

## **JSC KazMunaiGas Exploration Production Received Option to Acquire a 50% Stake in Nations Energy**

*Astana, 29 May 2007.* JSC KazMunaiGas Exploration Production (“KMG EP” or the “Company”) announced today that it has received the option to purchase a 50% beneficial interest in CITIC Canada Petroleum Limited (“CCPL” - formerly Nations Energy Company Ltd) from JSC National Company KazMunaiGas (“NC KMG”).

CCPL’s main asset is 94.62% of the share capital and 100% of voting control of JSC “Karazhanbasmunai” (“KBM”), a large oil and gas company developing the Karazhanbas field in the western part of Kazakhstan.

The option was granted for one year by China’s CITIC Group (“CITIC”) to NC KMG on 28 December 2006 in connection with the acquisition of CCPL by CITIC for US\$1.91 billion subject to adjustments as agreed on October 25, 2006.

The option gives KMG EP the right to acquire a 50% stake in CCPL for an amount equal to the 50% of CITIC’s acquisition price subject to certain adjustments. If the option is exercised, US\$150 million of the acquisition price will be equity financed and entitled to receive certain priority return on investment, while the remaining balance will be debt financed without any recourse to the purchaser.

Commenting on the deal, **Mr. Askar Balzhanov, Chief Executive Officer of KMG EP**, said: “Kazakhstan remains our focus and the option on Karazhanbasmunai is another example of our determination to expand our domestic asset base on attractive terms. We are working closely with CITIC and, subject to the results of detailed due diligence and our Board of Directors’ permission, we expect to exercise the option and close the transaction this year.”

The decision to transfer the option to KMG EP has been approved by the Company’s and NC KMG’s Boards of Directors. KMG EP has until 1 September 2007 to exercise the option subject to extension by mutual agreement.

### **Notes to Editors:**

KMG EP is the 3rd largest Kazakh oil and gas producing company with 203.2 mm t (1.5 bn bbl) of proved and probable reserves at the end of 2006 and over 9.5mmt (192 kbopd) of crude production in 2006. The recent acquisition of 50% of Kazgermunai made KMG EP the 2nd largest Kazakh oil and gas producer. The Company’s shares are listed on Kazakhstan Stock Exchange and the GDRs are listed on London Stock Exchange. The Company raised approximately US\$2 billion in its IPO in September of 2006.

National Company KazMunaiGas represents the state’s interests in the Kazakh oil and gas industry and is involved, through its subsidiaries, in various aspects of the oil and gas business from exploration and production to transportation, refining, marketing and services. NC KMG owns approximately 61% of the ordinary shares of KMG EP.

CITIC Canada Petroleum Limited (formerly Nations Energy Company Ltd) was formed in 1996 as a private Canadian company to pursue international oil and gas E&P projects around the world. In 1997, Nations Energy acquired 94.62% of the share capital representing 100% of voting control of JSC “Karazhanbasmunai” from the Government of Kazakhstan. JSC Karazhanbasmunai holds 100% of the mineral rights until June 2020 to develop the Karazhanbas oil and gas field in the western part of Kazakhstan which, according to the company, has proved reserves of about 55 mmt (364 million barrels ) as of the end of 2006. In 2006 JSC Karazhanbasmunai produced approximately 2.3 mmt (42 kbopd) of crude oil.

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Forward-looking statements

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