 000	-
19		457 295	457 264	31	-
Total		1 182 485	1 120 565	65 815	-

According to the clarified discrepancies, the Payers provided extracts from the personal account on the status of settlements with the budget, payment orders and written explanations.

The discrepancy between “TC Kazchrome” JSC and the Recipient was 59,712 thousand tenge.

BCC	Company	According to the Payer	According to the Recipient	Difference
106201	“TC Kazchrome” JSC	126 365	66 653	(59 712)
Total		126 365	66 653	59 712

The payer, “TC Kazchrome” JSC, provided acts of reconciliation of customs duties, taxes, customs duties and penalties in the total amount of 126,365 thousand tenge:

Payer	Customs post	Amount in thousands of tenge	Period
Ore Administration Kazmarganets		-	01.01.17-31.12.17
Aksu Ferroalloy Plant	SRD in Pavlodar region	31 650	01.01.17-31.12.17
Aktobe Ferroalloy Plant	SRD in Aktobe region	10 500	01.01.17-23.05.17
Aktobe Ferroalloy Plant	SRD in Pavlodar region	12 000	01.10.17-31.12.17
Aktobe Ferroalloy Plant	SRD in Pavlodar region	10 500	24.05.17-30.09.17
Donskoy GOK branch	SRD in Aktobe region	480	01.01.17-01.05.17
Donskoy GOK branch	SRD in Aktobe region	415	01.05.17-01.08.17
Donskoy GOK branch	SRD in Aktobe region	60 210	01.08.17-10.10.17
Donskoy GOK branch	SRD in Aktobe region	260	11.10.17-31.10.17
Donskoy GOK branch	SRD in Aktobe region	350	01.11.17-31.12.17
Total		126 365	

The discrepancy is due to the fact that the Payer did not take into account the return from the budget of the branch - the Don Mining Plant, while the Recipient took these data into account in his report.

The discrepancy between the “Arcelor Mittal Temirtau” JSC and the Recipient was 51 thousand tenge. The discrepancy arose due to the fact that the Recipient did not take into account two payments of 25 thousand tenge on TC Almalıy TEC:

BCC	Company	According to the Payer	According to the Recipient	Difference
106201	“Arcelor Mittal Temirtau” JSC	264 609	264 558	51
Total		264 609	264 558	51

As a supporting document, the payer sent payment orders, checks from a corporate card for payment made in the amount of 7,695 thousand tenge and acts of reconciliation with customs posts in the amount of 256,914 thousand tenge.

№	Company name	№ payment order/ chack	Date of payment order	Amount in thousands of tenge	The customs post
1	“Arcelor Mittal Temirtau” JSC	15386167	11.04.2017	36,0	Astana
2	“Arcelor Mittal Temirtau” JSC	6184846	14.06.2017	25,0	Astana
3	“Arcelor Mittal Temirtau” JSC	15413057	08.12.2017	500,0	Aktau
4	“Arcelor Mittal Temirtau” JSC	6188043	21.08.2017	1 000,0	Aktau
5	“Arcelor Mittal Temirtau” JSC	6186793	26.07.2017	1 000,0	Aktau
6	“Arcelor Mittal Temirtau” JSC	6186223	13.07.2017	500,0	Aktau
7	“Arcelor Mittal Temirtau” JSC	6185488	26.06.2017	500,0	Aktau
8	“Arcelor Mittal Temirtau” JSC	6184734	09.06.2017	500,0	Aktau
9	“Arcelor Mittal Temirtau” JSC	6184274	31.05.2017	500,0	Aktau
10	“Arcelor Mittal Temirtau” JSC	6183433	16.05.2017	500,0	Aktau
11	“Arcelor Mittal Temirtau” JSC	6182934	02.05.2017	500,0	Aktau
12	“Arcelor Mittal Temirtau” JSC	6182478	21.04.2017	500,0	Aktau
13	“Arcelor Mittal Temirtau” JSC	6178002	12.01.2017	1 000,0	Aktau
14	“Arcelor Mittal Temirtau” JSC	6183471	16.05.2017	25,0	Astana
Total payment orders				7 086,0	
15	“Arcelor Mittal Temirtau” JSC	29	15.11.2017	36,0	TC Almaly TEC
16	“Arcelor Mittal Temirtau” JSC	311	29.11.2017	58,0	TC Almaly TEC
17	“Arcelor Mittal Temirtau” JSC	451	06.12.2017	25,0	TC Almaly TEC
18	“Arcelor Mittal Temirtau” JSC	631	13.12.2017	36,0	TC Almaly TEC
19	“Arcelor Mittal Temirtau” JSC	630	13.12.2017	36,0	TC Almaly TEC
20	“Arcelor Mittal Temirtau” JSC	200	23.11.2017	25,0	TC Almaly TEC
21	“Arcelor Mittal Temirtau” JSC	909	05.09.2017	36,0	TC Almaly TEC
22	“Arcelor Mittal Temirtau” JSC	863	29.08.2017	47,0	TC Almaly TEC
23	“Arcelor Mittal Temirtau” JSC	527	04.08.2017	25,0	TC Almaly TEC
24	“Arcelor Mittal Temirtau” JSC	442	14.07.2017	36,0	TC Almaly TEC
25	“Arcelor Mittal Temirtau” JSC	796	13.07.2017	47,0	TC Almaly TEC
26	“Arcelor Mittal Temirtau” JSC	686	30.06.2017	25,0	TC Almaly TEC
27	“Arcelor Mittal Temirtau” JSC	239	19.06.2017	36,0	TC Almaly TEC
28	“Arcelor Mittal Temirtau” JSC	148	10.04.2017	36,0	TC Almaly TEC
29	“Arcelor Mittal Temirtau” JSC	164	16.01.2017	30,0	TC Almaly TEC

