

## PRESS RELEASE

### *JSC KazMunaiGas Exploration Production announces the acquisition of 50% stake in Ural Group Limited*

**Astana, 11 March 2011.** JSC KazMunaiGas Exploration Production (“the Company” or “KMG EP”) announces that it has reached an agreement with Exploration Venture Limited (EVL) to acquire 50% of Ural Group Limited (UGL), which owns the exploration license for the block Fedorovskiy through 100% stake in LLP “Ural Oil and Gas” (UOG). The block is located in Western Kazakhstan near Uralsk city in close proximity to a number of large producing fields.

KMG EP will pay US\$149.1m for the 50% stake in UGL, including US\$61.3m for shares and US\$87.8m of shareholder loans (as of January 1, 2010) to be repaid to KMG EP after commercial production starts. The final price of shareholder loans is subject to adjustment due EVL’s work program financing obligations until the deal close. The deal will be financed with the KMG EP’s own funds.

UOG operates under a Subsoil Exploration Contract that expires in May 2014 with the right to extend the contract for production of hydrocarbons. In 2008 Rozhkovskoye oil and gas field was discovered at the Fedorovskiy block. Currently UOG is in the process of evaluating the hydrocarbons deposit. According to the estimates approved by the RK State Commission, the block’s total recoverable gas and condensate reserves of category C1+C2 are 203.4 million barrels of oil equivalent. Gazprom’s Orenburg-Western Europe gas pipeline lies through the territory of Fedorovskiy block and the main export oil pipeline Atyrau-Samara lies within close proximity of the block as well as the Karachaganak-Atyrau oil pipeline which provides access to world markets via Caspian Pipeline Consortium.

Kenzhebek Ibrashev, the CEO of KMG EP, said, “We assess the Fedorovskiy block as a very promising and attractive asset. Acquisition of a stake in the block gives us access to a new region, where we intend to develop actively. This transaction is a good addition to our portfolio of exploration assets. This is another step in implementation of KMG EP’s strategy which puts a strong emphasis on organic growth through exploration.”

The acquisition was approved by the KMG EP Board of Directors and the seller’s Board of Directors and is subject to regulatory approvals. Some of the necessary approvals are already obtained. The deal will be closed upon receiving the remaining approvals.

#### 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 270kbpd) 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.

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

«KMG EP». Public Relations (+7 7172 97 7600)

Daulet Zhumadil

E-mail: [pr@kmgep.kz](mailto:pr@kmgep.kz)

«KMG EP». Investor Relations (+7 7172 97 5433)

Asel Kaliyeva

E-mail: [ir@kmgep.kz](mailto:ir@kmgep.kz)

Pelham Bell Pottinger (+44 207 861 3147)

Elena Dobson

E-mail: [edobson@pelhambellpottinger.co.uk](mailto:edobson@pelhambellpottinger.co.uk)

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