Joint Stock Company
Exploration and Production KazMunaiGas

Condensed Consolidated Interim Financial Information (Unaudited)

For the three months ended March 31, 2007

Contents

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Report on Review of Condensed Consolidated Interim Financial Information

To the shareholders and management of Joint Stock Company Exploration Production KazMunaiGas

Introduction

We have reviewed the accompanying condensed consolidated interim balance sheet of Joint Stock Company Exploration Production KazMunaiGas and its subsidiaries as of March 31, 2007 and the related condensed consolidated interim statement of income, changes in equity and cash flow for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Financial Reporting Standard IAS 34, *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young LLP

June 5, 2007

Condensed Consolidated Interim Balance Sheet

Tenge thousands

	Notes	March 31, 2007	December 31, 2006
		Unaudited	**Audited**
ASSETS			
Non-current assets			
Property, plant and equipment	6	257,623,017	259,333,372
Other financial assets	7	2,028,912	102,841,401
Intangible assets		7,035,526	7,921,252
Investments in associates		2,789,280	2,884,207
Other assets		4,748,689	3,843,312
Total non-current assets		**274,225,424**	**376,823,544**
Current assets			
Inventories		11,795,673	15,131,619
Taxes prepaid and VAT recoverable		5,838,278	11,690,358
Prepaid and deferred expenses		7,040,436	4,952,828
Trade and other receivables	7	43,483,912	37,356,601
Other financial assets	7	216,695,025	226,523,024
Cash and cash equivalents	7	188,857,602	62,459,415
Total current assets		**473,710,926**	**358,113,845**
Total assets		**747,936,350**	**734,937,389**
EQUITY			
Share capital		259,276,481	259,276,481
Other equity		760,938	92,249
Retained earnings		290,230,507	266,383,385
Equity holders of the Company		550,267,926	525,752,115
Minority interest		5,747	5,700
Total equity		**550,273,673**	**525,757,815**
LIABILITIES			
Non-current liabilities			
Borrowings		33,990,417	37,972,387
Deferred tax		10,420,790	10,715,701
Provisions	8	53,441,021	52,155,874
Total non-current liabilities		**97,852,228**	**100,843,962**
Current liabilities			
Borrowings		20,539,473	21,695,307
Income taxes payable		26,176,362	25,551,751
Trade and other payables		31,560,455	40,457,729
Provisions	8	21,534,159	20,630,825
Total current liabilities		**99,810,449**	**108,335,612**
Total liabilities		**197,662,677**	**209,179,574**
Total liabilities and equity		**747,936,350**	**734,937,389**

The notes on pages 5 to 12 are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Income (unaudited)

Tenge thousands

	Notes	Three months ended March 31 2007	Three months ended March 31 2006
Revenue	9	98,183,632	100,508,776
Operating expenses	10	(49,168,507)	(39,139,921)
Profit from operations		**49,015,125**	**61,368,855**
Finance income		7,748,022	1,889,112
Finance expense		(1,967,990)	(1,994,774)
Foreign exchange loss		(4,142,647)	(1,837,771)
Share of result of associates		(94,928)	(374,409)
Profit before tax		**50,557,582**	**59,051,013**
Income tax expense	11	(26,710,413)	(34,258,711)
Profit for the period		**23,847,169**	**24,792,302**
Attributable to:			
Equity holders of the Company		23,847,122	24,793,593
Minority interest		47	(1,291)
		23,847,169	**24,792,302**
EARNINGS PER SHARE			
Attributable to equity holders of the Company – basic and diluted		0.32	0.53

The notes on pages 5 to 12 are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Cash Flow Statement (unaudited)

