

## **Press Release**

### ***JSC KazMunaiGas Exploration Production***

#### ***Share Buy Back Programme***

**Almaty, 9 October 2008.** JSC KazMunaiGas Exploration Production (“the Company” or “KMG EP”) announces that the Board of Directors of KMG EP has approved a share buy back programme. Under the programme the Company has an option to purchase its common shares (KASE:RDGZ KZ) listed on the Kazakhstan Stock Exchange (“KASE”) and GDRs (LSE:KMG LI) listed on the London Stock Exchange (“LSE”) up to the aggregate amount of US\$350 million.

The programme will start in the next few weeks and will take up to twelve months to execute. Beginning of the share buy back programme will be announced separately. The shares / GDRs will be acquired at the prevailing market price as at the time of the purchase.

The Board believes that the current market prices of its shares and GDRs do not reflect the true underlying value of the business and that the decrease in value of KMG EP shares over recent months has been caused predominantly by external factors, whilst the Company’s operating and financial performance has been strong.

The decision by the Board to buy back a portion of KMG EP common shares and GDRs demonstrates the confidence of Management in the value and prospects of the Company. Furthermore, this step is an effective use of existing cash resources to the benefit of all shareholders.

The Company believes that the current net cash position, combined with strong cash flows generated by operating activity, offers KMG EP substantial financial flexibility in the execution of its strategy of growth through acquisition, exploration and investment in existing oil and gas assets. The Company confirms its near-term focus on acquiring onshore oil and gas assets in Kazakhstan and is actively pursuing some specific opportunities.

It is expected that the National Company KazMunayGas will not be selling shares in KMG EP into the buy back programme.

#### **Notes to Editors**

KMG EP is one of top three oil producers in Kazakhstan with over 10.6 mmt (215 kbopd) of crude oil production in 2007 including shares in production of Kazgermunai and CCEL, and 240 mmt (1.8bn bbl) of proved and probable reserves at the end of 2007 (over 2 bn bbl including interests in Kazgermunai and CCEL). The Company’s shares are listed on the Kazakh Stock Exchange and the GDRs are listed on the London Stock Exchange. The Company raised over US\$2bn as a result of its IPO in September of 2006.

Since IPO in 2006, the Company has delivered a strong operating and financial performance. First half results in 2008 reported increase in crude oil production by 19.4% to 5,900 thousand tonnes; 61% increase in revenues to US\$2.797 million which was primarily due to a 68% increase in average sale prices to US\$83.6 per barrel. For the same period net income increased by 154% to US\$1.224 million, of which US\$238 million was attributable to Company's acquisitions in 2007. As at the end of first half of 2008, cash, cash equivalents and financial assets amounted to US\$4,061 million, with borrowings of US\$200 million, resulting in a net cash position of US\$ 3,861 million.

**For additional information please contact:**

KMG EP Public Relations (+7 7172 977600, +7 7172 977908)  
Mr Mikhail Dorofeyev  
e-mail: [pr@kmgep.kz](mailto:pr@kmgep.kz)

Investor Relations (+7 7172 97 7971)  
Ms Asel Kalieva  
e-mail: [ir@kmgep.kz](mailto:ir@kmgep.kz)

Pelham PR (+44 203 178 44 18)  
Mrs Elena Dobson  
e-mail: [Elena.dobson@pelhampr.com](mailto:Elena.dobson@pelhampr.com)

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