

INFORMATIONAL MESSAGE

KMG EP announces a merger of its two oil service subsidiaries

13 June 2016. Astana. KazMunaiGas Exploration & Production (“KMG EP” or “Company”) announces that its Board of Directors has resolved to merge its subsidiaries Zhondeu and Kruz into OzenMunaiService. The merger will help improve the management of the subsidiaries.

“The merger of our two subsidiaries that do the same job of well servicing and workover will help increase competitive advantage of the merged service rendering company, and will open up possibilities of entering new regions of our state”, says Mr Kurmangazy Iskaziyeu, the Chief Executive of KMG EP. He goes on by saying “It is important that the merger of these two companies results in no redundancy. The trade unions of Kruz and Zhondeu support this as the merger would help get more work and solidify its position on the market”.

It is assumed that the merger will end by 1 October 2016. It is planned that later, OzenMunaiService will become a stock corporation. This will make the company independent, impose respective responsibilities on the management, and make the company transparent, and compliant with corporate governance requirements.

The merger is to be done the same way it was done back in 2015 when Kendirli Kurylys and Zhol Service were taken over by Ken Kurylys Service.

Notes to editors:

Zhondeu was incorporated in August 1998, and is a wholly-owned subsidiary of KMG EP.

Kruz was incorporated in October 1997, and is a wholly-owned subsidiary of KMG EP. Both companies perform repair and workover operations of wells of Uzen field of Mangystau Province.

KMG EP is among the top three Kazakh oil producers. The overall production in 2015 was 12.4 million tonnes (251 kbopd) of crude oil, including the Company’s share in Kazgermunai, CCEL and PKI. The Company’s volume of proved and probable reserves excluding shares in the associates, at the end of 2015 was 193 million tonnes (1,409 mmbbl). 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 at its IPO in September 2006.

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