

PRESS RELEASE

KMG EP withdraws from the negotiation process on the Akkas Field Development project in Iraq

Astana, 11 May 2011. JSC KMG EP ("KMG EP" or the "Company") has informed the Ministry of Oil and Gas of the Republic of Iraq and the company Korea Gas Corporation (KOGAS) of its withdrawal from participation in the Akkas Field Development project negotiations in Iraq.

In October 2010 KMG EP, together with KOGAS (the "Consortium"), won a tender for development of Iraq's Akkas gas field. The Consortium has held negotiations with the Government of Iraq with the objective of signing a contract to develop the Akkas field.

Unfortunately, the talks have failed to resolve all issues which emerged at a late stage and it has not been possible to develop a consensus document that would fully meet the interests of all parties.

KMG EP would like to stress that it still believes Iraq to be an attractive area for investment. The Company appreciates the work done on this project by its partners from the Government of Iraq and KOGAS and would like to thank them for their efforts and regrets that it has not been possible for KMG EP to proceed.

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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