№	Company name	№ payment order/ chack	Date of payment order	Amount in thousands of tenge	The customs post
30	“Arcelor Mittal Temirtau” JSC	687	30.06.2017	25,0	TC Almaly TEC
31	“Arcelor Mittal Temirtau” JSC	938	25.07.2017	25,0	TC Almaly TEC
32	“Arcelor Mittal Temirtau” JSC	4	14.09.2017	25,0	TC Almaly TEC
Check total				609,0	
Grand total				7 695,0	

The customs post	Balance at the beginning of the period (arrears - , overpayment +)	Accrued	Returned	Paid	Balance at the end of the period (arrears - overpayment +)
Karaganda-TEC (Coal)	113,0	8 125,6	-	9 500,0	1 487,4
Auezhai-Karaganda	-	160,0	-	160,0	-
Zhetysu Almaty	-	-	-	13 229,0	-
Temirtau (Steel)	17 552,5	243 044,9	-	234 025,0	8 532,6
Total	17 665,5	251 330,5	-	256 914,0	23 249,0

The discrepancy between the “JV “South Mining and Chemical Company” LLP and the Recipient amounted to 61 thousand tenge.

BCC	Company	According to the Payer	According to the Recipient	Difference
106201	“JV “South Mining and Chemical Company” LLP	286	225	61
Total		286	225	61

Payer, “JV “South Mining and Chemical Company” LLP sent as confirmation documents checks for payment from the corporate card and cargo customs declarations, according to which payment was made in the total amount of 286 thousand tenge:

№	Company name	№ CCD number for which the check was paid	Date of payment	Amount in thousands of tenge
1	“JV “South Mining and Chemical Company” LLP	51512/101117/0003502	10.11.2017	25
2	“JV “South Mining and Chemical Company” LLP	51512/201117/0003686	20.11.2017	25
3	“JV “South Mining and Chemical Company” LLP	51512/201117/0000431	20.02.2017	20,3
4	“JV “South Mining and Chemical Company” LLP	51512/201117/0000422	20.02.2017	20,3
5	“JV “South Mining and Chemical Company” LLP	51512/201117/0000423	20.02.2017	20,4
6	“JV “South Mining and Chemical Company” LLP	51512/201117/0000772	18.03.2017	25
7	“JV “South Mining and Chemical Company” LLP	51512/201117/0000773	18.03.2017	25
8	“JV “South Mining and Chemical Company” LLP	51512/201117/0001164	19.04.2017	25
9	“JV “South Mining and Chemical Company” LLP	51512/201117/0001485	19.05.2017	25
10	“JV “South Mining and Chemical Company” LLP	51512/201117/0002224	20.07.2017	25

№	Company name	№ CCD number for which the check was paid	Date of payment	Amount in thousands of tenge
11	“JV “South Mining and Chemical Company” LLP	51512/201117/0002427	11.08.2017	25
12	“JV “South Mining and Chemical Company” LLP	51512/140917/0002772	14.09.2017	25
Total				286

The discrepancy arose due to the fact that the Recipient did not take into account three payments in the amount of KZT 20,346 thousand for TTS Taraz in the total amount of KZT 61 thousand.

The discrepancy between “KAZ Minerals Bozshakol” LLP and Recipient was 42 thousand tenge.

BCC	Company	According to the Payer	According to the Recipient	Difference
106201	“KAZ Minerals Bozshakol” LLP	10 702	10 660	42
Total		10 702	10 660	42

“KAZ Minerals Bozshakol” LLP as the supporting documents sent an extract on the absolute personal account as of December 31, 2017.

№	Company	Paid			Returned from budget			Total
		tax	finances	penalty	tax	finances	penalty	
1	“KAZ Minerals Bozshakol” LLP	10 702	-	-	-	-	-	10 702
Total		10 702	-	-	-	-	-	10 702

The discrepancy between “NAC Kazatomprom” JSC and the Recipient was 100 thousand tenge.

BCC	Company	According to the Payer	According to the Recipient	Difference
106201	“NAC Kazatomprom” JSC	1 600	1 500	100
Total		1 600	1 500	100

As confirmation, “NAC Kazatomprom” JSC sent acts of reconciliation of calculations on customs payments and taxes on the State Duma to the regions for the entire amount of the payment of 1,600 thousand tenge for 2017:

Period	Balance at the beginning of the period (arrears -, overpayment +)	Accrued	Returned	Paid	Balance at the end of the period (arrears - overpayment +)
SRD in Akmola region					
01.01.17-31.03.2017	-	25	-	25	-
01.04.17-30.06.2017	-	125	-	125	-
01.07.17-30.09.2017	-	0	-	0	-
01.10.17-31.12.2017	-	75	-	75	-
Total		225	-	225	
SRD in Zhambyl region					
01.01.17-31.03.2017	1	75	-	75	1
01.04.17-30.06.2017	1	325	-	325	1
01.07.17-30.09.2017	1	150	-	150	1

Period	Balance at the beginning of the period (arrears -, overpayment +)	Accrued	Returned	Paid	Balance at the end of the period (arrears - overpayment +)
01.10.17-31.12.2017	1	275	-	275	1
Total		825	-	825	
SRD in Kyzylorda region					
01.01.17-31.03.2017	-	25	-	25	-
01.04.17-30.06.2017	-	75	-	75	-
01.07.17-30.09.2017	-	-	-	-	-
01.10.17-31.12.2017	-	100	-	100	-
Total		200	-	200	
SRD in the East Kazakhstan region					
01.01.17-31.12.2017	20	350	-	350	20
Total	-	350	-	350	-
Grand total	-	1 600	-	1 600	-

The discrepancy is due to the fact that the Recipient did not take into account in its data the branch in the Kyzylorda region.

