

**KazMunaiGas Exploration Production JSC (“Company”)
Annual General Meeting of Shareholders
10.00 AM - 25 May 2010**

Agenda:

1. Approval of consolidated financial statements for 2009
2. Approval of procedure for net income distribution and dividend rate per common or preferred share for 2009
3. Approval of the 2009 annual report
4. Review of shareholders’ inquiries with respect to actions of the Company or its officers and the results of such review
5. Information on remuneration for the Board of Directors and the Management Board for 2009
6. Approval of the 2009 performance report for the Board of Directors and the Management Board
7. Appointment of the Company’s auditor to audit interim financial statements for the six months of 2010 and financial statements and reporting package for consolidation with NC KMG for the year ended 31 December 2010
8. Appointment of a member of the Board of Directors - independent non-executive director
9. Amendments to the Company Charter
10. Remuneration for the Board of Directors members - independent non-executive directors.

1. Approval of consolidated financial statements for 2009

Pursuant to clause 11.1, subclause 10 of the Company Charter, approval of the annual financial statements falls within the exclusive competence of the general meeting of shareholders. In compliance with requirements of London Stock Exchange and Kazakhstan Stock Exchange, the Company must disclose information about itself and its activities and publish consolidated financial statements for the past year.

Ernst & Young has audited the financial statements of the Company for 2009 (hereinafter referred to as the “financial statements”) and provided its opinion in compliance with the International Auditing Standards.

The financial statements of the Company for 2009 are as follows:

	KZT thousand
Income	485,493,479
operating expenses	330,605,629
operating profit	154,887,850
financial income less financial expenses	43,517,616
income from difference in exchange	89,534,814
share in losses of associates and joint ventures	2,467,551
profit before tax	285,472,729
net profit	209,726,900

Resolution:

Approve the annual financial statements of the Company for 2009.

2. Approval of procedure for net income distribution and dividend rate per common or preferred share for 2009

In accordance with Article 44 paragraph 3 subparagraph 3) of Law of the Republic of Kazakhstan on Joint Stock Companies (hereinafter referred to as the "JSC Law"), as well as in accordance with clause 10.28 subclause 3) of the Company Charter, materials on the agenda of the annual general shareholders meeting shall include proposal from the board of directors with regards to procedure for distribution of the Company's net profit for the past financial year and the dividend rate for the year per common and preferred share of the Company.

At the meeting held on 30 March 2010, the Board proposed to the annual general meeting to approve the 2009 dividend per common and preferred share at the rate of KZT704.00 and to allocate for dividend payment a sum equal to the product of the 2009 dividend rate per common and preferred share and the number of respective shares in circulation at the fixing date for the list of shareholders entitled to receive dividends.

Pursuant to clause 8.1 of the Company Charter, the fixing date for shareholders entitled to receive dividends may not be set earlier than 10 calendar days after the date of decision to pay dividends. The dividend payment commences no less than 30 calendar days after the list of shareholders entitled to receive dividends is made.

Based on the above and taking into account the proposal from the Board, the annual general meeting of shareholders is recommended to approve the following procedure for the distribution of Company's net profit and the rate of dividend per common and preferred share of the Company for the year 2009:

- 1) 2009 dividend rate per common share of the Company: 704.00 tenge (including tax payable in the manner prescribed by the legislation of the Republic of Kazakhstan);
- 2) 2009 dividend rate per preferred share of the Company – 704.00 tenge (including tax payable in the manner prescribed by the legislation of the Republic of Kazakhstan);
- 3) procedure for distribution of the net profit for the reported financial year in the amount of 209,726,900 thousand tenge in accordance with the 2009 audited consolidated financial statements:
 - for dividend payment – amount equal to the product of the 2009 dividend rate per common and preferred share and the number of respective shares in circulation at the fixing date for the list of shareholders entitled to receive dividends;
 - the remainder to be left at the disposal of the Company.
- 4) the list of shareholders entitled to receive dividends to be fixed on 7 June 2010 at 12.00 am;
- 5) dividend payment commences on 12 July 2010;
- 6) procedure for and the form of dividend payment: bank transfer to bank accounts of shareholders according to the list of shareholders entitled to receive dividends.

