



JSC KazMunaiGas Exploration Production

Adam Smith Conference
5th International Kazakhstan Growth Forum

June 2010, London

Important Notice

Forward-looking statements

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including, but not limited to, the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “target”, “will”, or “should” or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They include, but are not limited to, statements regarding the JSC KazMunaiGas Exploration Production (“Company”) intentions, beliefs and statements of current expectations concerning, amongst other things, the Company’s results of operations, financial condition, liquidity, prospects, growth, strategies and as to the industries in which the Company operates. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that may or may not occur. Forward-looking statements are not guarantees of future performance and the actual results of the Company’s operations, financial condition and liquidity and the development of the country and the industries in which the Company operates may differ materially from those described in, or suggested by, the forward-looking statements contained in this document. The Company does not intend, and does not assume any obligation, to update or revise any forward-looking statements or industry information set out in this document, whether as a result of new information, future events or otherwise. The Company does not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved.

Cautionary Note to US Investors

The US SEC permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that the company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. The crude oil reserves of Company within this document have been estimated by Gaffney, Cline & Associates (“GCA”) according to standards established by the Society of Petroleum Engineers (“SPE”) and the World Petroleum Congresses (“WPC”) and thus proved reserves may differ from those estimated according to the definitions of the US SEC. Further, the Company uses certain terms in this document in referring to the Company’s reserves, such as “probable” or “possible” reserves, that the US SEC’s guidelines would prohibit it from including in filings with the US SEC if the Company were subject to reporting requirements under the US Exchange Act. Prospective investors should read “The Company—Company’s Reserves” section in IPO prospectus and the report of GCA, an international oil and gas consultant, on the Company’s reserves, included in this document (the “GCA Report”), for more information on the Company’s reserves and the reserves definitions the Company uses.

KMG EP: Opportunity to co-invest with the Government



Win-win for portfolio investors and the State

Company history highlights

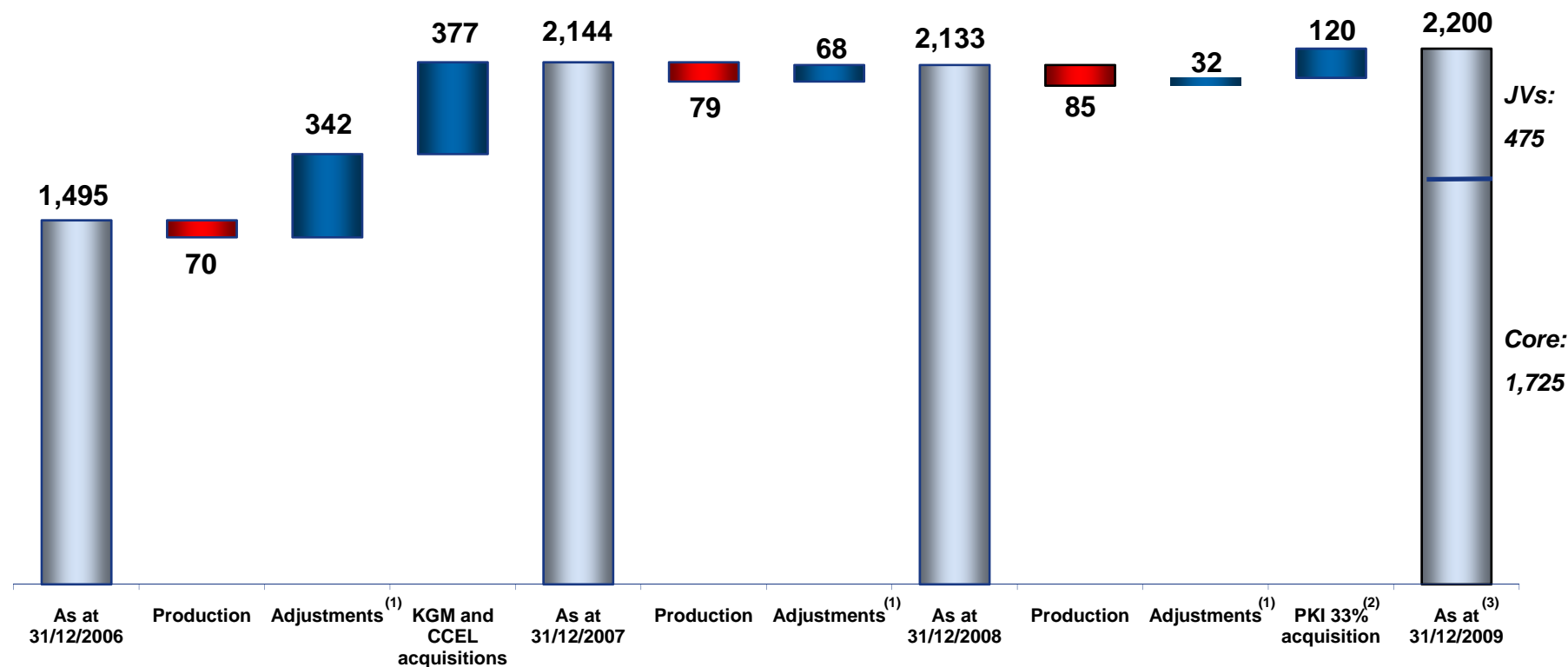
2004	Establishment of KMG EP through merger of UMG and EMG	<ul style="list-style-type: none"> Production: 179 kbopd Revenue: US\$1.7bn
2006	Initial Public Offering (IPO)	<ul style="list-style-type: none"> Company raised over US\$2.0bn Listed on KASE (shares) and LSE (GDR's)
2007	Acquisition of 50% stakes in KGM and CCEL	<ul style="list-style-type: none"> Reserves: +377 mmbbl Production: +26% (50 kbopd)⁽¹⁾
2008	NC KMG, KMG EP and BG Group signed upstream co-operation agreement	<ul style="list-style-type: none"> Principles for a joint study of the hydrocarbons potential of Kazakhstan and other regions
2009	Acquisition of a large stake in KMG EP by CIC	<ul style="list-style-type: none"> Approximately 11% for US\$1.0bn, as reported by CIC in September 2009
2009	Acquisition of a 33% stake in PKI	<ul style="list-style-type: none"> Reserves: +120 mmbbl Production: +15%⁽²⁾
2010	Listing and buyback of preferred shares	<ul style="list-style-type: none"> Effective 9 March 2010 – 31 December 2011 7.4% of prefs bought back for \$48mIn so far
	AGM on May 25, 2010	<ul style="list-style-type: none"> Approved and declared dividend of KZT 704 per share or US\$0.80⁽³⁾ per GDR