Tenge thousands

	Notes	Three months ended March 31 2007	Three months ended March 31 2006
Cash flows from operating activities			
Cash receipts from customers		91,802,233	101,982,833
Cash paid to suppliers and employees		(48,096,007)	(48,755,529)
Income tax paid		(19,377,595)	(16,788,742)
Net cash generated from operating activities		**24,328,631**	**36,438,562**
Cash flows from investing activities			
Purchases of property, plant and equipment (PPE)		(9,048,107)	(7,182,539)
Proceeds from sale of PPE		14,877	739,471
Purchases of intangible assets		(18,989)	(8,560,500)
Purchase of available-for-sale financial assets		(2,461,618)	–
Sale of held-to-maturity financial assets, net		108,080,824	5,870,574
Loan repayments received from related parties		–	4,000,000
Disposal of subsidiaries, net of cash disposed		–	3,355,825
Interest received		7,121,000	784,750
Net cash provided from (used in) investing activities		**103,687,987**	**(992,419)**
Cash flows from financing activities			
Proceeds from borrowings		1,443,082	169,347
Repayment of borrowings		(1,426,122)	–
Dividends paid		(319,354)	(127,312)
Interest paid		(805,553)	(999,617)
Net cash used in financing activities		**(1,107,947)**	**(957,582)**
Net change in cash and cash equivalents		126,908,671	34,488,561
Cash and cash equivalents at beginning of the year	7	62,459,415	20,187,588
Exchange losses on cash and cash equivalents		(510,484)	(1,100,049)
Cash and cash equivalents at end of the period	7	**188,857,602**	**53,576,100**

The notes on pages 5 to 12 are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Changes in Equity (unaudited)

Tenge thousands

	Attributable to equity holders of the Company				
	Share capital	Other equity	Retained earnings	Minority interest	Total Equity
As at December 31, 2005	**11,792,208**	**–**	**161,860,819**	**79,536**	**173,732,563**
Profit for the period	–	–	24,793,593	(1,291)	24,792,302
Other distributions to owners	–	–	(114,611)	–	(114,611)
As at March 31, 2006	**11,792,208**	**–**	**186,539,801**	**78,245**	**198,410,254**
As at December 31, 2006	**259,276,481**	**92,249**	**266,383,385**	**5,700**	**525,757,815**
Recognition of share-based payments	–	520,628	–	–	520,628
Net gains on available-for-sale financial investments	–	148,061	–	–	148,061
Profit for the period	–	–	23,847,122	47	23,847,169
As at March 31, 2007	**259,276,481**	**760,938**	**290,230,507**	**5,747**	**550,273,673**

The notes on pages 5 to 12 are an integral part of this condensed consolidated interim financial information.

1. Organization and principal activities

Joint Stock Company Exploration and Production KazMunaiGas (the "Company") is engaged in the acquisition, exploration, development, production, processing and export of hydrocarbons with its core operations of oil and gas properties located in the Pre-Caspian and Mangistau basins of western Kazakhstan. The Company's direct majority shareholder is Joint Stock Company National Company KazMunaiGas ("NC KMG" or the "Parent Company"), which represents the state's interests in the Kazakh oil and gas industry. From June 2006 NC KMG was 100%-owned by Samruk State Holding which is in turn 100% owned by the government of the Republic of Kazakhstan (the "Government").

The Company conducts its principal operations through the UzenMunaiGas and EmbaMunaiGas production divisions. These consolidated financial statements reflect the financial position and results of operations of those divisions and certain other controlling and non-controlling interests in predominantly non-core entities. Such other interests represented approximately 3% of the Company's net assets at March 31, 2007 (at December 31, 2006: 3%). The Company plans to dispose of the remaining non-core businesses by the end of 2008.

This condensed consolidated interim financial information was authorized for issue by the Company's Chief Executive Officer, Chief Financial Officer and Financial Controller on May 30, 2007.

2. Basis of preparation

This condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard No. 34, *Interim Financial Reporting* ("IAS 34") and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2006.

Exchange rates

The official rate of the Kazakhstan Tenge to the US Dollar ("USD") at March 31, 2007 and December 31, 2006 was 123.84 and 127.00 Tenge to USD 1.00 respectively. Any translation of Tenge amounts to USD or any other hard currency should not be construed as a representation that such Tenge amounts have been, could be or will in the future be converted into hard currency at the exchange rate shown or at any other exchange rate.

3. Seasonality of operations

The Company's operating costs are subject to seasonal fluctuations, with higher expenses for materials and repair, maintenance and other services usually expected in the latter part of the year than in the first three months. These fluctuations are mainly due to the requirement to conduct formal public tenders in accordance with state procurement laws.