Resolution:

1. Approve the following procedure for net income distribution of the Company - full name: KazMunaiGas Exploration Production Joint-Stock Company; place of performance: Kabanbay Batyr, 17, Astana, 010000, Republic of Kazakhstan; bank details: TRN 620100210124, IIC 027467201, BIC 195301603, Halyk Bank of Kazakhstan, Astana Regional Branch – and the dividend rate per common and preferred share:

- 1) 2009 dividend rate per common share of the Company: 704.00 tenge (including tax payable in the manner prescribed by the legislation of the Republic of Kazakhstan);**
- 2) 2009 dividend rate per preferred share of the Company – 704.00 tenge (including tax payable in the manner prescribed by the legislation of the Republic of Kazakhstan);**

3) procedure for distribution of the net profit for the reported financial year in the amount of 209,726,900 thousand tenge in accordance with the 2009 audited consolidated financial statements:

- for dividend payment – amount equal to the product of the 2009 dividend rate per common and preferred share and the number of respective shares in circulation at the fixing date for the list of shareholders entitled to receive dividends;

- the remainder to be left at the disposal of the Company.

4) the list of shareholders entitled to receive dividends to be fixed on 7 June 2010 at 12.00 am;

5) dividend payment commences on 12 July 2010;

6) procedure for and the form of dividend payment: bank transfer to bank accounts of shareholders according to the list of shareholders entitled to receive dividends.

2. K. Ibrashev, General Director and Chairman of the Management Board, is to take necessary measures arising from this resolution in compliance with laws of the Republic of Kazakhstan.

3. Approval of the 2009 annual report

Pursuant to clause 10.29 and clause 12.2 subclause 41) of the Company Charter, and in compliance with UKLA's Disclosure and Transparency Rules and corporate governance standards as set forth by the Company's Code on Corporate Governance, the Management Board prepares the annual report, which is endorsed by the Board of Directors and submitted to the General Meeting of Shareholders for consideration.

The draft 2009 Annual Report is hereby brought for your consideration. The main sections of the 2009 Annual Report include:

- Company's key financial and operating performance indicators in 2009;
- Company's Profile;
- Statement from the Board's Chairman;
- Statement from the CEO;
- Reserves and exploration details;
- Core business description;
- Social programmes and personnel development;
- Environmental management;
- Board of Directors composition and background profile of each Director;
- Corporate Governance;
- Review of financial standing and financial and economic performance in 2009; and
- Company's consolidated financial statements for the year ended 31 December 2009.

The 2009 Annual Report is available on request or on the Company's website at: www.kmgcp.kz.

Resolution:

Approve the 2009 Annual Report.

4. Review of shareholders' inquiries with respect to actions of the Company or its officers and the results of such review

Pursuant to clause 35.2 of Law on Joint Stock Companies and clause 10.3 of the Company's Charter, the annual general meeting of shareholders shall review shareholders' inquiries with respect to actions of the Company or of its officers and the results of such review. In 2009 the Company did not receive inquiries from shareholders with respect to the Company's or its officers' actions.

Resolution:

Take note of information provided.

5. Information on remuneration for the Board of Directors and the Management Board in 2009

Board of Directors

In 2009, only three independent members out of eight members of the Board of Directors were compensated for their work in the Board of Directors. In 2009, the total remuneration paid to the independent directors amounted to KZT109,729,000 (US\$657,500 excluding taxes) including Christopher Mackenzie: KZT36,328,000 (US\$217,500 excluding taxes), Paul Manduca: KZT37,163,000 (US\$222,500 excluding taxes), and Edward Thomas Walshe: KZT36,238,000 (US\$217,500 excluding taxes).

