

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this document or as to what action you should take, you are recommended to seek your own personal independent financial and taxation advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser who, if you are taking advice in the United Kingdom, is duly authorised under the Financial Services and Markets Act 2000 (as amended), or, if you are taking advice in a territory outside the United Kingdom, is an appropriately authorised independent financial adviser in the relevant jurisdiction.

If you have sold or otherwise transferred all of your GDRs, please send this document at once, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee. **However, such documents should not be forwarded or transmitted in or into or from any jurisdiction where to do so would constitute a violation of the relevant laws of that jurisdiction, including, but not limited to, any Restricted Jurisdiction except pursuant to a permissible exemption.** If you have sold or otherwise transferred only part of your holding of GDRs, you should retain this document and consult the stockbroker, bank or other agent through whom the sale or transfer was effected as to the action you should take.

The release, publication or distribution of this document in, into or from jurisdictions other than the United Kingdom, the US or Kazakhstan may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about, and observe, such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer to sell or issue, nor the solicitation of an offer to buy or subscribe for, shares in any jurisdiction in which such offer or solicitation is unlawful.

J.P. Morgan, which is authorised in the United Kingdom by the PRA and regulated by the PRA and the FCA, is acting as financial adviser exclusively for KMG EP and for no one else in connection with the matters referred to in this document, will not regard any other person as its client in relation to the matters set out in this document and will not be responsible to anyone other than KMG EP for providing the protections afforded to clients of J.P. Morgan or its affiliates, nor for providing advice in relation to any matter referred to in this document.

Rothschild, which is authorised in the United Kingdom by the FCA, is acting as financial adviser exclusively for the INEDs and for no one else in connection with the Tender Offer and will not be responsible to any person other than the INEDs for providing the protections afforded to clients of Rothschild or for providing advice in relation to the matters described in this document.

HSBC is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom. HSBC is acting as financial adviser exclusively for the INEDs in connection with the Tender Offer and no one else and will not regard any person as its client in relation to any matters set out in this document and will not be responsible to anyone other than the INEDs for providing the protections afforded to clients of HSBC or for providing advice in connection with the Tender Offer or any matter referred to in this document.

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## **JSC KAZMUNAIGAS EXPLORATION PRODUCTION**

*(a joint stock company incorporated in Kazakhstan with number 15971-1901-AO)*

### **Tender offer to purchase GDRs**

**and**

### **Cancellation of admission of GDRs to the Official List and to trading on the London Stock Exchange**

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JSC KazMunaiGas Exploration Production is inviting holders of the GDRs to tender for cash at a purchase price of US\$14.00 per GDR, upon the terms and subject to the conditions set forth in this document.

Your attention is drawn to the letter from the Company set out in Part I of this document which contains a summary of the Tender Offer and the letter set out in Part II of this document which contains the unanimous recommendation of the INEDs that you accept the Tender Offer. You should read the whole of this document carefully including the risk factors set out in Part III of this document. Capitalised words and phrases used in this document shall have the meanings given to them in Part IX of this document.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied on as having been so authorised. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in it is correct as of any subsequent time.

The Tender Offer will lapse at 3.00 p.m. on the First Closing Date, which is 22 January 2018, unless it has become unconditional or is extended by means of an announcement through a Regulatory Information Service. The procedure for acceptance of the Tender Offer is set out in Part V of this document. Once it becomes unconditional the Tender Offer will remain open for acceptances until 3.00 p.m. on the Final Closing Date, which is 8 March 2018.

