

June 17, 2016

KMG International – Official statement related to the decision taken by High Court of Cassation and Justice

KMG International noted the extremely severe decision taken by the High Court of Cassation and Justice today of maintaining the seizure established by Directorate for Investigating Organized Crime and Terrorism (DIICOT) in May 2016, a measure that we do not consider necessary, taking into consideration the fact that there is no risk regarding the disappearance, destruction or removal of the Group's assets.

We consider that the High Court of Cassation and Justice did not take into consideration the information and the documents provided by the Group regarding the value of the seizure claimed by DIICOT, considering that the value of assets ("KAZ MUNAY GAZ INTERNATIONAL NV, SC OILFIELD EXPLORATION BUSINESS SOLUTIONS SA and SC ROMPETROL RAFINARE SA" - sic) exceeds LEI 6 billion, double the level of LEI 3 billion claimed by the state institution as losses.

This decision could affect the medium and long term of KMG International development plans and future investment strategy in Romania, also the ability of the Group to attract additional financing. We underline the fact that the investment plan of the Group shows benefits for the Romanian economy – ensuring working places, contributions to the state budget, also benefits for partners and suppliers.

Currently, the operations of the Group are carried out in normal conditions. The decision announced today is unfair and unjust based on the evidence presented to the court and runs the risk of harming what has been a productive partnership between our company and Romania's benefiting families and communities around the country.

KMG International will use all legal avenues to protect its investments, activities and the current operations and also it's more than 5,000 employees in Romania.

Thus, KMG International will continue to make the preparations to put Romania to trial in international court - Stockholm arbitration tribunals based on the Energy Charter Treaty and ICSID, the arbitral tribunal of the World Bank in Washington DC.

We would like to underline that the DIICOT decision relates to allegations said to have occurred in 2000-2003, long before the takeover in 2007 by the national oil and gas company of Kazakhstan, KazMunayGas, of the majority stake in The Rompetrol Group N.V. (now named KMG International N.V). Thus, invoking in 2016 the illegality of privatizations carried out in 1999 and 2000, raises from the very beginning obvious problems on the conventional, constitutional and legal nature, even only in relation to the principles of ownership and of ensuring the security of civil circuit.

Ad absurdum, but in line with the principle invoked by DIICOT and High Court of Cassation and Justice, at this time all privatizations carried out in Romania from 1990 until now should be open and analyzed, and for those who have benefited from various facilities (debts erasure, offsets, rescheduling of payments or other types of aid) to be investigated including current

shareholders of these companies, regardless of their economic background (petroleum, automotive, construction, financial, metallurgic etc.).

As a good faith buyer and also a strategic investor in the energy sector in Romania, the Group operates in accordance with the national and international legal provisions, managing to turn Petromidia refinery into the largest unit of its kind in Romania and one of the most modern in the Black Sea region. Vega Ploiesti refinery is the only producer of bitumen in Romania and a leading provider of niche petroleum products. KMG International is also the sole producer of polymers in the Romanian petrochemicals sector.

The total value of investments made by the Group in Romania from 2007 until now amounts to over USD 4 billion, including the acquisition of shares of the former Rompetrol Group, investments that were reflected in the domestic economy (contributions to the state budget – USD 12 billion, direct and indirect impact on 300,000 beneficiaries, exports - Rompetrol Rafinare is the second largest exporter of the country, etc.).

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.

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