The discrepancy between “APPAK” LLP and Recipient amounted to 100 thousand tenge. The discrepancies are caused by the fact that the Recipient did not take into account the payments in full.

BCC	Company	According to the Payer	According to the Recipient	Difference
106201	“APPAK” LLP	225	125	100
	Total	225	125	100

As a supporting document, the payer submitted checks on payment from the corporate card of Halyk Bank JSC for the entire amount of payment of 225 thousand tenge and copies of cargo declarations, in the 47 columns of which “Calculation of payments” indicated amounts of paid customs duties.

№	Company name	№ payment order / check	Date of payment order	Amount in thousands of tenge	№ of the CCD (cargo customs declaration)
1	“APPAK” LLP	163	25.03.2017	25	51512/180517/0001478
2	“APPAK” LLP	184	18.05.2017	25	51512/190417/0001173
3	“APPAK” LLP	386	19.04.2017	25	51512/230617/0001888
4	“APPAK” LLP	485	16.06.2017	25	51512/130917/0001789
5	“APPAK” LLP	429	23.08.2017	25	51512/230817/0003547
6	“APPAK” LLP	561	12.09.2017	25	51512/130917/0002753
7	“APPAK” LLP	O24	15.12.2017	25	51512/201217/0004381
8	“APPAK” LLP	O41	20.12.2017	25	51512/201217/0004381
9	“APPAK” LLP	O35	15.11.2017	25	51512/151117/0003598
	Total			225	

The discrepancy between the “Kostanay Minerals” JSC and the Recipient amounted to 50 thousand tenge.

BCC	Company	According to the Payer	According to the Recipient	Difference
106201	“Kostanay Minerals” JSC	10 419	10 369	50
Total		10 419	10 369	50

As a confirmation, “Kostanay Minerals” JSC sent an extract on the check of payment from the corporate card of JSC “Halyk Bank” of 02.05.2017 for the amount of discrepancy of 50 thousand tenge.

The discrepancy between “Varvarinskoye” JSC and Recipient amounted to 25 thousand tenge.

BCC	Company	According to the Payer	According to the Recipient	Difference
106201	“Varvarinskoye” JSC	1 075	1 050	25
Total		1 075	1 050	25

As confirmation, the Payer, “Varvarinskoye” JSC, received a receipt from the corporate card of Halyk Bank JSC with payment made in the amount of 25 thousand tenge from 04/05/2017, a copy of cargo customs declaration No. 55301/040517/0025191 from 04.05.2017 where in column 47 “Calculation of payments” the amount of paid customs duty is reflected.

The discrepancy between the “Aluminum of Kazakhstan” JSC, a branch of the FTRU, and the Recipient amounted to 350 thousand tenge.

BCC	Company	According to the Payer	According to the Recipient	Difference
106201	The branch of the FTRU “Aluminum of Kazakhstan” JSC	425	75	350
Total		425	75	350

As confirmation of Aluminum of Kazakhstan JSC, the branch of the KBRU sent acts of reconciliation of calculations on customs payments and taxes on the SRD in Kostanay region for the full amount of the payment made by KZT 425 thousand for 2017.

Period	Balance at the beginning of the period (arrears -, overpayment +)	Accrued	Returned	Paid	Balance at the end of the period (arrears - overpayment +)
01.01.17-31.01.17	166	59	-	25	132
01.02.17-31.05.17	132	-	-	-	132
01.06.17-31.07.17	132	122	-	75	85
01.08.17-31.08.17	85	61	-	-	24
01.09.17-31.12.17	24	280	-	325	69
Total		522	-	425	

The discrepancy is due to the fact that the Recipient did not take into account payments made by the parent organization, Aluminum of Kazakhstan JSC, with another BIN.

The discrepancy between “**TEMC**” JSC and the Recipient was 210 thousand tenge.

BCC	Company	According to the Payer	According to the Recipient	Difference
106201	“TEMC” JSC	954	1 164	210
Total		954	1 164	210

As confirmation, TEMP JSC sent reconciliation acts on customs duties, taxes, customs duties and penalties in the DGD in the Karaganda region, in which it is clear that the Payer paid 895.7 thousand tenge in total, including:

- 295,7 thousand tenge for the period from c 01.01.2017 to 31.03.2017;
- 200,0 thousand tenge for the period from 01.04.2017 to 31.07.2017;
- 200,0 thousand tenge for the period from 01.08.2017 to 31.10.2017;
- 200,00 thousand tenge for the period from 01.11.2017 to 29.12.2017

It was also presented as confirmation by the Payer payment order No. 9843 of December 21, 2017 for the amount of 58.0 thousand tenge.