(1): Full year effect, based on 2008 production

(2): Based on 1Q10 results, excluding 50% share of PKI in TurgaiPetroleum

(3): Calculated based on official exchange rates effective on corresponding dates

Strong Growth in 2P Reserves since IPO year, mmbbl



Since December 2006 2P reserves up c.50% through exploration, revisions and acquisitions

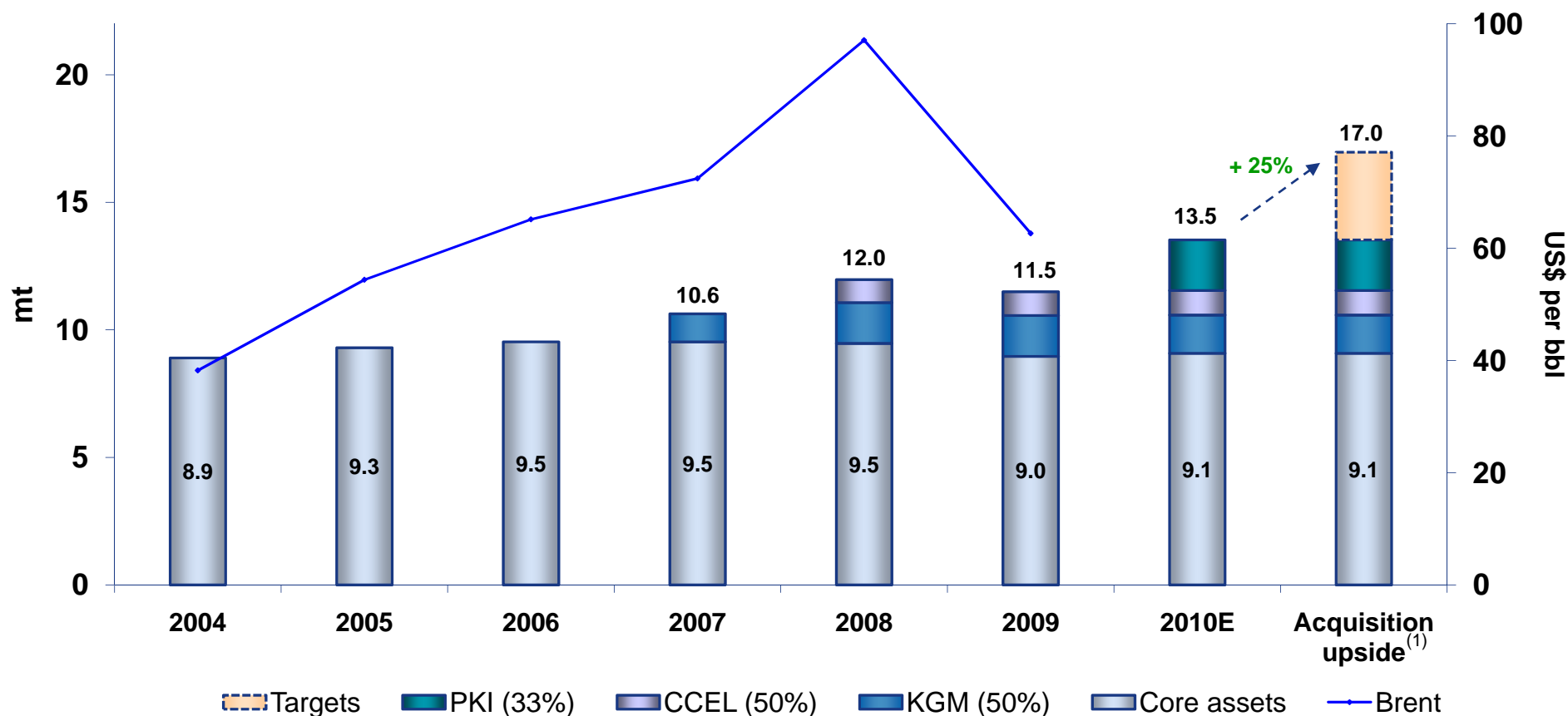