To tender GDRs for purchase under the OTC Tender Offer you should make your tender electronically through the relevant Clearing System so that the relevant instruction settles by no later than 3.00 p.m. on the First Closing Date, which is 22 January 2018. Please note that Euroclear, Clearstream and DTC, their respective participants and the brokers or other securities intermediaries through which GDRs are held, will establish their own cut-off dates and times for the tender of the GDRs, which will be earlier than 3.00 p.m. on the First Closing Date. Paragraph 3.3 of Part V of this document contains further details of the evidence the Company will accept in relation to tax residence, original purchase price and incorporation or citizenship (as applicable) and the procedure for providing it to the Tender Agent on behalf of the Company. We recommend that GDR Holders wishing to accept the OTC Tender Offer provide evidence of their tax residence and, in the case of Non-Kazakhstan Holders, of the original purchase price for their GDRs and of their incorporation or citizenship so as to be received by the Tender Agent at The Bank of New York Mellon, Depositary Receipts, 101 Barclay Street, 22<sup>nd</sup> Floor, New York, New York 10286, USA (attention: Agness Moskovits) and queries to have been resolved at least two weeks before the Settlement Date falling after the date on which they accept the OTC Tender Offer. The Bank of New York Mellon can be contacted at DRProjectAspan@bnymellon.com. If a GDR Holder accepts the Tender Offer prior to the first Settlement Date but the evidence as to tax residence, original purchase price and incorporation or citizenship is not received or outstanding queries are not resolved by the first Settlement Date, that GDR Holder's proceeds of the Tender Offer may be subject to a higher Withheld Amount than would otherwise be the case.

To tender GDRs for purchase under the KASE Tender Offer, you should print, complete, sign and return the KASE Tender Form (included as an appendix to this document), in accordance with the instructions printed thereon, as soon as possible and, in any event, so as to be received by the Company's Receiving Agents, Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 1.00 p.m. on the First Closing Date, which is 22 January 2018 and, if you do not have a brokerage account with a KASE Broker, immediately open a brokerage account with SkyBridge Invest or with any other KASE Broker and provide the instructions necessary to transfer the GDRs into KACD's participant account in Euroclear/Clearstream to hold on your behalf and to sell at the earliest opportunity on the next Settlement Date after you tender your GDRs (and at the latest by the day before the final Settlement Date) as detailed in paragraphs 4.3 and 4.5 of Part V of this document.

Please ensure that you have sufficient time to prepare all documents required to be submitted to the Tender Agent, the Receiving Agent or SBI (as the case may be).

All references to time in this document are to London time (unless otherwise stated).

A copy of this document will be made available, free of charge, while the Tender Offer remains open for acceptance, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, at the following website: [http://kmgcp.kz/eng/investor\\_relations/tender\\_offer](http://kmgcp.kz/eng/investor_relations/tender_offer). For the avoidance of doubt, save as expressly referred to in this document, the contents of the website referred to in this paragraph are not incorporated into and do not form part of this document.

**The statements contained in this document are not to be construed as financial, legal or tax advice.**

## **Takeover Code**

The provisions of the Takeover Code do not apply to the Company.

## **United Kingdom**

This document is only being distributed to and is only directed at: (i) persons who are outside the United Kingdom; or (ii) persons who are holders of the GDRs or who otherwise fall within Article 43 of the Order; or (iii) any other persons to whom this communication may lawfully be communicated (all such persons together being referred to as “**relevant persons**”). Any invitation, offer or agreement to purchase the GDRs pursuant to the Tender Offer will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

## **Overseas GDR Holders**

The Tender Offer is subject to English law and consequently the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

The Tender Offer is not being made, and will not be made, directly or indirectly, in or into any Restricted Jurisdiction.

The attention of GDR Holders who are not resident in the United Kingdom, the United States or Kazakhstan is drawn to paragraph 7 of Part V of this document.

**The availability of the Tender Offer to GDR Holders who are not resident in the United Kingdom, the United States or Kazakhstan may be affected by the laws of their relevant jurisdiction. Such persons should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction. If you remain in any doubt, you should consult your professional adviser in the relevant jurisdiction without delay.**