The recipient explained the reason for the discrepancies in that the payment was credited to the Payer's BIN by another legal entity, TEMIRTAUSK ELEKTROMET JSC from the payment card.

The discrepancy between “**Satpayev Mining and Processing Enterprise**” LLP and Recipient was 25 thousand tenge.

BCC	Company	According to the Payer	According to the Recipient	Difference
106201	“Satpayev Mining and Processing Enterprise” LLP	-	25	25
Total		-	25	25

As a supporting document, “Satpayev Mining and Processing Enterprise” LLP has sent an extract of the absolute personal account as of December 31, 2017.

№	Company	Paid			Returned from budget			Total
		tax	finer	penalty	tax	finer	penalty	
1	“Satpayev Mining and Processing Enterprise” LLP	-	-	-	-	-	-	-
Total		-	-	-	-	-	-	-

As a confirmation, the Recipient has sent information on the payment information of the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan in which payment notification No. 1054/1 of 22.05.2017 is reflected in the amount of 25 thousand tenge, where the payer is “Satpaevsk Titanium Mines” LLP credited to the BIN of the Payer, which and caused a discrepancy. The payer in his report did not take into account the payment made by a third party in his favor.

For the “**Marine Oil Company KazMunayTeniz**” JSC, there was a discrepancy of 512 thousand tenge in BCC 106201, the explanation is given on page 157 of this report.

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
106201	“Marine Oil Company KazMunayTeniz” JSC	-	512	512	-
Total		-	512	512	-

The discrepancy between the data of “JV Zhaikmunai” LLP and the Recipient's data amounted to 1,150 thousand tenge.

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
106201	“JV Zhaikmunai” LLP	211 662	212 812	1 150	-
Total		211 662	212 812	1 150	-

As confirmation, JV Zhaikmunai LLP sent a payment receipt dated December 30, 2016 in the amount of 1,150 thousand tenge, which was taken into account in the 2016 report.

The discrepancy between the data of the branch of the company “Maersk Oil Kazakhstan GmbH” and the data of the Recipient was 178 thousand tenge.

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
106201	The branch of the company Maersk Oil Kazakhstan GmbH	1 636	1 458	178	-
Total		1 636	1 458	178	-

As confirmation, the branch of the company “Maersk Oil Kazakhstan GmbH” sent a reconciliation report on customs duties, taxes, customs duties and penalties on the “SRD in the city of Almaty” and on the “SRD in the city of Atyrau”, in which it is clear that the Payer paid 178 thousand tenge for 2017, which caused the discrepancy.

The discrepancy between “Tengizchevroil” LLP and Recipient amounted to 1,142 thousand tenge:

BCC	Company	According to the Payer	According to the Recipient	Difference
106201	“Tengizchevroil” LLP	55 968	54 826	1 142
Total		55 968	54 826	1 142

As confirmation, Tengizchevroil LLP sent acts of reconciliation of calculations on customs payments and taxes on the SRD in Atyrau region for the entire amount of payment made 55,968 thousand tenge for 2017.

Period	Balance at the beginning of the period (arrears -, overpayment +)	Accrued	Returned	Paid	Balance at the end of the period (arrears -, overpayment +)
01.01.17-30.06.17	4 434	(24 721)	-	26 562	6 275
01.07.17-31.12.17	6 275	(23 071)	-	29 406	12 610
Total	4 434	(47 792)	-	55 968	12 610

The discrepancy between “Tarbagatai Munai” LLP and Recipient was 57 thousand tenge:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
106201	“Tarbagatai Munai” LLP	798	773	25	-
Total		798	773	25	-

The discrepancy is due to the fact that in their data the Payer took into account the payment made by the transport company, DHL International Kazakhstan LLP in its favor in the amount of 25 thousand tenge. As confirming documents, the Payer submitted an invoice

for payment № 8872 dated June 30, 2017, a check from a corporate card for the amount paid, made by the transport company DHL International Kazakhstan LLP.

The discrepancy between “Firma ADA-Oil” LLP and Recipient was 50 thousand tenge:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
106201	“Firma ADA-Oil” LLP	797	847	50	-
Total		797	847	50	-

As confirmation, “Firma ADA-Oil” LLP sent a reconciliation report on customs duties, taxes, customs duties and penalties in the DGD in Aktobe region, in which it is clear that Payer paid KZT777.0 thousand in 2017. Also received receipts checks BKS № 171205864458 and 1712058636700 from 05.12.2017 of the year to 25 thousand tenge, totaling 50 thousand tenge. The discrepancy arose due to the fact that the Payer did not take into account these payments made in Kazpost JSC in its report, and the Recipient took into account the Payer BIN.

The discrepancy between “Buzachi Oil” LLP and Recipient amounted to 2,000 thousand tenge:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
106201	“Buzachi Oil” LLP	37 669	35 669	2 000	-
Total:		37 669	35 669	2 000	-

As confirmation, Buzachi Neft LLP sent payment orders for the full amount of payment of 37,669 thousand tenge for 2017.

When comparing the data received by the Recipient on the payment information of the Committee of the State Duma of the Ministry of Finance of the Republic of Kazakhstan with the Recipient, it was revealed that the reason for the discrepancy was that the Payer did not take into account the return to the budget of 2,000 thousand Tenge in the Aktau representative office.