Source: Gaffney, Cline & Associates for KMG EP, KGM, PKI and Miller Lents for CCEL

(1) As a result of exploration and revisions, in 2007 mainly related to the updated development plan for Ozen field

(2) Per GC&A reserves estimate as at 30 March 2009

(3) Preliminary data as of end of 2009

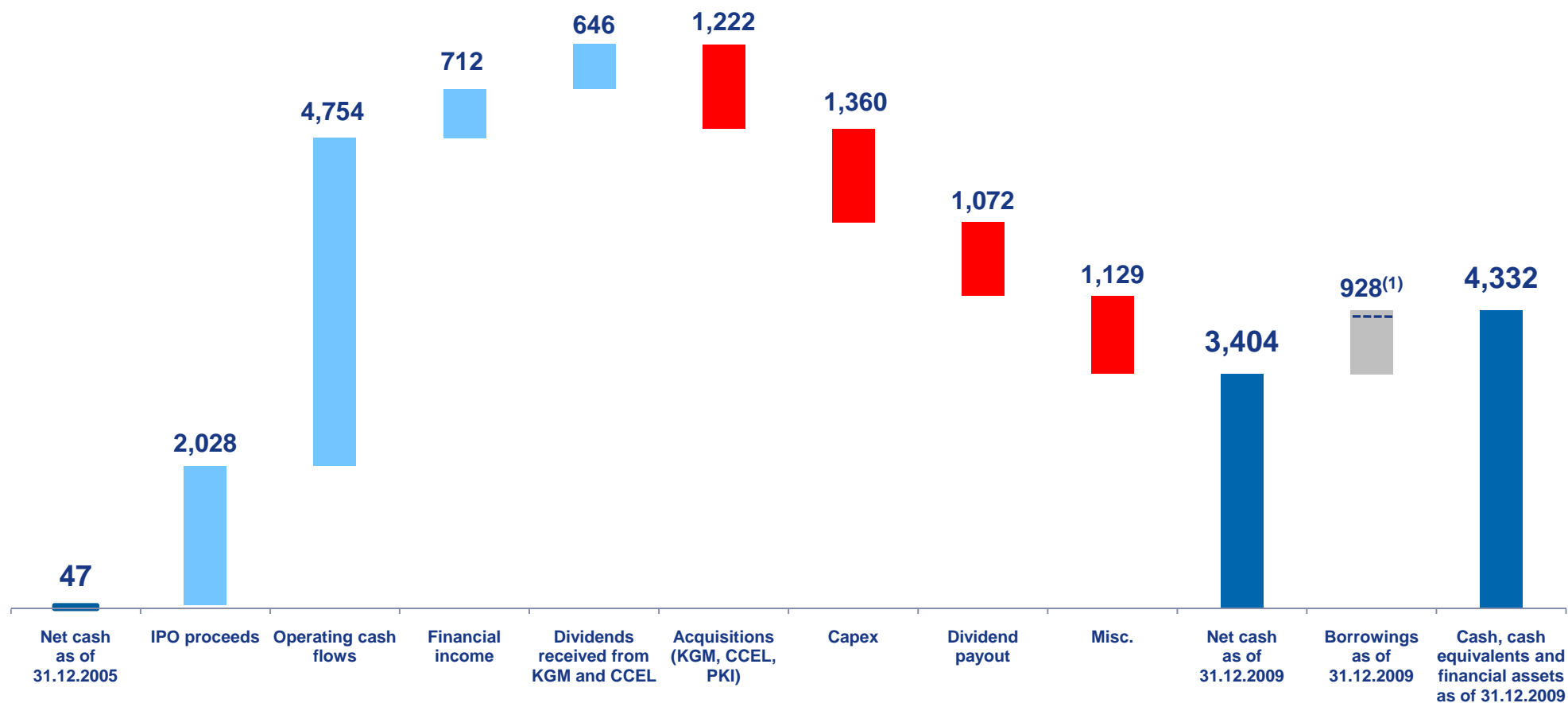
Production growth in a volatile price environment



