

## PRESS RELEASE

***KMG EP and BG Group have reached an agreement to jointly explore the White Bear prospect in the UK North Sea.***

***Astana, 31 August, 2010.*** JSC “KazMunaiGas Exploration Production” (KMG EP) and BG Group plc (BG Group) today announced the signing of an agreement to farm-in into a BG Group operated licence in the United Kingdom Central North Sea – the production licence (P1722) which contains the White Bear prospect. KMG EP is acquiring a 35% interest in the licence.

The agreement, which was signed today in Astana by KMG EP Chief Executive Officer Mr. Kenzhebek Ibrashev and BG Group Senior Vice President Central Asia and President BG Kazakhstan, Mark Rollins marks the first official venture between KMG EP and BG Group under the terms and conditions of the Upstream Co-operation agreement signed in December 2008.

The White Bear prospect, within the P1722 licence, is located close to the BG Group’s existing Everest and Armada producing assets. BG will retain the remaining interests and will continue to operate the licence on behalf of the partners. The licence carries an outstanding commitment to drill one further exploration well and the partners plan to drill this well in 2011.

The transfer of an interest meets terms and conditions of the cooperation agreement signed in 2008. KMG EP farm-in financial risks including drilling costs and other project liabilities at the HC pre-discovery stage are estimated at USD 25-30 million. KMG EP’s economical evaluation of the project followed the corporate investment criteria reflecting the cost of capital and risks associated with this type of projects.

KMG EP Chief Executive Officer Mr. Kenzhebek Ibrashev said: *“This agreement marks the first entry of KMG EP into international operations outwith Kazakhstan. It follows our strategic aims of developing a selected portfolio of quality exploration and production assets, not only within Kazakhstan, which we are continuing to do, but internationally. It also provides us with access to BG Group’s offshore skills, techniques and experience which is important to our mid and longer-term development and to our future expansion of exploration and production activity into the offshore Caspian Sea. We will continue our efforts abroad while maintaining our focus on delivering enhanced performance from our core assets and associate interests within Kazakhstan.”*

BG Group Senior Vice President Central Asia and President BG Kazakhstan, Mark Rollins, said: *“We at BG Group are delighted to be working with KazMunaiGas Exploration Production as a partner of choice and greatly value our cooperation in this high potential project. We are pleased to have reached this agreement and we are confident that the transfer of an interest in the White Bear prospect to KazMunaiGas Exploration Production will result in a new era of beneficial cooperation for the strategic partnership between BG Group and the Republic of Kazakhstan.”*

## Notes to Editors

**KMG EP** is among the top three Kazakh oil and gas producers. The overall production in 2009 was 11.5mmt (an average of 232kbopd) of crude oil, including the Company's share in Kazgermunai and CCEL. The total volume of proved and probable reserves, as at the end of 2009 was 234mt (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. In December 2009, the International rating agency Standard & Poor's (S&P) assigned the Company a "GAMMA-6" rate and confirmed KMG EP's "BB+" corporate credit rating in July 2010.

For further information visit: [www.kmgep.kz](http://www.kmgep.kz)

**NC KMG** is a national operator of hydrocarbon exploration, production, refining and transportation, which represents the state interests in oil and gas sector of Kazakhstan. NC KMG owns approximately 63% stake in KMG EP, while 100% of NC KMG belongs to JSC "National Welfare Fund Samruk-Kazyna".

For further information visit: [www.kmg.kz](http://www.kmg.kz)

**BG Group plc** is a world leader in natural gas, with a strategy focused on connecting competitively priced resources to specific, high-value markets. Active in more than 25 countries on five continents, BG Group has a broad portfolio of exploration and production, Liquefied Natural Gas (LNG), transmission and distribution and power generation business interests. It combines a deep understanding of gas markets with a proven track record in finding and commercialising reserves.

**BG Kazakhstan** is a part of BG Group, which has been active in Kazakhstan for 18 years. BG Group holds a 32.5 per cent interest in the giant Karachaganak oil and gas condensate field and, along with its partner, ENI, is a joint operator of this field. It is also a 2 per cent shareholder in the Caspian Pipeline Consortium (CPC), which links Kazakhstan's oil reserves to world markets. For further information visit: [www.bg-group.com](http://www.bg-group.com)

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