

**/KASE, January 16, 12/ - Zhaikmunai (Oral, Kazakhstan) provided Kazakhstan Stock Exchange (KASE) with the following communication today:**

**quote**

**Zhaikmunai L.P.**  
(the “Partnership”)

### **ZHAIKMUNAI’S TOTAL PRODUCTION INCREASES TO 42,000 BOEPD**

Zhaikmunai LP (LSE: ZKM), the oil and gas exploration and production enterprise based in north-western Kazakhstan is pleased to report that it has now reached stable operations at 42,000 boepd following the gradual production ramp-up of its Gas Treatment Facility (GTF). The company expects to reach peak production levels of 48,000 boepd by the end of Q1/2012.

#### **Production Capacity, Product Mix and Sales**

- Zhaikmunai’s overall daily production currently stands at 42,000 boepd (15 January 2012). Crude oil and stabilised condensate currently account for 18,900 boepd of production, LPG accounts for 2,520 boepd of production, and the remainder 20,580 boepd is dry gas. Production is realised from eight gas condensate wells and twelve oil wells respectively.

Products	Volumes	Percentage
Crude oil and stabilised condensate	18,900 boepd	45%
LPG	2,520 boepd	6%
Dry gas	20,580 boepd	49%
<b>TOTAL</b>	<b>42,000 boepd</b>	<b>100%</b>

- The GTF is currently producing 35,200 boepd. This level will increase to a maximum capacity of 40,000 boepd following the planned mid-February 2012 connection of another gas condensate well, Well #401. This well has already been drilled and successfully tested. The necessary connection infrastructure will be completed in the course of the ensuing four weeks.
- Oil Treatment Facility (OTF) production will equally be maximised to reach its peak level of 8,000 bbl per day in the course of Q1/2012 resulting in a total production of 48,000 boepd. This will follow the planned March 2012 connection of two more oil wells, Well # 24 and Well # 116. Both wells are currently being drilled, tested and completed.
- The company expects the proportion of liquids to increase over the coming months as production reaches its full capacity.

#### **Zhaikmunai’s Strategy**

The completion of the first phase of Zhaikmunai’s development plan has been focused on the production of liquids. The completion of the GTU has enabled the company to more than double its production of liquids over the last 12 months. In addition the GTU provides additional revenue from the sale of dry gas. The result is a more than five-fold increase in production from a boepd perspective to 42,000 boepd since January 2011.

With 539 million of 2P reserves, the company is currently engaging in a second development

phase with plans for a further GTF, which will further increase production to 110,000 boepd. A final decision on Phase II of the GTF is expected at the end of Q2/2012 or at the start of Q3/2012 and construction of the new facility is expected to start in 2013.

### **Products Marketing and Transportation**

Products are subject to the following marketing and distribution channels:

- Crude oil:

Crude oil is shipped through Zhaikmunai's own 120 km pipeline from the Chinarevskoye field to the company's own rail terminal in Uralsk, from which it is shipped in railcars to offtakers in various destinations. The benchmark price for Zhaikmunai's crude oil is Brent.

- Stabilised condensate:

Stabilised condensate is shipped through Zhaikmunai's own 120 km pipeline from the Chinarevskoye field to the company's own rail terminal in Uralsk, from which it is shipped in railcars to offtakers in various destinations. The benchmark price for Zhaikmunai's liquid condensate is also Brent.

- LPG:

LPG is shipped in special LPG trucks from the Chinarevskoye field to the company's own rail terminal in Uralsk, from which it is shipped in railcars to offtakers in various destinations. The benchmark price for Zhaikmunai's LPG is International Mediterranean LPG price Sonatrach.

- Dry gas:

Dry gas is shipped through Zhaikmunai's own 17 km pipeline from the Chinarevskoye field to the connection point with the Intergas Central Asia Gas Pipeline, from which it is distributed by the offtaker. While the details of the offtake terms are confidential, Zhaikmunai can confirm that they reflect terms and conditions generally applicable in the market and are in line with management's expectations.

Since the commencement of test production through Train 1 of the GTF and throughout the ramping-up process, all GTF test production, including dry gas, has been sold to offtakers.

### **GTF Operational Responsibility**

Zhaikmunai took on full operational responsibility for the GTF following the handover from its EPC contractor on December 1, 2011, as planned. A full complement of 210 people ensured the smooth transfer of operational responsibility.

Kai-Uwe Kessel, Chief Executive Officer, said:

“2012 marks a decisive shift for Zhaikmunai. Thanks to the recent GTF production ramp up, total production has now increased more than five times compared to the 2010 average production (7,671 bbl/d). Full recognition of revenue stemming from the GTF products also ensures that total production revenue flows through to the company's P&L. The sustained high oil price environment will further contribute to making 2012 another record year with regards to revenue and EBITDA.”

[Here](#) you can download the pdf-file from this press release.

Further enquiries

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**About Zhaikmunai**

Zhaikmunai is an independent oil and gas enterprise currently engaging in the exploration and development and production of oil and gas. It is listed on the London Stock Exchange (Ticker symbol: ZKM). Its principal producing asset is the Chinarevskoye Field located in north-western Kazakhstan. Zhaikmunai L.L.P., a wholly-owned subsidiary of Zhaikmunai L.P., holds a 100% interest in and is the operator of the Production Sharing Agreement for the Chinarevskoye Field.

**Forward-Looking Statements**

Some of the statements in this document are forward-looking. Forward-looking statements include statements regarding the intent, belief and current expectations of the Partnership or its officers with respect to various matters. When used in this document, the words "expects," "believes," "anticipates," "plans," "may," "will," "should" and similar expressions, and the negatives thereof, are intended to identify forward-looking statements. Such statements are not promises or guarantees, and are subject to risks and uncertainties that could cause actual outcomes to differ materially from those suggested by any such statements.

**unquote**

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