



## PRESS RELEASE

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

**Astana, 24 August 2011.** JSC KazMunaiGas Exploration Production ('KMG EP', or 'the Company') announces the closing of the deal to acquire 100% of subsoil use rights under the four contracts for exploration of hydrocarbons in Kazakhstan at JSC National company KMG (NC KMG).

As announced earlier, KMG EP has acquired the following four contracts: blocks Temir, Teresken, Karaton Sarkamys and the territory adjacent to the Uzen and Karamandybas.

The total acquisition price is USD\$43.8m, which includes USD\$40m for the cost of the acquisition of four contracts and USD\$3.8m for the cost adjustment caused by the incurred expenses of the NC KMG on financing the Teresken block work programme prior the closing date of the transaction in 2011.

The deal has already been approved by the Board of Directors of KMG EP and NC KMG's Board of Directors. All necessary regulatory approvals have also been obtained.

#### **NOTE**

**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 (JSC "Karazhanbasmunai") and PKI (PetroKazakhstan Inc.). 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.

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.

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.

**For further details please contact us at:**

«KMG EP». Public Relations (+7 7172 97 7600)  
Daulet Zhumadil  
E-mail: pr@kmgep.kz

«KMG EP». Investor Relations (+7 7172 97 5433)  
Asel Kaliyeva  
E-mail: ir@kmgep.kz

Pelham Bell Pottinger (+44207 337 15 17)  
Elena Dobson  
E-mail: Edobson@pelhambellpottinger.co.uk

***Forward-looking statements***

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