

PRESS - RELEASE

JSC KazMunaiGas Exploration Production announces unfavourable decision of the Supreme Court

Astana, 28 June 2011. JSC KazMunaiGas Exploration Production (“KMG EP” or “the Company”) announces the Supreme Court decision with respect to its claim that export customs duty should not be levied on oil exports in 2009 on which rent tax had already been paid. This claim refers to crude oil exports in Q1 2009, which were cleared for customs purposes at the end of 2008, and were subject to rent tax that KMG EP has paid in full.

In January 2009 the Customs authorities sent a notice to the company demanding the principal of 15.2bn Tenge and the late payment interest of 260 million Tenge in underpaid export customs duties. The Company was successful in its appeal against this decision with the Ministry of Finance, and had it revoked.

However, on August 18, 2009 the Customs committee of the Republic of Kazakhstan presented a claim to the Company of 17.5bn Tenge (US\$119m) for underpaid export customs duty. On September 23, 2009 the Company filed the appeal with the Court of First instance on the grounds that the export shipments of crude oil, on which rent tax was fully paid per the regulations of the Republic of Kazakhstan, declared for customs clearance in December 2008. On December 1, 2009 the court of first instance ruled in favour of the Company.

However, on January 20, 2010 the appeal filed by the customs committee was upheld by the court of second instance. On February 8, 2010 the Company filed the further appeal with the third instance court. On March 9, 2010 the third instance court also ruled in favor of the customs authorities.

In March 2011 the Company appealed this matter to the Supreme Court of Kazakhstan. On June 23, 2011 the Supreme Court rejected the Company’s request to review its claim. Therefore it has been confirmed that KMG EP should pay the underpaid export customs duty including the principal of KZT 15 billion, 260 million and the late payment interest of KZT 2.3 billion into the budget. These amounts had already been paid after the judgment of the third instance court but they were not charged to the profit and loss account as the Company expected a favourable judgment.

The Company is surprised at the Supreme Court’s judgment as it had expected that the payment of export customs duty for the same volume of shipped oil for which the rent tax has already been paid would be deemed to be double taxation which is contradictory to legislation and fiscal policy principles declared in Kazakhstan. KMG EP is now considering whether there are further avenues which might provide protection of its rights and interests according to the law.

NOTES TO EDITORS

KMG EP is among the top three Kazakh oil and gas producers. The overall production in 2010 was 13.3mt (an average of 270kbopd) of crude oil, including the Company's share in Kazgermunai, CCEL, PKI and NBK. The total volume of proved and probable reserves, as at the end of 2010 was 232mt (1.7bn bbl), including shares in the associates - about 2.2 bn barrels. The Company's shares are listed on the Kazakhstan Stock Exchange and the GDRs are listed on The London Stock Exchange. The Company raised over US\$2bn in its IPO in September 2006. The International rating agency Standard & Poor's (S&P) confirmed KMG EP's "BB+" corporate credit rating in July 2010 and "GAMMA-6" rating in November 2010.

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