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KMG NC and CEFC – strategic partnership for developing oil & gas activities in Europe

KMG International salutes the today's conclusion in Bucharest of the agreement between the National Company KazMunayGas Kazakhstan and CEFC (China Energy Company Limited) stating the commitment to pursue the transaction of buying 51% of KMG International shares, and signed a restated set of documents, thus confirming the solid partnership between the two companies.

After a period in which both parties clarified certain legal and technical aspects of the deal, KMG NC and CEFC reaffirmed the commitment to support the implementation of KMG International's development plans in Romania and the Black Sea region. The deal will undergo standard procedures and clearance stages, including approvals from the EU, Romanian and Chinese competent authorities.

„The strategy of KMG International with its new major shareholder aims at developing major projects, Romania being the business priority. Considering Kazakhstan's potential in the energy sector, the financial resources of China, we will considerably impact the progress of this country. We plan to increase the refining capacity to 10 million tons of crude per year, to build up to 200 new fueling points, to develop industrial services in upstream and downstream areas, as well as to build a cogeneration plant on Petromidia platform. The investments carried out up to present, the implemented business model as well as the future partnerships are factors which make us optimistic about the continuous growth of the business.” – stated Zhanat Tussupbekov, CEO of KMG International.

Assets and operations owned and carried out by KMG International (KMG International) in Europe and in the Black Sea region will serve as a development platform that will target both the increasing of operational and financial performance of KMG International and expanding at the international level of dedicated activities and operations performed by CEFC.

KMG will consider continuing of crude oil supplies towards KMG International subsidiaries in order to sustain and extend their core operations in Europe, and sustain refining operations at Petromidia.

The strategic partnership will deliver benefits for KMG NC, CEFC and KMG International and will establish the necessary framework for future joint projects and will contribute to the economic and social growth of the areas where those projects will be implemented, most of them being in Romania. We stand firmly by all of our commitments, derived from the Memorandum of Understanding with the Romanian state, including the establishment of a Romanian - Kazakh Investment Fund of up to 1 billion USD depending on the market conditions during the investment period of 7 years.

KMG International has already identified a number of profitable projects for the Investment Fund – the extension of fuel stations network on the local market, the construction of a new cogeneration plant on Petromidia platform, and continuation of investment in upstream exploration fields – to generate direct and indirect beneficial effects for Romanian economy, for

the communities where these projects are going to be implemented, including total creation of approximately 2,000 jobs during different phases of the projects.

In order to accelerate these projects, KMG International is looking forward with great interest toward the administrative procedures carried out by Romanian Government, allowing the implementation of the projects.

JSC NC KazMunayGas is the National Oil & Gas Company of the Republic of Kazakhstan and operator for exploration, production, refining and transportation of hydrocarbons, representing the state's interests in the oil and gas industry of Kazakhstan. National Company "KazMunayGas" is a vertically integrated oil and gas company with a complete production cycle from exploration and production of hydrocarbons, their transportation and processing to providing specialized services.

CEFC China Energy Company Limited is one of the fastest growing private companies in China. In 2016 it entered Global Fortune 500, ranking 229th. CEFC carries out operations in energy, financial and investment services.

KMG International N.V. owns and carries out major operations in refining, petrochemicals, retail, and trading, on several international markets. The retail network includes 1100 fueling points in Romania, Georgia, Bulgaria and Moldova. The Group's main operations are developed in the Black Sea region, where the company owns two refineries. KMG International also carries out exploration, industrial and wells maintenance services.

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