4. Significant non-cash transactions

During the three months ended March 31, 2007 the Company settled in crude oil 4,623,811 thousand Tenge due under the terms of a financing agreement (three months of 2006: 4,314,913 thousand Tenge).

These non-cash transactions are excluded from the condensed consolidated interim statement of cash flows.

5. Accounting policies

Except as discussed below, the accounting policies applied in preparation of this condensed consolidated interim financial information are consistent with those applied in preparation of the annual financial statements for the year ended December 31, 2006.

New accounting developments

IFRS 7, *Financial Instruments: Disclosures*, and a Complementary Amendment to IAS 1, *Presentation of Financial Statements—Capital Disclosures*, are effective for annual periods beginning on or after January 1, 2007. The adoption of IFRS 7 and the amendment to IAS 1 will result in additional disclosures, including sensitivity analysis for market risks and capital management disclosures.

5. Accounting policies (continued)

IFRIC 7, *Applying the Restatement Approach under IAS 29*, is effective for annual periods beginning on or after March 1, 2006. This interpretation is not currently relevant to the Company's operations.

IFRIC 8, *Scope of IFRS 2*, is effective for annual periods beginning on or after May 1, 2006. Management does not expect the interpretation to have a material impact on the Company's financial position or results of operations.

IFRIC 9, *Reassessment of Embedded Derivatives*, is effective for annual periods beginning on or after June 1, 2006. Management does not expect the interpretation to have a material impact on the Company's financial position or results of operations.

IFRIC 10, *Interim Financial Reporting and Impairment,* is effective for annual periods beginning on or after November 1, 2006. Management does not expect the interpretation to have a material impact on the Company's financial position or results of operations.

IFRS 8, *Operating Segments,* is effective for annual periods beginning on or after January 1, 2009. Management does not expect the interpretation to have a material impact on the Company's financial position or results of operations.

Amendment to IAS 23, *Borrowing costs*, is effective for annual periods beginning on or after January 1, 2009. Management does not expect the interpretation to have a material impact on the Company's financial position or results of operations.

IFRIC 11, *IFRS 2 – Group and Treasury Share Transaction*, is effective for annual periods beginning on or after March 1, 2007. Management does not expect the interpretation to have a material impact on the Company's financial position or results of operations.

IFRIC 12, *Service Concession Arrangements,* is effective for annual periods beginning on or after March 1, 2007. Management does not expect the interpretation to have a material impact on the Company's financial position or results of operations.

6. Property, plant and equipment

During the three months ended March 31, 2007, the Company acquired assets with a cost of 9,002,735 thousand Tenge.

Assets with the net book value of 2,010,385 thousand Tenge were disposed by the Company during the three months ended 31 March 2007, resulting in a net loss on disposal of 760,549 thousand Tenge.

7. Financial assets

Other financial assets

	March 31, 2007	**December 31, 2006**
	Unaudited	**Audited**
Loan receivable from NC KMG	–	100,786,068
Other	2,028,912	2,055,333
Total non-current	**2,028,912**	**102,841,401**
Tenge-denominated deposits	72,207,588	131,995,651
US dollar-denominated deposits	37,876,058	90,461,651
Loan receivable from NC KMG	100,080,425	–
Other	6,530,954	4,065,722
Total current	**216,695,025**	**226,523,024**
	218,723,937	**329,364,425**

Notes to the Condensed Consolidated Interim Financial Information (unaudited)
Tenge thousands unless otherwise stated

7. Financial assets (continued)

Trade and other receivables

	March 31, 2007	December 31, 2006
	Unaudited	**Audited**
Trade receivables	42,873,170	37,273,438
Other	3,678,165	3,378,453
Allowance for doubtful receivables	(3,067,423)	(3,295,290)
	43,483,912	**37,356,601**

Cash and cash equivalents

	March 31, 2007	December 31, 2006
	Unaudited	**Audited**
Term deposits	157,784,261	58,399,928
Cash in bank and in hand	31,073,341	4,059,487
	188,857,602	**62,459,415**

8. Provisions

	Environmental remediation	Taxes	Asset retirement obligation	Other	Total
At December 31, 2006 (Audited)	30,018,963	17,785,480	21,757,268	3,224,988	72,786,699
At March 31, 2007 (Unaudited)	**30,019,006**	**19,196,867**	**22,363,647**	**3,395,660**	**74,975,180**

A description of these provisions, including critical estimates and judgments, is disclosed in Note 5 of the Company's annual financial statements for the year ended December 31, 2006.