The discrepancy between the **Branch of the “Agip Caspian Sea BV” Limited Liability Company** and the Recipient was 31 thousand tenge:

BCC	Company	Totals		Discrepancy	
		Payer	Recipient	Explained	Unexplained
106201	Branch of the “Agip Caspian Sea BV” Limited Liability Company	457 295	457 264	31	-
Total		457 295	457 264	31	-

The payer sent payment order No. 112 dated January 24, 2017, paid by a third party, to EAT LLP for the branch in the amount of 31 thousand tenge, which caused the discrepancy.

6. Special protective, anti-dumping and countervailing duties, BCC 106202

<i>In thousands tenge</i>		2017
Payers Report		272 115
Recipient's Report		272 169
Discrepancy		54

The discrepancies in the “Special protective, anti-dumping and countervailing duties” between the Payers and the Recipient data amount to 54 thousand tenge.

Information on discrepancies is shown below:

№	Company	Payer		Recipient	
		Payer	Recipient	Explained	Unexplained
1	“Kazakhmys Aktogay” LLP	6 824	6 878	54	-
Total		6 824	6 878	54	-

The discrepancy between “Kazminerals Aktogay” LLP and Recipient was 54 thousand tenge.

BCC	Company	According to the Payer	According to the Recipient	Difference
106202	“Kazminerals Aktogay” LLP	6 824	6 878	54
Total :		6 824	6 878	54

The payer, KAZ Minerals Aktogay LLP, provided the payment orders for the full amount of the payment, 6,824 thousand tenge as supporting documents:

№ п/п	Company name	№ payment order / chack	Date of payment order	Amount in thousands of tenge	Recipient (beneficiary)
1	“KAZ Minerals Aktogay” LLP	75177	20.01.2017	75,8	PDD for Almalinsky District
2	“KAZ Minerals Aktogay” LLP	751	20.01.2017	22,2	PDD for Almalinsky District
3	“KAZ Minerals Aktogay” LLP	1304179	13.04.2017	945,5	PDD for Almalinsky District
4	“KAZ Minerals Aktogay” LLP	100811	05.07.2017	5 780,4	UGD in Ust-Kamenogorsk
Total				6 823,9	

In the information sent by the Recipient on the payment information of the Committee of the State Duma of the Ministry of Finance of the Republic of Kazakhstan, there is a payment order № 118140 dated October 11, 2017, paid to the UGD of Almal district of Almaty, which Payer did not take into account in his data.

4.2. Payments reflected in foreign currency (USD)

	2017	2017
	<i>In thousands of US dollars</i>	<i>In thousands of tenge</i>
Payers Report	4 820 493	1 570 580 160
Recipient's Report	4 820 493	1 570 580 160
Discrepancy	-	-

Including the result of reconciliation in the context of taxes paid in foreign currency:

1. Corporate income tax, BCC 101105-101110

	2017	2017
	<i>In thousands of US dollars</i>	<i>In thousands of tenge</i>
Payers Report	2 551 198	832 453 034
Recipient's Report	2 551 017	832 424 788
Discrepancy	181	59 973

This discrepancy is explained by the fact that “Tengizchevroil” LLP on BCC 101110 and 101105 showed in the report Appendix 1 “The form of the report on tax payments filed by Payers / Recipients in dollars more than specified in Appendix 1-1“ Form on payments in foreign currency ”.

As a supporting document, the payer sent an extract on the absolute personal account on BCC 101110 as of December 31, 2017. with zero income. According to the oral explanation, “Tengizchevroil” LLP is an organization of the oil sector, therefore, it does not produce any operations under this CSC “Corporate income tax from legal entities with the exception of revenues from oil sector organizations”.

At our additional request, the Ministry of Finance of the Republic of Kazakhstan and the Treasury confirmed the refund in the amount of US \$ 84,820.11, which was in tenge equivalent to KZT28,245 thousand, made according to a letter from the Company dated November 22, 2017 in favor of ERUMA SECURITY INTERNATIONAL LIMITED. A return of USD 96,427.12 in tenge equivalent of KZT31,698 thousand was also confirmed, made according to a letter from the Company dated January 30, 2017 in favor of LLC TGT Prime. Payer did not indicate returns in its report. As evidence, the Treasury Committee of the Ministry of Finance of the Republic of Kazakhstan sent “Statements in foreign currency accounts, special accounts of foreign loans or related grants, accounts to special accounts of foreign loans or related grants of public institutions” in the Atyrau region, where the above data is indicated in the operation designation.

2. Individual income tax, BCC 101201-101205

	2017 <i>In thousands of US dollars</i>	2017 <i>In thousands of tenge</i>
Payers Report	84	27 482
Recipient's Report	84	27 482
Discrepancy	-	-

3. Property tax, BCC 104101

	2017 <i>In thousands of US dollars</i>	2017 <i>In thousands of tenge</i>
Payers Report	39 638	12 853 707
Recipient's Report	39 638	12 853 707
Discrepancy	-	-

4. VAT, BCC 105101-105115

	2017 <i>In thousands of US dollars</i>	2017 <i>In thousands of tenge</i>
Payers Report	241 117	78 832 971
Recipient's Report	241 117	78 832 971
Discrepancy	-	-

5. Extraction tax, BCC 105326

	2017 <i>In thousands of US dollars</i>	2017 <i>In thousands of tenge</i>
Payers Report	1 199 953	388 673 284
Recipient's Report	1 199 953	388 673 284
Discrepancy	-	-

6. The share of the Republic of Kazakhstan in the division of products, BCC 105308 и 105328

	2017 <i>In thousands of US dollars</i>	2017 <i>In thousands of tenge</i>
Payers Report	788 503	257 739 682
Recipient's Report	788 503	257 739 682
Discrepancy	-	-

Seven Payers who, according to subsoil use contracts, pay taxes and other obligatory payments to the budget in foreign currency (US dollars), submitted Reports in US dollars.