Source: MEMR, KMG EP data

(1) Acquisition upside calculated based on 2010E for KMGEP and 2009A for current selected acquisition targets (Mangistaumunaigas (50%), Kazakhturkmunai (51%), Kazakhoil Aktobe (50%)).

Cash accumulation since IPO, \$USmIn

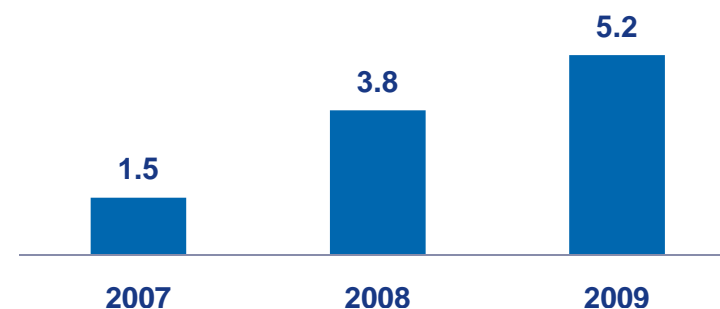


(1) Borrowings include consolidated US\$869m of non-recourse debt from PKI Finance BV, used to finance PKI acquisition

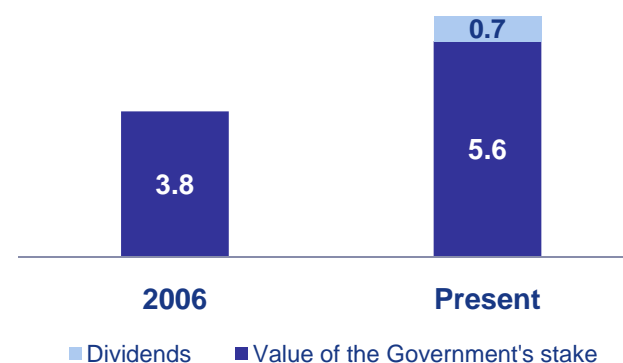
Benefits from KMG EP activities for the State

- One of the largest tax payers – over 700 billion Tenge in taxes and duties paid in 4 years
- Investment income of over 400 billion Tenge including appreciation of the state-owned stake in KMG EP and received dividends
- Expansion of direct participation of the State in the oil and gas sector via consolidation of operating assets
- Increasing investment appeal of the country, enhancing NC KMG capabilities in debt financing
- The largest deposit holder in Kazakhstan banks
- One of the largest employers in the regions of operations
- Developing Kazakhstan stock market, promoting transparency standards
- Increasing competitiveness of the national economy through exposure to international competition