9. Revenue

	Three months ended March 31	
	2007	**2006**
	Unaudited	**Unaudited**
Export:		
Crude oil	88,748,856	89,490,879
Domestic:		
Crude oil	7,670,330	6,668,051
Refined products	–	2,821,725
Gas products	890,412	793,897
Other sales and services	874,034	734,224
	98,183,632	**100,508,776**

Notes to the Condensed Consolidated Interim Financial Information (unaudited)
Tenge thousands unless otherwise stated

10. Operating expenses

	Three months ended March 31	
	2007	**2006**
	Unaudited	**Unaudited**
Transportation	13,775,364	12,393,693
Employee benefits	9,194,061	8,611,776
Depreciation, depletion and amortization	8,512,261	7,913,091
Royalties	3,415,723	3,733,902
Repairs, maintenance and other services	2,847,004	3,440,166
Materials	2,707,934	1,827,461
Management fees and sales commissions	2,029,035	1,894,384
Energy	1,763,642	1,501,765
Taxes other than on income	1,275,114	1,725,521
Fines and penalties	797,423	182,948
Social infrastructure projects	303,332	2,758,839
Release of environmental fine	–	(11,427,958)
Other	2,547,614	4,584,333
	49,168,507	**39,139,921**

11. Income tax expense

	Three months ended March 31	
	2007	**2006**
	Unaudited	**Unaudited**
Corporate income tax	17,686,159	19,826,579
Excess profit tax	9,319,165	15,279,183
Current income tax	**27,005,324**	**35,105,762**
Corporate income tax	35,273	(383,987)
Excess profit tax	(330,184)	(463,064)
Deferred income tax	**(294,911)**	**(847,051)**
Income tax expense	**26,710,413**	**34,258,711**

Notes to the Condensed Consolidated Interim Financial Information (unaudited)

Tenge thousands unless otherwise stated

12. Related party transactions

The category 'entities under common control' comprises entities of the Parents and all of those entities that are state-controlled. Halyk Bank of Kazakhstan is a related party due to the bank being controlled by a member of the Parent Company's Board of Directors. Sales and purchases with related parties during the three months ended March 31, 2007 and 2006 and the balances with related parties at March 31, 2007 and December 31, 2006 are as follows:

	2007	2006
	Unaudited	**Unaudited**
Sales of goods and services		
Entities under common control	80,033,056	77,556,491
Associates	991	2,124
Purchases of goods and services		
Entities under common control	11,600,007	10,297,573
Parent Company	2,219,594	1,816,986
Associates	23,043	97,598
Halyk Bank of Kazakhstan affiliates	214,163	–
Interest earned on financial assets		
Halyk Bank of Kazakhstan	296,097	–
Average interest rate on deposits	4.54 %	–
Parent Company	1,894,021	–
Key management compensation		
Salaries and other short-term benefits	68,007	244,694
Share-based payments	114,672	–
	Unaudited	**Audited**
Trade and other receivables		
Entities under common control	37,178,781	31,996,067
Parent Company	786,941	–
Associates	185	226
Halyk Bank of Kazakhstan affiliates	344,505	273,492
Trade payables		
Entities under common control	769,713	1,725,051
Parent Company	4,248,830	2,114,180
Associates	153,497	293,088
Loans receivable		
Entities under common control	95,967	94,185
Parent Company	100,080,425	100,786,068
Loans payable		
Parent Company	7,110,752	5,720,113
Financial assets		
Halyk Bank of Kazakhstan	50,000	26,085,624
Cash and cash equivalents		
Halyk Bank of Kazakhstan	15,539,513	35,697,194

13. Contingencies

Operating environment

The Kazakh economy, while deemed to be of market status beginning in 2002, continues to display certain characteristics consistent with that of an economy in transition. These characteristics have in the past included higher than normal historical inflation, lack of liquidity in the capital markets, and the existence of currency controls, which cause the national currency to be illiquid outside of Kazakhstan.