The independent directors' compensation includes the annual fee; fees for attending board meetings in person or for attending board meetings by telephone or video conference; fees for attending meetings of independent directors; and fee for chairmanship of the audit, remuneration or strategic planning committees.

The remaining members of the Board of Directors receive no remuneration but are entitled to receive reimbursements of costs related to the appointment.

Management Board

The total Management Board compensation in 2009 was KZT192,485,000 (US\$671,000). Individual compensation, including salaries and bonuses, was as follows: A. Balzhanov: KZT47,891,000 (US\$325,000); K. Ibrashev: KZT18,098,000 (US\$123,000); V. Miroshnikov: KZT25,610,000 (US\$174,000); Z. Bekezhanova: KZT17,716,000 (US\$120,000); A. Aubakirov: KZT1,770,000 (US\$12,000); K. Yerezhepov: KZT12,406,000 (US\$84,000); D. Abilkhanov: KZT10,200,000 (US\$69,000); B. Bisseken: KZT30,485,000 (US\$207,000); I. Baimukhanov: KZT9,783,000 (US\$66,000); and K. Eleussinov: KZT18,527,000 (US\$126,000).

Additionally, according to the Company's Option Plan, in 2009 the management board members were granted options for the Company's global depositary receipts (GDRs): on 1 June 2009 Kenzhebek Ibrashev was granted an option for 20,327 GDRs at US\$21.80 with vesting date of 1 June 2012, and on 1 January 2010 – for 18,034 GDRs at US\$24.90 with vesting date of 1 January 2013; Askar Aubakirov was granted an option for 5,978 GDRs at US\$25.00 with vesting date of 1 December 2012.

Resolution:

Take note of information provided.

6. Approval of the 2009 performance report for the Board of Directors and the Management Board

In accordance with clause 9.1 (“Board of Directors’ Performance”) of the Regulations on the Board of Directors, the Board of Directors presents, together with the annual report and consolidated financial statements of the Company, a report on performance of the Board of Directors and the Management Board, which includes full information on matters decided by board of directors or management board.

Board of Directors

As of 31 December 2009, the Board of Director included the following eight members:

Askar Balzhanov	Member of the Board of Directors;
Tolegen Bozjanov	Member of the Board of Directors;
Yerzhan Zhangaulov	Member of the Board of Directors;
Kenzhebek Ibrashev	Member of the Board of Directors (CEO);
Kairgeldy Kabyldin	Chairman of the Board of Directors;
Christopher Mackenzie	Independent Director;
Paul Manduca	Independent Director; and
Edward Walshe	Independent Director.

Due to the end of the term of duties, in accordance with clause 12.2 subclause 2 of the Charter, the Board of Directors decided to call an extraordinary general meeting on 26 March 2010, which resulted in the following changes:

Kairgeldy Kabyldin, Chairman of the Board of Directors, and Christopher Mackenzie, Independent Director, decided not to participate in re-election;

on the basis of proposal from the major shareholder, National Company KazMunaiGas, Assiya Syrgabekova was elected to the Board of Directors of the Company.

In accordance with clause 12.16 of the Company’s Charter, the chairman of the Board of Directors is elected from among its members by a majority of votes from the total number of votes of directors by an open vote. On 30 March 2010, Askar Balzhanov was elected by the Board of Directors as the new Chairman of the Board of Directors of the Company.

In 2009 the Board of Directors held 35 meetings including seven meetings in person, two meetings by meetings via telephone conference, and 26 meetings by voting in absence.

The Board of Directors reviewed the following matters in 2009:

- preliminary approval of the consolidated financial statements of the Company for 2008,
- final results of key performance indicators (KPI) of the Management Board members, the head of Internal Audit and the Corporate Secretary,
- Board of Directors’ and Management Board’s report for 2008,
- report on Board of Directors’ performance in 2008;
- recommendations to the annual general meeting on distribution of the net profit and dividend rate per common and preferred share of the Company based on the results for 2008.