When reconciling the Report on each company, foreign currency was recalculated in tenge, as of the date payments were credited to the budget.

4.3. Total taxes and other obligatory payments to the budget

<i>In thousands tenge</i>	2017
Payers Report	3 814 051 100
Recipient's Report	3 827 652 097
Discrepancy	16 018 270

Including:

4.3.1. Tax payments to the budget from Payers of oil and gas sector

<i>In thousands tenge</i>	2017
Payers Report	3 230 369 737
Recipient's Report	3 244 433 012
Discrepancy	14 933 702

The discrepancy in the total “Tax payments to the budget from companies in the oil and gas sector” between Payer’s data and Recipient’s data is the sum of 14,933,702 thousand tenge.

4.3.2. Tax payments to the budget from Payers of mining sector

<i>In thousands tenge</i>	2017
Payers Report	583 681 361
Recipient's Report	583 219 085
Discrepancy	1 144 511

The discrepancy in the total “Tax payments to the budget from the Payers of the mining sector” between the Payer's data and the Recipient's data is the sum of 1 144 511 thousand tenge.

4.4. The distribution of taxes and other obligatory payments in budgets

National fund

<i>In thousands tenge</i>	2017
Payers Report	2 036 714 005
Recipient's Report	2 036 635 761
Discrepancy	106 943

Tax payments to the Republican budget

In thousands tenge

2017

Payers Report	1 482 183 028
Recipient's Report	1 482 800 287

Discrepancy	2 643 528
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Tax payments to the local budget

In thousands tenge

2017

Payers Report	295 154 125
Recipient's Report	308 216 049

Discrepancy	13 296 044
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For 2017, the Payers and the Recipient in their reports did not state the data on payments to the budget in kind, and therefore they are not reflected in this report.

4.5. The level and percentage of unidentified discrepancy

We have identified the level and percentage of outstanding differences, the results of which are presented below:

№	Types of payments to the budget	BCC	Payers Information	Recipient data	Unexplained discrepancy	% of unexplained discrepancy
I-III. Taxes and non-tax revenues to the budget						
1	Corporate income tax	101110-101105	1 378 811 860	1 378 717 296	-	0,000%
2	Individual income tax	101201-101205	78 242 453	90 981 903	-	0,000%
3	Social tax	103101	90 268 822	90 555 065	160	0,000%
4	Property tax of legal entities and individual entrepreneurs	104101	66 227 411	66 251 692	-	0,000%
5	Land tax	104309 (104303, 104308)	3 506 130	3 512 169	-	0,000%
6	Tax on vehicles from legal entities	104401	588 350	588 458	107	0,018%
7	Value Added Tax	105101, 105102, 105104, 105113, 105114, 105115	-246 943 939	-246 953 111	700	0,000%
8	Excise taxes on crude oil and gas condensate produced in the Republic of Kazakhstan	105229	1 176	1 176	-	0,000%
9	Other tax revenues	107109, 107110	383 283	280 202	-	0,000%
10	Excess profits tax, except for revenues from oil enterprises	105302	6 598 499	6 448 499	-	0,000%
11	Excess profits tax from oil sector organizations	105322	56 957 710	56 957 710	-	0,000%
12	Bonuses, with the exception of income from organizations of the oil sector	105305	2 624 404	2 708 005	83 601	3,087%
13	Bonuses from the organizations of the oil sector	105325	4 558 656	4 558 656	-	0,000%
14	Mineral Extraction Tax,	105306	247 439 905	247 439 905	-	0,000%

№	Types of payments to the budget	BCC	Payers Information	Recipient data	Unexplained discrepancy	% of unexplained discrepancy
	excluding revenues from oil sector organizations					
15	Mineral Extraction Tax from Oil Sector Organizations	105326	629 587 369	629 587 369	-	0,000%
16	Rental tax on exports, excluding revenues from oil sector organizations	105307	3 247 218	3 247 218	-	0,000%
17	Rental tax on exports from organizations of the oil sector	105327	247 867 139	247 867 139	-	0,000%
18	The share of the Republic of Kazakhstan on the division of products under the concluded contracts, except for income from organizations of the oil sector	105308	0	0	-	0,000%
19	The share of the Republic of Kazakhstan in the division of products under the concluded contracts from the organizations of the oil sector	105328	270 256 831	270 256 831	-	0,000%
20	Additional payment of a subsoil user operating under a production sharing contract from oil sector organizations	105329	0	0	-	0,000%
21	Payment for the use of specially protected natural territories of republican significance	105313	40 655	40 655	-	0,000%
22	Fee for the use of specially protected natural areas of local significance	105314	0	0	-	0,000%
23	Payment for use of land	105315	5 108 508	5 108 508	-	0,000%
24	Payment for emissions to the environment	105316	39 288 956	39 306 666	20	0,000%
25	Historical Cost Reimbursement Payment	105319	16 188 988	16 188 988	-	0,000%
26	Payment for using the radio frequency spectrum	105309	88 499	88 499	-	0,000%
27	Fee for use of navigable waterways	105310	185	185	-	0,000%
28	Payment for use of water resources of surface sources	105303	426 784	426 784	-	0,000%
29	Forest use fee	105304	1 088	1 088	-	0,000%
30	Funds received from nature users in claims for compensation for harm, except for income from organizations of the oil sector	204110	1 485 365	1 486 008	-	0,000%
31	Administrative fines, penalties, sanctions, penalties imposed by central government agencies, their territorial divisions, on organizations of the oil sector	204201	4 320 312	4 319 995	545	0,013%
32	Other fines, penalties, sanctions, penalties imposed by state institutions financed from the republican budget on organizations of the oil	204202	214 733	214 733	-	0,000%