The Company's operations and financial position will continue to be affected by Kazakh political developments including the application of existing and future legislation and tax regulations. The Company does not believe that these contingencies, as related to its operations, are any more significant than those of similar enterprises in Kazakhstan.

Local market obligation (LMO)

The Kazakhstan government requires oil producers to supply a portion of their crude oil production to meet domestic energy requirements. While the price for such additional supplies of crude oil is agreed with the Company's Parent, this price may be materially below international market prices and may even be set at the cost of production. If the Government does require additional crude oil to be delivered over and above the quantities currently supplied by the Company, such supplies will take precedence over market sales and will generate substantially less revenue than crude oil sold on the export market, which may materially and adversely affect the Company's business, prospects, financial condition and results of operations.

Taxation

Kazakhstan's tax legislation and regulations are subject to ongoing changes and varying interpretations. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan's tax laws are severe. Penalties are generally 50% of the taxes additionally assessed and interest is assessed at the refinancing rate established by the National Bank of Kazakhstan multiplied by 2.5. As a result, penalties and interest can amount to multiples of any assessed taxes. Fiscal periods remain open to review by tax authorities for five calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods. Because of the uncertainties associated with Kazakhstan's tax system, the ultimate amount of taxes, penalties and interest, if any, may be in excess of the amount expensed to date and accrued at March 31, 2007. As at March 31, 2007 management believes that its interpretation of the relevant legislation is appropriate and that it is probable that the Company's tax positions will be sustained, except as provided for in this condensed consolidated interim financial information (Note 8).

Environment

The enforcement of environmental regulation in Kazakhstan is evolving and subject to ongoing changes. Penalties for violations of Kazakhstan's environmental laws can be severe. At year end 2005 the Company accrued fines of 11.4 billion Tenge for exceeding permitted norms at certain production sites. The Government linked the fines to the delayed submission by the Company of a remediation plan in accordance with the terms of a Memorandum of Understanding ("MOU") signed with the Company in mid-2005. Until the terms of the MOU are amended to extend the deadline specified therein, there can be no assurances that additional fines will not be assessed. Potential liabilities which may arise as a result of stricter enforcement of existing regulations, civil litigation or changes in legislation cannot be reasonably estimated. On July 7, 2006 the Specialized Inter-District Economic Court of the city of Astana ("SIDECA") decided the case in favor of the Company and fully dismissed the claim. On July 20, 2006, the Mangistau department of the MEP filed an appeal of the above court decision which was subsequently rejected by the Collegium on Civil Cases of the Astana City Court on August 9, 2006. The effect of the Collegium's rejection of the appeal is that the July 7 decision comes into force. Further to the August 9, 2006 decision the General Prosecutor's Office issued a supervisory protest with respect to the court judgment issued in favor of the Company on the payment of penalties for environmental damages. On November 16, 2006 the Supervisory Board of the Court of Astana dismissed the supervisory protest and upheld the prior judgments made in favor of the Company.

13. Contingencies (continued)

Environment (continued)

The Mangistau MEP can still ask the Supreme Court to reconsider the case as a whole and has until August 9, 2007 to do so. Following the favorable outcome of the SIDECA proceedings and the appeal court decision, management has released the accrual of 11.4 billion Tenge in 2006. Notwithstanding these developments, there can be no assurances that additional fines will not be assessed. Potential liabilities which may arise as a result of stricter enforcement of existing regulations, civil litigation or changes in legislation cannot be reasonably estimated. Other than those contingencies discussed here and obligations disclosed in the 2006 year end financial statements, under existing legislation management believes that there are no probable or possible environmental liabilities which could have a material adverse effect on the Company's financial position, statement of income or cash flows.

Legal proceedings

During the three months, the Company was involved in a number of court proceedings (both as a plaintiff and a defendant) arising in the ordinary course of business. There are no current legal proceedings or claims outstanding which management believes could have a material effect on the Company's financial position, statement of income or cash flows and which have not been accrued or disclosed in this condensed consolidated interim financial information.