In 2009, the Board of Directors began the practice of taking regular reports on financial and business operations of the Company, on health, safety and environment, and on implementation of earlier decisions of the Board of Directors.

The Board of Directors reviewed matters in connection with:

- related party transaction – purchase and sale agreement of 100% partnership share in KazMunaiGas PKI Finance BV, and
- related party transaction – cession agreement in relation to 33% equity stake in PetroKazakhstan Inc.

The Board of Directors approved the following documents:

- principles of the company;
- rules on procurement procedures;
- list of information which is a commercial, business or other secret protected by law.

The Board of Directors also made decisions on human resource-related issues, such as appointment of Management Board members, Internal Audit employees and the Corporate Secretary.

The Board of Directors completed a comprehensive review of its performance as well as of the committees in 2009. The appraisal process involved an external independent advisor. The detailed questionnaire had been developed in order to assess the performance of the Board of Directors in general, as well as of each committee and each Board member individually. The following criteria were used for assessment: priority targets attainment, professional balance, independence of the Board, Board's interaction with the executive management, quality of key procedures in the Board of Directors' work. Individual interviews have been held with every Board Member including all independent directors. Conclusions developed during this appraisal and recommendations of the Board members including independent directors' opinions were discussed in person at the meeting on 31 March 2010. Action plan for improvement has been developed.

According to the majority of the Board members, the Board has been working in a well coordinated manner, provided adequate response to the challenging developments in connection with the global financial crisis. Significant contributions to the Board's work were made by the Strategy Planning Committee, which assisted the Board in making the most effective decisions.

Further efforts of the Board shall be directed towards strengthening the risk management system and internal control system improvement. It was considered necessary to further improve information support for the Board of Directors.

The Board of Directors' Audit Committee, Remunerations Committee, Nominations Committee and Strategic Planning Committee acted in accordance with their regulations.

Audit Committee

In 2009, the Audit Committee was comprised of independent directors only – Paul Manduca (committee chairman), Christopher Mackenzie and Edward Walshe. Appointment to the audit committee is made for a three year period, which may be extended by the Board of Directors' for two additional periods of three years each, provided that the Audit Committee members remain independent.

The Audit Committee, among other things, is responsible for any financial report, supervision over the risk management system and internal controls and for involvement of Company's auditors in this process. It also receives reports from the Company's Internal Audit responsible for compliance with internal control procedures. In particular, the Committee reviews issues on compliance with laws, accounting standards, applicable rules of the UK Listing Agency (UKLA) and Kazakhstan Stock Exchange (KASE), and is involved in providing for effective internal controls.

During 2009 the Audit Committee held 11 meetings. The Audit Committee:

- reviewed preparation of financial statements in accordance with the IFRS;
- approved quarterly and annual financial statements to be disclosed through Kazakhstan and London Stock Exchanges;
- evaluated internal controls efficiency and the risk management system;
- carried out self-assessment;
- reviewed and approved three-year Internal Audit plan;
- assessed the Internal Audit performance;
- reviewed and approved performance report for 2008; and
- recommended Ernst & Young as an external auditor for the Company.

Remunerations Committee

In 2009, the Remunerations Committee was comprised of independent directors only – Christopher Mackenzie (committee chairman), Paul Manduca and Edward Walshe. Their terms of appointments coincide with their terms as the Board of Directors' members.

The Remunerations Committee is responsible for monitoring of the existing Company's remuneration system for the Board of Directors' members, CEO, Management Board members and other Company's employees, as well as analysis of remuneration policy as compared with other companies. Also the Remunerations Committee is responsible for development of recommendations to the Board of Directors on the principles and criteria for amount and conditions of remuneration and compensation payment to the Board of Directors' members, CEO and Company's Management Board members and also approval of Company's option plan and other long-term motivation programs for directors and employees of the Company. The Remunerations Committee supervises coordination of the Company's remuneration policy and existing Company's remuneration system with the Company's strategy and the situation at labour market. The Remunerations Committee is in charge of proper disclosure of information in relation to remunerations and compensations of the Management Board members and Board of Directors of the Company in accordance with Kazakhstan's laws, Listing Rules and internal documents of the Company.

