

PRESS-RELEASE

Update on the situation at Uzenmunaigas

Astana, July 27, 2011. JSC KazMunaiGas Exploration Production ("KMG EP" or "the Company") provides an update on the situation regarding the illegal protest action, which takes place at Uzenmunaigas ("UMG") production facility in the city of Zhanaozen (Mangistau region).

The Company (as well as the local authorities of Mangistau region) has made every effort to stabilize the situation and has repeatedly called on the participants of illegal protests to return to work without any threat of persecution by the employer. We note with regret that despite all attempts to reason with the strikers and a moratorium on layoffs, the illegal protest action continues, and the remaining protesters show no desire to establish constructive dialogue. Upon expiration of the moratorium on layoffs on 25 July, the number of participants in the illegal protests has decreased somewhat. Nevertheless at the last count on 27 July 2011, 748 workers did not come to work.

Due to the the illegal strike the Company's production is below the planned level. To date, the accumulated oil production loss since the beginning of the protest amounts to 366 thousand tonnes. Given that it will take time to restore production to planned level, the expected deviation from the plan for the year could be approximately 800 thousand tonnes, or 6% of the consolidated volume of KMG EP's production (including the stakes in the jointly controlled entities where production targets are expected to be exceeded). This leads to significant financial losses, primarily for the state of Kazakhstan, which is the largest shareholder of the Company as well as the recipient of tax payments. Following its obligation to protect the interests of all shareholders, the Company's management had no choice but to use its right under the Labour Code of Kazakhstan to terminate employment contracts with those who refuse to perform their duties. However, the Company continues to refrain from massive layoffs in order to extend the opportunity for the workers participating in the illegal strike under pressure from the strike organizers, to keep their jobs.

On 26 and 27 of July the employment contracts were terminated with 30 UMG employees. Since the beginning of the illegal protest 373 UMG employees have been dismissed. Simultaneously, the personnel department of the Uzenmunaigas production facility began considering some 3,400 applications received from local residents to fill the vacated positions. At present, 30 professionals are being hired to replace some of the dismissed workers. Workers who violate labour discipline are also being dismissed and replaced by new hires at Karazhanbasmunai.

The company is confident that the law enforcement agencies will be able to ensure the safety and rights of all citizens of the region, including both the participants of the illegal protests, and those who are willing to work for the Company.

Notes to Editors

KMG EP is one of the top three oil producers in Kazakhstan. The Company's 2010 production, including its stakes in LLP «JV «Kazgermunai», CCEL (JSC «Karazhanbasmunai»), «PetroKazakhstan Inc.», and LLP «NBK» amounted to 13.3 million tons (270 thousand barrels a day). As of late 2010, KMG EP's 2P reserves stood at 232 million tons (1.7 billion barrels); or, approximately 2.1 billion barrels including stakes in joint ventures. The

Company's stock trades at KASE, and its GDRs are listed at LSE. During its September 2006 IPO, the Company raised in excess of USD 2 billion. The international agency Standard & Poor's confirmed KMG EP's «BB+» credit rating in July 2010 r. and its «GAMMA-6» corporate governance rating in November of 2010.

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