Cumulative payments to the State and National Fund, US\$bn⁽¹⁾



Growth of the value of the Government's stake, US\$bn⁽²⁾



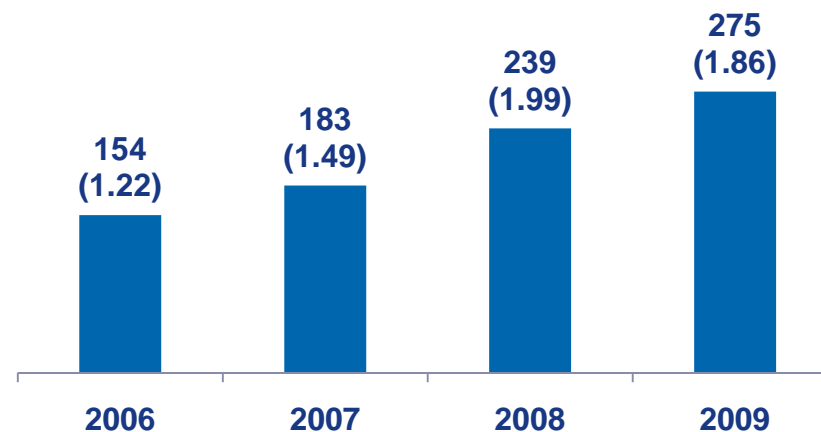
(1) Converted based on average exchange rates: 122.55, 120.29, 147.50 for 2007, 2008, 2009 respectively

(2) Converted based on 127.09 and 146.60 for 2006 and Present respectively

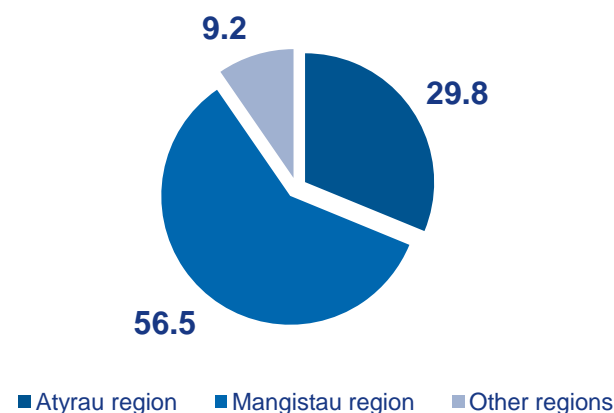
KMG EP contribution to social development of the regions

- Financing construction of public facilities, including:
 - ✓ A 3000-seat stadium in the city of Zhanaozen
 - ✓ Indoor swimming pool in the city of Atyrau
 - ✓ Sports and leisure facilities in the town of Zhanaozen
- Subsidising water and gas supply to the city of Zhanaozen
- Financing social workplaces

Social expenditures, KZT per tonne (US\$ per tonne)



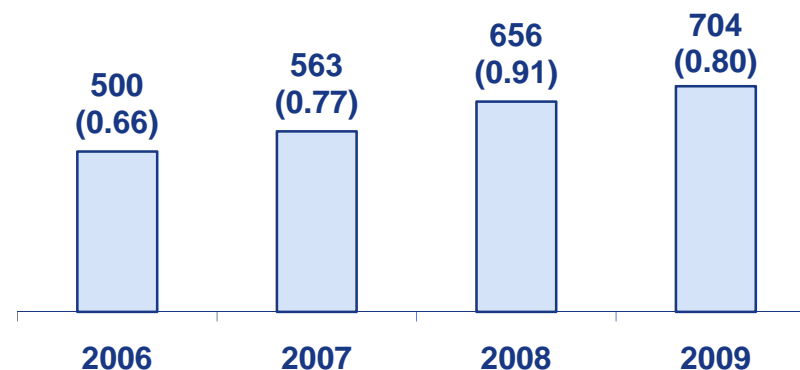
Social expenditures of KMG EP
In 2004-2009, US\$mIn