In 2009 remuneration committee held 8 meetings. In 2009 remuneration committee reviewed the following matters:

- creation of working group to review Company's remuneration policy;
- granting of options to top management and employees of the Company;
- Management Board members', Internal Audit team's and the Corporate Secretary's wage adjustment for inflation;
- review of key performance indicators (KPI) for the Management Board for 2008;
- review of draft KPI charts for Management Board members for 2009;
- 2008 annual remuneration for Company's employees;
- Management Board members' and Corporate Secretary's remuneration;
- succession of the job positions held by foreign employees; and
- advance payment of the annual remuneration for 2009 to the Management Board members and Corporate Secretary.

Nominations Committee

In 2009, the Nominations Committee was comprised of Chairman of the Board of Directors Kairgeldy Kabyldin (committee chairman) and independent directors Christopher Mackenzie, Paul Manduca and Edward Walshe.

The main goal of the nominations committee is to increase efficiency and quality of the Board of Directors in selecting specialists to fill vacancies in the Companies' bodies as well as to provide for succession of Company's officers, define criteria for candidates' selection for the positions of the Board of Directors' members, CEO, Management Board members and the Company Secretary.

During 2009 the nominations committee held six meetings. The nominations committee reviewed issues related to changes in the Management Board, dismissal and appointment of the Corporate Secretary.

Strategy Planning Committee

In 2009, the Strategy Planning Committee was comprised of independent director Edward Walshe (committee chairman) and members of the Board of Directors Kenzhebek Ibrashev and Askar Balzhanov.

The main goal of the Strategy Planning Committee is to develop and make recommendations to the Board of Directors on the Company's business priorities and strategy of its development.

During 2009 the Committee held 4 meetings. The following issues were reviewed at these meetings:

- corporate strategy;
- approval of Company's and its 100% subsidiary's participation in a new subsidiary incorporation;
- approval of a related party transaction – purchase and sale agreement of 100% participation share of KazMunaiGas PKI Finance BV;
- proposed acquisition projects in the Republic of Kazakhstan and abroad;
- perspective exploration projects;
- oil price scenarios for 2010-2014;
- further development and activities at Ozenmunaigas Production Branch oil fields;
- analysis of lifting costs and capital expenditures;
- new projects and support from National Company KazMunayGas; and
- petrochemistry.

Management Board

In 2009 Company's Management Board included upper management including CEO and his deputies.

As of 31 December 2009 the following executives were Management Board members:

Kenzhebek Ibrashev	CEO and Chairman of the Management Board;
Vladimir Miroshnikov	Deputy CEO for Operations – Head of Operational Management Group in Aktau;
Zhanneta Bekezhanova	Deputy CEO for Economics and Finance;
Askar Aubakirov	Deputy CEO for Corporate Development and Asset Management;
Kairolla Yerezhepov	Managing Director for Human Resources and Social Policy;
Dovulbai Abilkhanov	Ozenmunaigas PB Director; and
Isurgan Baimukhanov	Embamunaigas PB Director.

In 2009 the Management Board held 38 meetings. The following key issues related to Company's operating activities were reviewed:

- development and approval of normative technical documents in the sphere of industrial safety in drilling and well servicing operations, health, safety and environment within the framework of health, safety and environment management systems development;
- amendments to the collective labour agreement in relation of remuneration, social sphere relations and work safety and labour protection;
- funding more than 1000 social jobs in Zhanaozen in 2010 for the purpose of social protection and population support in the regions where the Company operates;
- approval of procedures regulating Company's internal activity in accordance with Integrated Management System standards;
- Operational Management Group creation in Aktau;
- approval of mid-term production program of KMG EP for 2009-2011;
- approval of Company's mid-term budget for 2009-2011;

- approval of implementation measures for investment project Production of Road Bitumen at Aktau Plastics Plant;
- approval of projects on proposed acquisition of participation shares in oil and gas companies located in the Republic of Kazakhstan and abroad; and
- approval of regulations on quarterly bonus payments to production business units of the Companies' branches for positive results in production and commercial operations.

