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Press release

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July 27, 2016

On July 22nd, 2016, both JSC National Company KazMunayGas (*KMG*) and KMG International N.V. (*KMGI*) submitted to the Romanian authorities a Notice of Investment Dispute based on the Agreement between the Government of Romania and the Government of the Republic of Kazakhstan, the Agreement between the Government of the Kingdom of the Netherlands and the Government of Romania and the Energy Charter Treaty.

The arbitration dispute concerns the treatment applied by the Romanian authorities to the investments performed by KMG and KMGI in their Romanian subsidiaries, namely: Rompetrol S.A. (now Oilfield Exploration Business Solutions S.A., *Oilfield*), Vega S.A. (*Vega*), Rompetrol Rafinare S.A. (*RRC*) and other related Romanian companies.

KazMunayGas Companies' letter to the government of Romania also details asset freezes totaling more than \$2.1 billion and the company's belief that it appears to be the intention of the authorities to seize and nationalize assets that have generated tremendous benefit for the Romanian economy and people. KazMunayGas Companies have already invested around \$4billion (including the acquisition price of the Group by KazMunayGas NC) of spending inside the country with plans to direct billions more in funds to plants, facilities and communities where the Group does business.

Mr Azamat Zhangulov, Senior Vice President of KMG International has said today: "We always stand ready to explain to the Government of Romania the need for our investments to be protected as a matter of legal obligation under law. We are committed to continue investment in Romania and building on the significant work we have already done. However, we cannot put further capital at risk unless and until the authorities demonstrate respect for rule of law. If no solution is found, we are compelled to use all legal means to defend our rights and obtain compensation and that includes international arbitration against the State. However, we sincerely hope that an amicable solution can still be found with a view to allow us to continue investments in Romania so as to contribute to Romania's objective of becoming a major energy hub in the Black Sea region."

Further to the submission of the Notice of Investment Dispute, should a settlement between KMG and Romania fail to be reached, the case will be referred to and settled by the International Centre for Settlement of Investment Disputes under World Bank, headquartered in Washington, D.C or to the Arbitration Institute of the Stockholm Chamber of Commerce, in line with the provisions of the treaties and with KMG companies' envisaged reliefs and measures to be obtained.

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Background

Notice of Investment Dispute

The submission of the aforementioned Notice of Investment Dispute represents the first procedural step that might give rise to an arbitration dispute between an investor and the country where the investment was made.

Briefly, in accordance with the aforementioned treaties, the states having adhered and having become a party to treaties of such nature benefit from a series of investment-related rights aimed to encourage the investment process and to create a fair, equitable, non-discriminatory legal framework, and, on the other part, to ensure background for an undisrupted, legitimate and peaceful enjoyment and disposal of investments.

International Treaties

The Treaties referred:

1996 and 2010 Agreement between the Government of Romania and the Government of the Republic of Kazakhstan on the promotion and reciprocal protection of investments (the Kazakh BIT)

The Agreement on encouragement and reciprocal protection on investments between the Government of the Kingdom of the Netherlands and the Government of Romania (the Dutch BIT)

The Energy Charter Treaty (the ECT)

Legal representation for KazMunayGas Companies

Freshfields Bruckhaus Deringer LLP, together with Squire Patton Boggs LLP, are acting for JSC National Company KazMunayGas (KMG), a company incorporated in Kazakhstan, and its wholly-owned subsidiary KMG International N.V. (KGMI), a company incorporated in the Netherlands, together referred to in the above statements as the KazMunayGas Companies).

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About KMG International

Owned by KazMunayGas Kazakhstan, KMG International conducts major operations in refining and petrochemicals, retail, trading, upstream and industrial services in 12 main markets. In Romania, the Group operates Petromidia Năvodari refinery, with a processing capacity of 5 million tons per year, Vega Ploiesti Refinery – the oldest unit of its kind in operation since 1905, but also a fuels distribution network of over 700 distribution points, 230 LPG stations, 9,000 cylinders distribution points, 3 LPG filling stations and 6 warehouses.