№	Types of payments to the budget	BCC	Payers Information	Recipient data	Unexplained discrepancy	% of unexplained discrepancy
	sector					
33	Funds received from users of natural resources in claims for compensation for harm by organizations of the oil sector	204203	27 245 489	27 245 489	-	0,000%
34	Other non-tax revenues in the republican budget, with the exception of revenues from organizations of the oil sector	206108	3 805	5 161	-	0,000%
35	Other non-tax revenues to the local budget	206109	1 041 642	1 042 486	-	0,000%
36	Other non-tax revenues from oil sector organizations	206111	4 541	4 541	-	0,000%
37	Deductions of subsoil users for the socio-economic development of the region and the development of its infrastructure	206114	10 515 257	10 502 833	-	0,000%
	Total EITI Reconciliation Tax		2 946 198 084	2 958 988 801	85 133	0,003%
1	Import duties (other duties, taxes and charges having equivalent effect) paid in accordance with the Agreement on the establishment and application in the customs union of the procedure for crediting and distributing import customs duties (other duties, taxes and charges having equivalent effect)	106101	6 357 521	5 970 984	-	0,000%
2	Customs duties on exported goods	106102	500 592	431 861	-	0,000%
3	Cumulative customs payment for imported goods	106105	0	0	-	0,000%
4	Export customs duties on crude oil	106110	849 597 367	850 925 039	-	0,000%
5	Export customs duties on goods produced from oil	106111	29 648	29 648	-	0,000%
6	Customs duties on imported goods and (or) import customs duties, the obligation to pay which arose prior to the entry into force of the Agreement on the establishment and application in the customs union of the procedure for crediting and distributing import customs duties (other duties, taxes and charges having equivalent effect)	106112	1 438 705	1 438 450	-	0,000%
7	Proceeds from the implementation of customs control and customs procedures	106201	9 657 069	9 595 147	-	0,000%
8	Special protective, anti-dumping and countervailing duties	106202	272 115	272 169	-	0,000%

№	Types of payments to the budget	BCC	Payers Information	Recipient data	Unexplained discrepancy	% of unexplained discrepancy
	<i>Total customs payments for EITI reconciliation</i>		867 853 017	868 663 298	-	0,000%
	<i>Total Sections I-IV</i>		3 814 051 101	3 827 652 099	85 133	0,002%

As can be seen, the percentage of unclear discrepancies was 0.002% and was formed mainly due to discrepancies in social and transport taxes, VAT, bonuses, issuance fees, administrative fines for the Payer of Satbor LLP due to the fact that the Payer did not receive explanations.

The unexplained discrepancy does not exceed 1% of all budget revenues and is insignificant.

4.6. Summary reports on payments aimed at the development of the social sphere and local infrastructure

The summary report on expenditures on social development of regions and local infrastructure, with the exception of funds transferred to BCC 206114 for 2017 (see Appendix 3-2), is based on reports from subsoil users and data from regional Akimats.

The report on expenditures on social development and local infrastructure within the framework of contractual obligations (LCU), with the exception of funds transferred to BCC 206114, is filled in by Payers of the oil and gas and mining sector as per Appendix 3 of the TOR. Payments for the development of the social sphere, local infrastructure, for socially significant goals may exceed the amounts specified in the framework of the fulfillment of contractual obligations, since the company may, at its discretion, further finance the above activities under agreements, memorandums, agreements, social partnership with local administrative bodies (Akimats).

The form on expenditures for social development and local infrastructure for 2017 was filled by regional akimats under Appendix 3-1 of the TOR.

In the Consolidated report on expenditures on social development and local infrastructure, with the exception of payments aimed at the development of the social sphere and local infrastructure (see Appendix 3-2), a reconciliation was made on the basis of Appendices 3-1 and 3.

In Appendix No. 11, the essence of discrepancies is detailed, as well as how Payers and Recipients explained these discrepancies and what supporting documents they provided.

4.7. Summary report on Payments / Receipts on state shares in the property of Payers for 2017, paid / received in 2018 and the results of their reconciliation

“The consolidated report on Payments / Receipts for the property shares owned by the state for 2017, paid / received in 2018” (see Appendix 2-3), is filled with Payers who make Payments for property shares owned by the state and the Recipients authorized by the state to receipt of specified payments.

The summary report on Payments / Receipts on state shares in the ownership of Payers is compiled on the basis of reports of Payers specified in the List of Payers / Dividends Recipients who submitted reports. The reports of Payers are drawn up in accordance with the instructions and reflect the amounts of Payments actually made during the reporting period. Responsibility for the quality and accuracy of information rests with the first manager or authorized representative of the Payer / Recipient.

All the information provided was confirmed by an audit, as reported in the cover letters signed by the top managers of the companies.

