

PRESS-RELEASE
Update on the situation at Uzenmunaigas

Astana, 28 June 2011. JSC KazMunaiGaz Exploration Production (“KMG EP” or “the Company”) provides the following update on the situation at the Uzenmunaigas (UMG) production facility in Zhanaozen (Mangystau region).

As a result of the industrial action that commenced on 26 May 2011 the total loss of oil production to date amounts to 150 thousand tonnes.

The Company now believes that the annual production from the Uzen field will not reach the target level and will be lower by at least 600 thousand tonnes. KMG EP also expects that with likely small offsets from other producing assets the consolidated volume of production, including shares in the JV Kazgermunai LLP, CCEL (JSC Karazhanbasmunai), PetroKazakhstan Inc and NBK LLP in 2011 will be approximately 4% lower than previously planned 13.5 million tonnes. This estimate of the impact of the industrial action on the production level may change depending on how long the protest action will last and how quickly stable production at UMG is restored.

The Company is taking all necessary measures to maintain continuity of oil production and safety at the operational sites of UMG. KMG EP’s management continues its dialogue with the participants of the protest, stressing its readiness to consider the labour dispute under the procedures established by the law, but only after a complete cessation of illegal protests and the resumption of work by all employees of UMG without exception. The company also notes a significant reduction in the number of protesters – from the peak of 2,500 to 650.

The CEO of KMG EP, Askar Balzhanov, said: “As KMG EP continues with its strategy, the contribution from recently acquired assets and large-scale exploration activity becomes more tangible. The role of the mature fields, Uzen and Emba, will naturally diminish. However, we have full intention to continue maximizing their potential and to strengthen relations with the workforce throughout the Company.”

Notes to Editors:

KMG EP is among the top three Kazakh oil and gas producers. The overall production in 2010 was 13.3mt (an average of 270kbopd) of crude oil, including the Company’s share in Kazgermunai, CCEL, PKI and NBK. The total volume of proved and probable reserves, as at the end of 2010 was 232mt (1.7bn bbl), including shares in the associates - about 2.2 bn barrels. The Company’s shares are listed on the Kazakhstan Stock Exchange and the GDRs are listed on The London Stock Exchange. The Company raised over US\$2bn in its IPO in September 2006. The International rating agency Standard & Poor’s (S&P) confirmed KMG EP’s “BB+” corporate credit rating in July 2010 and “GAMMA-6” rating in November 2010.

The labour action at UMG began on 26 May 2011 UMG when some employees, mainly from the transportation units, did not go to work, demanding higher wages. The action participants consider this action to be a strike, despite the fact that the requirements stipulated by the legislation on the settlement of labour disputes were not met. The Company believes that the demands of protesters are unfounded, and the protest is illegal. This was confirmed by the Zhanaozen court on 24 May 2011. The Company continues dismissing the protesters for breach of contract.

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