

## PRESS RELEASE

### *AGM and the meeting of the Board of Directors*

**Astana, May 30, 2012.** KazMunaiGas Exploration Production ("KMG EP" or the "Company") held its Annual General Meeting and Board of Directors meeting.

The shareholders approved the Financial Statements and the Annual Report for 2011. They also approved for 2011 a dividend of 1,300 Tenge (including taxes to be withheld in accordance with the legislation of Kazakhstan) per one ordinary and one preferred share of KMG EP. The total dividend for 2011 will be about 91 billion Tenge (approx. US\$615million).

The approved dividend represents a 62.5% increase in dividend per share compared to the previous year and is the highest amount per share since IPO in 2006. The payment of the annual dividend for 2011 will be made to shareholders of the Company as per the share register at 00:00, June 11, 2012 and will commence on July 16, 2012.

The Board of Directors decided to increase the Company's capital expenditures in 2012 by 15.4 billion Tenge (US\$104 million<sup>1</sup>) from 126.5 billion Tenge (US\$852 million) to 141.9 billion Tenge (US\$955 million). Of this, about 13.4 billion Tenge (US\$90 million) will be allocated to the program of modernisation of production infrastructure, in line with previously announced plans, aimed at improving work conditions and ensuring the sustainability and efficiency of KMG EP production in the future. Other 2.0 billion Tenge (US\$14 million) will be allocated to the goal of production stability, as well as compliance with environmental and safety standards. Also, it is planned to increase the number of well repairs in Uzen field by 144 wells. The revised budget for 2012 is based on the oil price of US\$90 per barrel.

The Company's 51% holding in LLC KPI was sold in April 2012 and as a result the anticipated investment of 6.1 billion Tenge (US\$41million) has been removed from the Company's budget.

The Board of Directors has also approved the transfer of rights under the subsoil production contract #40 on development of Uzen and Karamandybas oil fields in Mangistau region to JSC Ozenmunaigaz from 1 July 2012.

The Board of Directors has also decided on early repayment of KMG PKI Finance BV debt amounting US\$254 million, in the period of up to July 6, 2012, arising from the acquisition of 33% stake in PKI Inc. closed in December 2009.

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<sup>1</sup> Amounts shown in US dollars ("US\$" or "\$") have been translated solely for the convenience of the reader at the average rate of 148.5 tenge/US dollar

In addition, the powers of board member Sisengali Utgaliyev were terminated at the Annual General Meeting and Timur Bimagambetov was elected as a new member of the Board of Directors of the Company for the term as a whole.

The company is also pleased to announce that the drilling on the White Bear structure where KMG EP owns 35% stake in the license started last week. Other partners include BG Group and Maersk Oil UK with stakes of 45% and 20% respectively.

**NOTES:**

**KMG EP** is among the top three Kazakh oil and gas producers. The overall production in 2011 was 12.3mt (an average of 250 kbopd) of crude oil, including the Company's share in Kazgermunai, CCEL and PKI. The total volume of proved and probable reserves, as at the end of 2010 was 226mt (1.7bn bbl), including shares in the associates - about 2.1 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 "BBB-" corporate credit rating in December 2011 and "GAMMA-6" rating in September 2011.

**Timur Bimagambetov** – graduated from Kazakh Polytechnic Institute. In recent years he has held the positions of Executive Director of NC KMG, General Director of N Operating Company LLP, and Deputy Chairman of the Management Board for Production and Technical Development of NC KMG.

**The Company's Board of Directors:**

Lyazzat Kiinov - Chairman of the Board of Directors  
Alik Aidarbayev - Member of the Board of Directors (CEO)  
Yerzhan Zhanagulov - Member of the Board of Directors  
Timur Bimagambetov - Member of the Board of Directors  
Assiya Syrgabekova - Member of the Board of Directors  
Philip Dayer - Independent Non-Executive Director  
Paul Manduca - Independent Non-Executive Director  
Edward Walshe - Independent Non-Executive Director

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**Forward-looking statements**

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