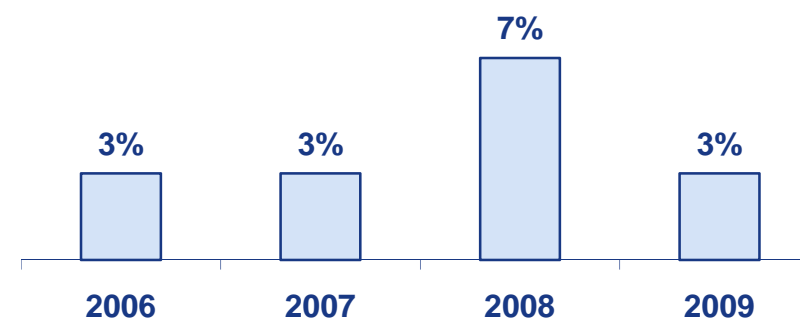
Cash Distributions to Shareholders

2007	18 May 2007 (AGM): dividend of US\$300mln, including special dividend of US\$150mln
2008	28 May 2008 (AGM): dividend of US\$344mln, including special dividend of US\$152mln
	8 October 2008 (BoD): 12 month buyback program, US\$148mln
2009	28 May 2009 (AGM): dividend of US\$322mln, including special dividend of US\$80mln
2010	26 February 2010 (BoD): listing of preferred shares with further buy-back program, up to 100% of issued preferred shares
	25 May 2010 (AGM): dividend of US\$346mln

Dividends, KZT per share (US\$ per GDR)



Dividend Yield⁽¹⁾, %



Approximately US\$1.6bn paid to the shareholders since IPO

(1) Calculated based on share prices as at the end of corresponding periods

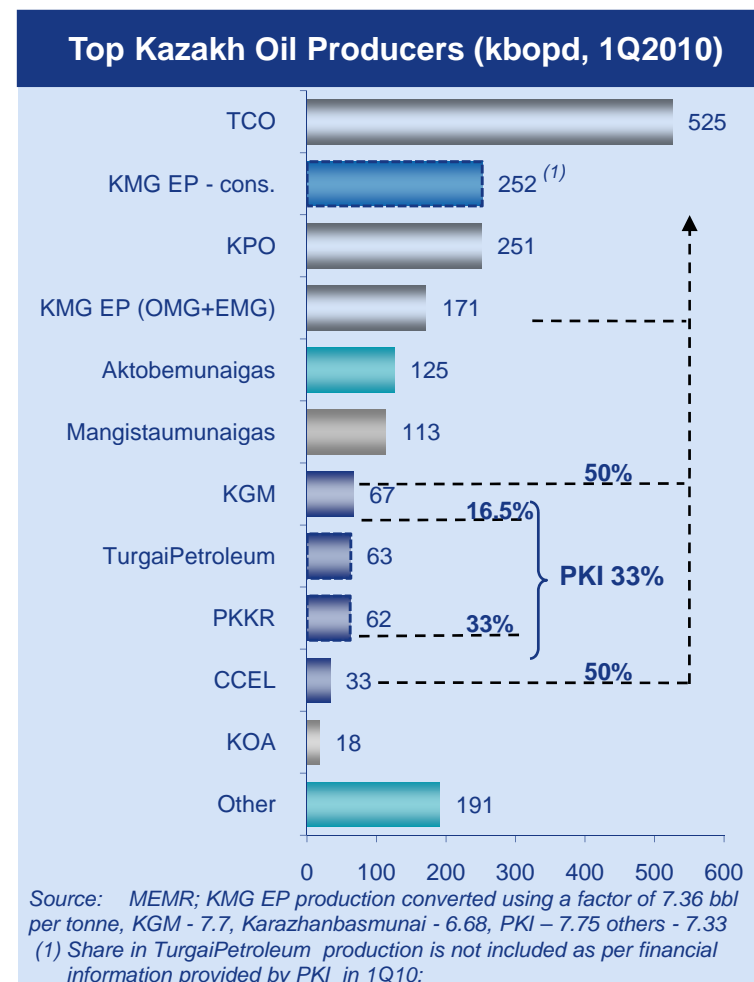
Finding the right balance of interests

- Local content ↔ Global quality standards
- Social and employee programs ↔ Internationally competitive costs
- State control ↔ Decision-making time
- State's fiscal flexibility ↔ Stability of tax regime

Open dialogue between stakeholders is key

Investment summary

- The largest listed Kazakh oil producer
- Unique advantages in Kazakhstan based on relationship with the National Company KazMunaiGas (NC KMG)
- Track record of delivering on strategic goals announced at IPO in 2006
- Strong financial position, robust acquisition pipeline and support from NC KMG provide the basis for the future growth
- Internationally recognised corporate governance system - “The most transparent company in Kazakhstan” (S&P)



KMG EP offers a unique investment opportunity in Kazakhstan's oil sector

Reference Information

Share information

Total number of ordinary shares	70,220,935
GDRs per one ordinary share	6
Total number of preferred shares	4,136,107

Tickers

LSE	KMG	Reuters	KMGq.L
KASE	RDGZ	Bloomberg	KMG LI

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