Oilfield licenses

The Company is subject to periodic reviews of its activities by governmental authorities with respect to the requirements of its oilfield licenses and related subsoil use contracts. Management cooperates with governmental authorities to agree on remedial actions necessary to resolve any findings resulting from these reviews. Failure to comply with the terms of a license could result in fines, penalties, license limitation, suspension or revocation. The Company's management believes that any issues of non-compliance will be resolved through negotiations or corrective actions without any material effect on the Company's financial position, statement of income or cash flows.

The Company's oil and gas fields are located on land belonging to the Mangistau and Atyrau regional administrations. Licenses are issued by the Ministry of Energy and Mineral Resources of Kazakhstan and the Company pays royalties and excess profits tax to explore and produce oil and gas from these fields.

The principle licenses of the Company and their expiry dates are:

Field	**Contract**	**Expiry date**
Uzen (8 fields)	No. 40	2021
Emba (1 field)	No. 37	2021
Emba (1 field)	No. 61	2017
Emba (23 fields)	No. 211	2018
Emba (15 fields)	No. 413	2020

Management believes that the Company will be successful in its attempts to extend its licenses beyond the initial expiration date under existing legislation where such extension is in the economic interest of the Company.

Guarantees, pledges and covenants

At March 31, 2007 the Company had collateralized non-current assets related to loans received in the amount of approximately 19 billion Tenge. Also, some of the Company's financing agreements require compliance with certain financial ratios and other terms. Non-compliance with such terms could result in long-term debt becoming callable by the creditor. At the end of each period presented management believes that the Company was in full compliance with all terms of such agreements.

14. Commitments

Oilfield licenses and contracts

Year	Capital expenditures	Operational expenditures
2007	21,016,087	3,383,071
2008	1,471,190	4,240,886
2009	858,000	3,875,761
2010	841,000	3,875,126
2011	841,000	3,875,126
2012-2021	–	30,377,170
Total	**25,027,277**	**49,627,140**

Crude oil supply commitments

Under the provisions of a pre-export financing agreement the Company has committed to deliver 150,000 tons of crude oil per month to the lender until September 2009 at market prices determined at the date of shipment. The Company has further obligations to supply oil and oil products to the local market under government directives (Note 13, LMO).

15. Subsequent events

Receipt of loan receivable

On April 17, 2007 the Company's Parent, NC KMG, has paid to the Company 99.3 billion Tenge, which fully discharged NC KMG's loan obligation and accrued interest as at that date.

Purchase of interest in JV KazGerMunai LLP ("JV KGM")

On April 24, 2007 the Company formally completed the purchase and transfer of a 50% participation interest in JV KGM from NC KMG. The consideration paid to NC KMG amounted to 118.3 billion Tenge. The Company has chosen to apply the equity method to account for the acquired joint venture interest.

Dividends declared on 2006 financial results

On May 18, 2007, at the Company's Annual General Meeting of Shareholders, a proposed dividend of 500 Tenge per share was approved. The date of record was established as May 28, 2007 and the total dividend amount to be paid is estimated at 37 billion Tenge.

Receipt of option to acquire a 50% interest in CITIC Canada Energy Limited ("CCEL")

On December 28, 2006 an option valid for one year to purchase 50% of CCEL, a Kazakhstan based oil development company, was granted to NC KMG by CITIC Group ("CITIC"). This option was granted to NC KMG by CITIC in conjunction with the acquisition of CCEL by CITIC on October 25, 2006 for US$ 1.91 billion (236.53 billion Tenge at exchange rate as of March 31, 2007), subject to certain price adjustments.

Furthermore, on May 29, 2007 the Company was given the right to exercise NC KMG's option and purchase 50% of CCEL from CITIC in return for a payment equal to 50% of CITIC's original acquisition price, subject to certain price adjustments. The Company has until September 1, 2007, extendable by mutual agreement, to exercise this right.

This report has been signed below by the following persons on behalf of the Company and in the capacities indicated May 30, 2007.

Chief Executive Officer	Balzhanov A.K.
Chief Financial Officer	Bekezhanova Zh.D.
Financial Controller	Drader Sh.

Contact information

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