V. RECOMMENDATIONS

According to the results of the reconciliation we recommend:

1. To payers who submit the Report on Material Tax and Non-Tax Payments / Receipts of Payers of the Oil, Gas and Mining Sectors of the Republic of Kazakhstan for reconciliation, improve the quality of reporting in compliance with the Instructions for filling out reports.
2. In order to reduce the difference in Annex 3-2 "Summary Report on Social Development and Local Infrastructure Expenditures, with the exception of the funds listed on BCC 206114" in form 3-1 for akimats, it is necessary to add the specified addition to the heading "... except for funds listed on BCC 206114 ", which caused a misunderstanding of the performers. Many akimats sent for verification incorrectly filled reports with this very BCC. Before filling out the report on form 3-2 "Summary report on expenditures on social development and local infrastructure, with the exception of funds transferred to BCC 206114" it is necessary to clarify how to fill out the form.
3. We recommend to bring in accordance with the Terms of Reference the placement of data by Payers in the IMS ESSU system, taking into account the exchange rate recalculation, and the calculation of the difference in the IIS EHSU should be carried out using a mathematical module. Detailed information is set out in the files "Comments of auditors 1-6" and "Reconciliation 1-6 with the data entered in the EGSU 2017".
4. Include in the Work Plan for 2019 the holding of the NSCS for the responsible officials of the Companies training workshops on compliance with the Instructions for completing the reporting forms in the preparation of the Report.
5. We recommend correcting the list of companies participating in the reconciliation, taking into account the clarifications that have occurred in the reports for the last years (exclude from the list "Branch of the limited liability company Kazakhmys Corporation - Karagandotsvetmet Production Association, KazMunaiGaz Exploration Production JSC, etc.)

Unresolved issues for effective implementation of the Initiative and possible corrective measures to be considered by the NSC

6. Taking into account that the Validation is expected, the National Report for 2017 prepared by us takes into account all the requirements of the Standard and covers issues that are not required in the Terms of Reference. Thus, we have completed the scope of work that exceeds the requirements of the Technical Specification. Moreover, taking into account the further Validation, the structure of this National Report fully follows the requirements for Validation reports. In this regard, we recommend that the following Terms of Reference for the production of the *National EITI Report be prepared in accordance with the requirements for the Terms of Reference for the Independent Administrator*: <https://eiti.org/guidance-notes-and-standards-reference#ToRIA> and in accordance with Standard requirements.
7. The EITI Standard in Section 4.5 requires disclosure of information on the rules and practices governing the transfer of funds between a state-owned enterprise (GP) and the state, retained earnings, reinvestment and financing of third-party organizations. The requirement of Standard 6.2 "Where state participation in the extractive industries leads to an increase in substantial payments of income, implementing countries should include the disclosure of quasi-fiscal expenditures of state-owned enterprises. Quasi-fiscal expenditures include measures by which GPs incur public social spending, such as payment for social services, public infrastructure, employment, fuel subsidies, public debt

service, etc. beyond the state budget process. The multi-stakeholder group should develop a reporting process with a view to achieving a level of transparency commensurate with other payment and revenue streams, and should include representatives of subsidiaries and joint ventures of the SOEs. ”

In Kazakhstan, there are no rules and practices governing the **transfer of funds between a state-owned enterprise (SOE) and a state**. In this regard, we recommend the NSCS to develop a reporting process with a view to achieving a level of transparency commensurate with the transparency of other payments and revenue streams. These questions should be addressed by the NSC to the Ministry of Finance to discuss with the Government and decide on the publication of such data on state-owned enterprises (4.5) Standard 2016): The NSC should ensure that the reporting process comprehensively considers the role of state-owned enterprises, including significant payments from oil companies, , gas and mining companies and transfers between SOEs and other government organizations.

8. EITI standards include provisions encouraging the government to publish contracts (2.4). Kazakhstan does not publish contracts and PSAs, and this issue should be addressed by the NSC to the Government and Parliament for discussion and decision.

9. The analysis of the content of data for Appendix 4 on quasi-fiscal expenditures, in our opinion, shows discrepancies in the interpretation of the term “quasi-fiscal expenditures”. We cannot argue that the data provided by the companies for this application in the EGSU are indeed quasi-fiscal expenses, as the companies do not disclose information on the nature of the income, which financed such expenses. The question is how well companies understand the essence of quasi-fiscal expenditures when they fill in the data given in Appendix 4. To find out the “nature” of such expenditures and whether they can be attributed to quasi-fiscal expenditures, we recommend conducting an additional study.

10. We recommend *that you include in the Methodological Guidelines on the procedure for compiling and submitting a report on the Transparency Initiative of the Extractive Industries in the Integrated Information System Subsoil Use Management of the Republic of Kazakhstan (IIS EGSU NP RK) definition of quasi-fiscal costs and methods for their identification by mining companies.*

11. We recommend that NC “Kazakhstan Temir Zholy” disclose information on cargo transportation, similar to the disclosure of oil and gas transportation schemes in the annual reports of “KazTransOil” JSC and “KazTransGaz” JSC.

General Director,
Auditor of the Republic of Kazakhstan
Qualification certificate №0318
Of May 2, 1997

Project Manager,
Auditor of the Republic of Kazakhstan

Auditor of the Republic of Kazakhstan:
Qualification certificate № – 0000238
Of February 18, 2015


 T.E. Nurgazyev


 M.S. Ilyasov


 S.A. Seitmagzimova