Management Board adopts resolutions relating to other matters of the Company's activity that do not fall within the exclusive authority of the general meeting of shareholders, the Board of Directors or Company's officers.

Resolution:

Approve the 2009 Board of Directors' and the Management Board's report.

7) Appointment of the Company's auditor to audit interim financial statements for the six months of 2010 and financial statements and reporting package for consolidation with National Company KazMunaiGas for the year ended 31 December 2010.

In accordance with the listing requirements of the London Stock Exchange and Kazakhstan Stock Exchange the Company shall audit the 2010 financial statements. It is a common practice when financial statements of the public companies are audited by an international audit company with sufficient experience and reputation.

On 16 March 2010 the Company conducted an open tender with procurement budget of KZT 151,058,880 (one hundred and fifty-one million fifty eight thousand eight hundred and eighty tenge) including VAT to select an appropriate audit organization. The Tender was conducted in accordance with the Regulations on Procurement of Goods, Works and Services by the Joint Stock Company Sovereign Wealth Fund Samruk Kazyna (hereinafter, "Samruk Kazyna") and organizations, in which fifty and more percent of shares belong directly or indirectly to Samruk Kazyna or under its trust management (hereinafter – the Regulations).

Ernst & Young LLP was the only company which had submitted a tender bid of KZT 150,640,000 (one hundred and fifty million six hundred and forty thousand) including VAT. The Tender Committee declared the open tender void under Article 76 of the Regulations given that less than two potential suppliers submitted tender bids.

If a tender is declared void and only one potential supplier complies with the requirements of the tender documentation, single source procurement from such a potential supplier is implemented under Article 124 of the Regulations. Pursuant to the Regulations, the Company's Management Board adopted a resolution to approve the single source procurement of audit services from Ernst & Young LLP (Company Management Board minutes No. 7 dated 18 March 2010).

Ernst & Young LLP has been providing audit services to the Company from the moment of the Company establishment including the audit for the Company initial public offering. Cooperation with Ernst & Young demonstrated the competence and professionalism of this company's employees. Additionally, the firm reviewed interim financial statements of the Company for 6 months of 2009 and audited 2009 financial statements of the Company as well as a statements package for consolidation with JSC NC KazMunayGas for 2009. Due to this fact Ernst & Young LLP is well aware of the Company's business processes and the practice of financial statements preparations and accounting procedures in the Company.

The Company Board of Directors resolved to determine a fee for Ernst & Young LLP for reviewing interim financial statements for 6 months of 2010 and auditing of the Company financial statements and the financial statements' package for consolidation with JSC National Company KazMunayGas for the year ended 31 December 2010 in amount of KZT 150,640,000 (one hundred and fifty million six hundred and forty thousand) including VAT on the basis of the recommendations made by Audit Committee of the Board of Directors.

In accordance with subclause 9) clause 11.1 of the Company Charter, determination of an audit organization auditing the Company falls within the exclusive competence of the general meeting of the Company's shareholders.

Resolution:

Appoint Ernst and Young LLP as the audit company to audit interim financial statements for the six months of 2010 and financial statements and reporting package for consolidation with National Company KazMunaiGas for the year ended 31 December 2010.

8) Appointment of a member of the Company's Board of Directors, an independent non-executive director

As a result of the extraordinary general meeting of shareholders on 26 March 2010, a new Board of Directors of the Company was elected, which included one temporary vacancy of an independent director. Thus, the Company, under the guidance of the Board's Nominations Committee, took measures to select a candidate. The following requirements were established:

- experience as a non-executive independent director for FTSE250 company;
- experience in chairing remuneration committee;
- work experience in oil and gas sector; and
- exceptional business reputation.

