

PRESS – RELEASE

JSC “KazMunaiGas Exploration Production” announces Operating Results for the first six months of 2008

Astana, July 18, 2008. JSC “KazMunaiGas Exploration Production” announces that its total crude oil production in the first half of 2008 was 5,899 thousand tonnes (238 kbopd). This is an increase by 960 thousand tonnes (19.4%) compared to the figures for the same period last year. The main reason for this increase is the acquisition of 50% shares in Kazgermunai and CCEL (Karazhanbasmunai) in April and December of 2007 respectively.

According to preliminary estimates, in the first half of 2008 the Company supplied 5,731 thousand tonnes of crude oil (231kbopd) including its share in Kazgermunai and CCEL. Exports in the first half of 2008 amounted to 4,389 thousand tonnes (177kbopd).

JSC “KMG EP” also announces its plans to increase the wages of selected employee categories at the production sites (excluding the head office staff) in the second half of 2008. It is expected that this will increase the Company’s expenditure for such purposes in the second half of 2008 by 4.8 bln Tenge including the Income Tax and Pensions Fund deductions. The average monthly wage increase of over 20% is aimed at compensating the Company field employees taking into account inflation in the past few years, and will help the Company to retain experienced staff.

Crude oil production, ‘000 tonnes

	Q2 2008	Q2 2007	Change	1 st half 2008	1 st half 2007	Change
Core assets (UzenMunaiGas, EmbaMunaiGas)	2,389	2,372	0.72%	4,693	4,661	0.69%
50% Kazgermunai ⁽¹⁾	389	278 ⁽¹⁾	39.9%	776	278 ⁽¹⁾	179.1%
50% CCEL	229	-	-	430	-	-
Total including the share in Kazgermunai and CCEL	3,006	2,650	13.4%	5,899	4,939	19.4%

Crude oil sales, '000 tonnes

	Q2 2008	Q2 2007	Change	1 st half 2008	1 st half 2007	Change
UzenMunaiGas EmbaMunaiGas	2,379	2,373	0,25%	4,535	4,764	-9,8%
Export share	74.1 %	75.5%		74.9%	78.2%	
50% Kazgermunai ⁽¹⁾	421	276 ⁽¹⁾	52,5%	780	276 ⁽¹⁾	182.6%
Export share	83.6%	87.4%		81.6%	83.5%	
50% CCEL	217	-		417	-	-
Export share	85.3%	-		85.2%	-	-

(1) Oil production and sales of Kazgermunai are indicated as a 50 % stake owned by KMG EP from the date of acquisition in April of 2007. Sales of Kazgermunai includes royalty tax in kind of 26,000 tonnes, 18,000 tonnes, 54,000 tonnes and 18,000 tonnes for Q208, Q207, 1H08 and 1H07 respectively

NOTES TO EDITORS

KMG EP is the 2nd largest Kazakh oil producer with over 10.6 mmt (215kbopd) of crude oil production in 2007 including shares in production of Kazgermunai and CCEL, and 240 mmt (1.8bn bbl) of proved and probable reserves at the end of 2007 (over 2 bn bbl including interests in Kazgermunai and CCEL). 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

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