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News Release

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FOR IMMEDIATE RELEASE

**SWEDISH COURT REJECTS KAZAKHSTAN'S SECOND CHALLENGE
TO ARBITRAL AWARD, BLOCKS FURTHER APPEAL**
Ruling Confirms US\$541 Million Award as Final and Binding

New York, NY –The Svea Court of Appeal in Stockholm handed down its judgment in *The Republic of Kazakhstan v Ascom Group S.A. et al* dismissing with prejudice Kazakhstan's renewed challenge to a US\$541 million Swedish arbitral award issued in December 2013.

Kazakhstan had brought an unprecedented second challenge to the award in November 2019, having lost the first challenge in December 2016 after 3.5 years of proceedings before the same Svea Court of Appeal.

In its ruling, handed down March 9, 2020, the Swedish court found that the two challenges were "identical," which under Swedish law bars the new claim from being heard. The court also found Kazakhstan's new claim to be "based on circumstances that could have been invoked in the previous case." The Svea Court also refused to grant permission to appeal this ruling to the Swedish Supreme Court, thus making it final and binding.

This ruling comes shortly after a different division of the same Svea Court of Appeal similarly dismissed Kazakhstan's motion to introduce the new challenge into the record of the parallel Swedish attachment proceedings.

Anatolie Stati, CEO and sole shareholder of Ascom Group S.A., one of the defendants to the action, said: "We welcome this ruling of the Swedish court, which pays due deference to the principle of finality of litigation. The award creditors will continue unabatedly with their efforts to collect any and all amounts due under the award and related legal costs in all available jurisdictions. In the meantime, foreign investors in Kazakhstan should take note of the country's repeated failure to honor the investment protections that it claims it provides to foreign investment."

As part of separate ongoing attachment proceedings in Sweden, the Stati parties have successfully frozen funds of approximately US\$85 million owned by the Republic of Kazakhstan and held by Skandinaviska Enskilda Banken in its capacity as sub-custodian under a global custody agreement between the National Bank of Kazakhstan and BNY Mellon. These attachment proceedings are expected to conclude by the fall of 2020.

In addition to the Swedish attachment, the Stati parties have successfully secured and maintain the benefit of various other attachments of Kazakh state property in the Netherlands,

Luxembourg and Belgium, with the combined total value of all attachments worldwide exceeding US\$6.25 billion.

The Swedish court ruling is the latest development in the Stati parties' long-running battle to enforce the award for Kazakhstan's violations of the investor protection provisions of the Energy Charter Treaty. In December 2013, a Sweden based arbitration tribunal found that Kazakhstan had violated international law by failing to treat the Stati parties' investments in Kazakhstan fairly and equitably, and awarded the Stati parties more than US\$500 million in damages, legal costs, and interest. The award has since been fully upheld by two tiers of the Swedish judiciary, including the Swedish Supreme Court.

The claims originally arose out of Kazakhstan's seizure of the Stati parties' petroleum operations in 2010. The Stati parties acquired two companies in 1999 that held idle licenses in the Borankol and Tolkyn fields in Kazakhstan. They invested more than US\$1 billion over the ensuing decade to turn the companies into successful exploration and production businesses. By late 2008, the businesses had become profitable and had yielded considerable revenues for the Kazakh state. Just as the Stati parties expected to start receiving dividends, more than half a dozen government agencies carried out multiple burdensome inspections and audits of the companies' businesses that resulted in false accusations of illegal conduct directed at the Stati parties and their Kazakh companies, including criminal prosecutions of their general managers on false pretenses. Kazakhstan's actions challenged the Stati parties' title to their investments, subjected them to hundreds of millions of dollars in unwarranted tax assessments and criminal penalties, and ultimately led to the seizure and nationalization of their investments by Kazakh authorities in July 2010.