A company with substantial experience in non-executive recruitment for UK public companies was engaged to conduct the search for candidates. As a result of this work, the Board of Directors and the Nominations Committee unanimously recommend to the shareholders Mr. Philip Dayer as a nominee to the independent director position on the Board of Directors of the Company.

Philip Dayer (LLB FCA) qualified as a chartered accountant with KPMG and then pursued a career for 25 years in investment banking, specialising in advising UK listed companies. He gained extensive experience working for companies such as Barclays de Zoete Wedd and Citicorp. He retired from ABN AMRO Hoare Govett in 2005. Since then he has acted as an adviser to Rosneft on their successful flotation in 2006 and currently sits on a number of boards, including Dana Petroleum and AVEVA Group, as an independent director.

Current directorships include: Dana Petroleum plc, AVEVA Group plc, Cadogan Petroleum plc, Navigators Underwriting Agency Limited, IP Plus plc and Arden Partners plc. Former directorship: Baltic Oil Terminals PLC.

No further information is required to be disclosed pursuant to Listing Rule 9.6.13

In accordance with paragraph 8), Article 11.1 of the Company's Charter, the General Meeting of the Shareholders has the exclusive authority to determine the number of directors on the Board of Directors and its term of duty, and appoint and dismiss its members.

Under Article 10.51 of the Company's Charter, members of the Board of Directors are appointed by cumulative voting. Under Article 12.6 of the Company's Charter, each shareholder is authorized to vote for 1 (one) nominee with all his shares or distribute the shares between several nominees to the Board of Directors members. A nominee with the highest number of votes cast in his favor shall be considered as appointed.

Resolution:

Appoint Philip Dayer as an independent director, member of the Board of Directors of KazMunaiGas Exploration Production.

9) Amendments to the Company Charter

The amendments to the Company Charter presume transfer of authority relating to adoption of decisions with respect to conclusion of related party transactions – transactions concluded by the Company with organizations within Sovereign Wealth Fund Samruk Kazyna Group in accordance with Law on Sovereign Wealth Fund (hereinafter, “Transactions”) – from the Company’s Board of Directors to the Management Board.

Pursuant to Kazakhstan’s Law on Joint Stock Companies, decision-making with respect to conclusion of related party transactions falls within the exclusive authority of the board of directors and, in some cases, within the authority of the general meeting of shareholders. This requirement does not apply to transactions between organizations within the national management holding in accordance with Law on Sovereign Wealth Fund.

Pursuant to Law on Sovereign Wealth Fund, transactions between organizations within the Sovereign Wealth Fund Samruk Kazyna Group (hereinafter, “Fund”), with respect to conclusion of which Law on Joint Stock Companies sets special conditions, shall be concluded without such special conditions applied according to a procedure prescribed by the Fund’s Board of Directors. This procedure is prescribed by regulations on conclusion of transactions between organizations within the Fund (approved by resolution of the Fund’s Board of Directors on 27 February 2009 #18) and it simplifies the adoption of resolutions relating to conclusion of Transactions by transferring resolution of such issues to the authority of Company’s Management Board.

In order to relieve the load on the Board of Directors and to simplify the procedure for conclusion of Transactions, the Company Board of Directors, in accordance with item 12.2.7 of the Charter, preliminarily approved the amendment to the Company Charter by its resolution on 30 March 2010 #8. It is proposed to transfer to the authority of the Management Board the matter relating to conclusion of Company’s related party transactions with organizations:

- 1) within the Sovereign Wealth Fund Group provided that the value of such a separate transaction or a total value of series of connected transactions does not exceed KZT 500 000 000 (five hundred million tenge, or USD3.38 million); or
- 2) wholly owned by the Company.

