

Statement regarding tax and customs regime

Astana, 29 January 2008, JSC KazMunaiGas Exploration Production (“KMG EP” or the “Company”) would like to make the following comments regarding the tax and customs regime applying to it in Kazakhstan.

1. Currently the Company is accruing and making tax and other mandatory payments to the Kazakh State in accordance with its existing exploration and production contracts. The Government made no decision so far this year to change any tax and customs terms as compared to those effective in 2007. However, according to press reports, it is considering revising the regime of tax and other mandatory payments for the oil sector and, in particular, the introduction of a crude oil export duty from 1 January, 2009.
2. Should an export duty be introduced, it is understood that it would not be applicable to the contracts which explicitly provide for the stability of its customs terms. In particular, the Company believes that contracts held by Kazgermunai and Karazhanbasmunai (each 50% owned by KMG EP) have customs stability in addition to tax stability.

The core assets of KMG EP, including Uzen field, are operated under contracts that do not explicitly stipulate stability of customs payments. Nevertheless, applicability of export duties that would change the balance of economic interests between the State and the subsoil user requires legal examination and the Company intends to seek legal advice on this matter in the near future.

KMG EP, excluding its share in Kazgermunai and Karazhanbasmunai, exported 7.4 million tonnes (148kbopd) in 2007.

3. The main taxes currently paid by KMG EP include royalties, corporate income tax, excess profit tax and a number of other taxes stipulated in the exploration and production contracts held by the Company. According to Kazakh law, tax terms of the contracts signed before January 1, 2004, are stabilized. The tax terms of such contracts can only be changed by mutual consent of the oil company and the State. All current production of KMG EP as well as Kazgermunai and Karazhanbasmunai is performed based on pre-2004 contracts that enjoy such tax stability.
4. KMG EP intends to take appropriate steps to have a constructive dialogue with the Government in order to work out a stable and fair tax and customs regime that would support the successful development of the Company in the interest of all its stakeholders. However, setting taxation and other aspects of regulation of the oil industry is the State’s prerogative and KMG EP will fully comply with all applicable laws and regulations.

- END -

NOTES TO EDITORS

KMG EP is the 2nd largest Kazakh oil producer with over 10.6 mmt (217 kbopd) of crude oil production in 2007 including shares in production of Kazgermunai and Karazhanbasmunai. The Company’s shares are listed on

Kazakhstan Stock Exchange and the GDRs are listed on London Stock Exchange. The Company raised approximately US\$2bn in its IPO in September of 2006.

For further details please contact us at:

«KMG EP», Public Relations (+7 7172 977 600, +7 7172 977 924)

Zukhra Sultanova

E-mail: pr@kmgep.kz

«KMG EP», Investor Relations (+7 7172 975 433)

Alexander Gladyshev

E-mail: ir@kmgep.kz

WMC Communications Ltd / Pelham PR (+44 20 3178 4418)

Elena Dobson

E-mail: Elena.dobson@wmccommunications.com

Forward-looking statements

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including, but not limited to, the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “target”, “will”, or “should” or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They include, but are not limited to, statements regarding the Company’s intentions, beliefs and statements of current expectations concerning, amongst other things, the Company’s results of operations, financial condition, liquidity, prospects, growth, potential acquisitions, strategies and as to the industries in which the Company operates. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that may or may not occur. Forward-looking statements are not guarantees of future performance and the actual results of the Company’s operations, financial condition and liquidity and the development of the country and the industries in which the Company operates may differ materially from those described in, or suggested by, the forward-looking statements contained in this document. The Company does not intend, and does not assume any obligation, to update or revise any forward-looking statements or industry information set out in this document, whether as a result of new information, future events or otherwise. The Company does not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved.