

## PRESS RELEASE

### **KMG EP announces acquisition of four contracts for exploration of hydrocarbons**

*Astana, 11 April 2011.* JSC Kazmunaigas EP" (the "Company", "KMG EP") today announces agreements reached with the JSC National Company KazMunayGas ("NC KMG") to acquire four hydrocarbon exploration contracts.

As per the agreement, KMG EP acquires the following four contracts: Temir, Teresken, Karaton-Sarkamys and the territory adjacent to Uzen and Karamandybas.

Temir and Teresken blocks are located in the Aktobe region in close proximity to the assets of Kazakhoil Aktobe LLP and Kazakhturkmunai LLP, as well as other assets, which may be of interest to KMG EP. The geographic location of the contract area has several advantages, including infrastructure and logistics.

The territory adjacent to Uzen and Karamandybas is located in the area of operations of Uzenmunaigas production facility. Block Karaton-Sarkamys is located in the Atyrau region 100km south-west of the Kulsary deposit in the area of operations of Embamunaigas production facility.

The acquisition cost of the four contracts is USD\$40 million. The transactions will be financed from KMG EP's own funds.

According to the Company's estimates, the geological resources on four blocks are around 1.5 billion barrels of oil equivalent.

The terms of the contracts on the territory adjacent to Uzen and Karamandybas, Karaton-Sarkamys block and Temir, is 6 years from 2010, with the right of extension until 2019. With regard to the Teresken block, the license is for 6 years, starting in 2006, with the right of extension until 2015.

Significant synergies can be achieved through the use of the existing infrastructure of Embamunaigas and Uzenmunaigas production facilities in Atyrau and Mangistau regions, which will help to optimize capital and operating costs.

It is anticipated that the acquired assets will enhance the quality of the Company's on-shore projects portfolio and, in case of successful exploration, will increase the Company's recoverable reserves in the medium term, including Uzen and Emba groups of fields.

Askar Balzhanov, CEO of KMG EP, said:

"The acquisition of these contracts is another step towards the implementation of the Company's strategy to grow via acquisitions and expansion of exploration. KMG EP has repeatedly stated its intention to purchase these four blocks, and now the agreement is reached. The Company will continue its search for highly promising assets, acquisition of which will serve the interests of all shareholders. "

The acquisition was approved by the Board of Directors of KMG EP and the Board of Directors of NC KMG. Approvals of the Government regulators have been received.

The closing of the deal is expected in the second quarter of the current year.

## 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.

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