Pursuant to article 36.1 of Kazakh Joint Stock Companies Law and clause 11.1 of the Charter, introduction of amendments to the Charter is within the authority of the general meeting of Company shareholders.

Resolution:

Amend the Company Charter as follows:

1) Section 12 “Board of Directors”:

clause 12.2:

subclause 25) shall read as follows:

“25) decisions relating to conclusion by the Company of related-party transactions, excluding transactions with respect to which decision-making is within the authority of the Management Board of the Company;”.

2) Section 13 “the Company Management Board”:

clause 13.1 shall be supplemented by subclause 14-1) as follows:

“14-1) decides on conclusion of related-party transactions with organizations within the Sovereign Wealth Fund provided that the value of such a separate transaction or a total value of a series of connected transactions does not exceed KZT500,000,000 (five hundred million tenge), as well as with organizations wholly owned by the Company;”.

10) Compensation for the Board members, independent non-executive directors

In connection with expiration of the Board's term of office, a new Board of Directors has been elected by the extraordinary general meeting of shareholders on 26 March 2010 including two of three independent directors – Paul Manduca and Edward Walshe. In discussion of terms and conditions of their continued membership on the Board of Directors, a preliminary agreement was reached with respect to the annual compensation in amount of USD150,000. It should be noted that the agenda of the annual general meeting of shareholders on 25 May 2010 also includes an item on appointment of a Board of Directors member, third independent director.

Compensation for independent directors had been initially set in 2006 prior to the initial public offering at Kazakhstan Stock Exchange and London Stock Exchange. One of the listing requirements was a strong board of directors, where minority shareholders would be represented by independent directors. It is necessary to point out that under the relationship agreement with NC KMG, the independent directors have power to adopt resolutions relating to transactions with NC KMG Group companies. As a result of recruitment process, the Company selected independent directors with significant experience in their fields of specialization and high reputation among the investor community. The following circumstances dictate the raise in annual compensation for independent directors by USD50,000: increased workload connected mainly with related-party transactions, which significantly exceeds initial agreements and expectations in 2006, and inflation and exchange rate volatility.

It should be noted that according to an independent study by Towers Perrin in 2009, the Company's independent directors spend on average 90 days per year to discharge their duties on the Board of Directors. At the same, FTSE 100 independent directors spend on average 20-24 days per year. This is related with necessity to review issues concerning relations with the major shareholder more thoroughly and to spend more time on in-person meetings due to travel. The base compensation for the Company's independent directors is less than compensation for independent directors both among the London Stock Exchange energy sector companies and Company's peers (e.g., Eurasian Natural Resources Corporation (GBP100,000), Kazakhmys (GBP120,000), and Lukoil (GBP93,800))¹.

Pursuant to subclause 5) clause 36.1 of Law on Joint Stock Companies and subclause 8) clause 11.1 of the Company Charter, determination of the size and terms of compensation payments to the Board of Directors members is within the exclusive authority of the general meeting of shareholders.

Resolution:

1. Determine the following remuneration and terms for remuneration paid to independent directors - members of the Board of Directors from the date of their appointment to the Board of Directors:

annual fee – USD 150,000 per year;

participation in the Board of Directors meetings:

in-person – USD 10,000 per meeting;

participation via telephone or video conference – USD 5,000 per meeting;

chairmanship of Committees:

Audit Committee – USD 25,000;

Strategy Planning Committee – USD 15,000;

Remunerations Committee – USD 15,000;

meetings of independent directors – USD 2,500 per meeting (as necessary, but not more than eight meetings per year).

¹ As of 2008.

2. Authorize A. Balzhanov, Chairman of the Board of Directors, to sign contracts based on the above terms with independent directors on behalf of the Company.

End of resolutions.

More detailed information can be obtained in KazMunaiGas Exploration Production Joint Stock Company's office at address: Astana, Kabanbay Batyr, 17, Room 1207 during business days from 11 May 2010 from 9:00 hrs to 18:30 hrs or at the Company web site: www.kmgep.kz.