## **Notice for US GDR Holders**

The Tender Offer relates to securities in a non-US company and is subject to the disclosure requirements, rules and practices applicable to non-UK companies with depositary receipts admitted to the Official List in the UK and with Common Shares admitted to the official list of KASE, which differ from those of the United States in certain material respects. This document has been prepared in accordance with UK style and practice for the purpose of complying with English law and market practice. US GDR Holders should read this entire document, including Part VIII of this document, which contains important information about KMG EP and the GDRs. The financial information relating to KMG EP referred to in this document has not been prepared in accordance with generally accepted accounting principles in the United States and thus may not be comparable to financial information relating to US companies. The Tender Offer is not subject to the disclosure and other procedural requirements of Regulation 14D under the US Exchange Act. The Tender Offer will be made in the United States in accordance with the requirements of Regulation 14E under the US Exchange Act to the extent applicable. Certain provisions of Regulation 14E under the US Exchange Act are not applicable to the Tender Offer by virtue of Rule 14d-1(c) under the US Exchange Act. US GDR Holders should note that the GDRs are not listed on a US securities exchange and KMG EP is not subject to the periodic reporting requirements of the US Exchange Act and is not required to, and does not, file any reports with the US Securities and Exchange Commission under such Act.

It may be difficult for US GDR Holders to enforce certain rights and claims arising in connection with the Tender Offer under US federal securities laws since KMG EP is located outside the United States

and all of its officers and directors reside outside the United States. It may not be possible to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. It also may not be possible to compel a non-US company or its affiliates to subject themselves to a US court's judgment.

The receipt of cash pursuant to the Tender Offer by a GDR Holder who is a US person will be a taxable transaction for US federal income tax purposes. Paragraph 2 of Part VII of this document sets out a guide to certain US tax consequences of the Tender Offer for GDR Holders under current US law. However, each such GDR Holder should consult and seek individual advice from an appropriate independent professional adviser.

While the Tender Offer is being made available to GDR Holders in the United States, the right to tender GDRs is not being made available in any jurisdiction in the United States in which the making of the Tender Offer or the right to tender such GDRs would not be in compliance with the laws of such jurisdiction.

**This document has not been approved, disapproved or otherwise recommended by the US Securities and Exchange Commission or any US state securities commission and such authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offence in the United States.**

#### **Notice for Chinese GDR Holders**

The information contained in this document is addressed exclusively to the GDR Holders. This document and any other documents or materials relating to the Tender Offer do not constitute a "prospectus" of the Companies under Chinese law (as defined in article 14. of the Securities Law of China). Neither this document nor the Tender Offer nor any information contained in this document constitute an "offer" under Chinese law (as defined in article 85. of the Securities Law of China). Neither this document nor the Tender Offer constitute or are intended for placement or public circulation of securities of foreign issuers in China. Sales of publicly-offered or privately-offered securities in China should also comply with the regulations of the China Securities Regulatory Commission (as defined in article 1 and article 2 of the Administrative Measures on the Suitability of Securities and Futures Investors).

Any recipient of this document residing in China should exercise caution in relation to the Tender Offer. Chinese GDR Holders should observe all of Chinese law's applicable legal regulatory requirements. Chinese GDR Holders should be especially sure that they fulfil their tax obligations and apply to the foreign exchange registration of China.

#### **Notice for Russian GDR Holders**

The information contained in this document is addressed exclusively to GDR Holders. Neither this document, nor the Tender Offer nor any information contained in this document constitute an offer ("*oferta*") pursuant to Russian law, or an advertisement, or an offer of securities to an unlimited number of persons within or outside the territory of the Russian Federation, or voluntary tender offer or mandatory tender offer under Russian law. Neither this document nor the Tender Offer constitute or are intended for placement or public circulation of securities of foreign issuers in the Russian Federation. The GDRs are neither registered in the Russian Federation nor admitted to placement, public placement or public circulation in the Russian Federation in accordance with Article 51.1 of Russian Federal Law no. 39-FZ "On The Securities Market", dated 22 April 1996 (as amended) (the "**Russian Securities Market Law**"). The tender and purchase of GDRs will be carried out exclusively in accordance with the procedures set out in this document. Any information in this document and related documents in respect of GDRs is addressed in the Russian Federation solely to persons who are "qualified investors" as defined in the Russian Securities Market Law.

### **Notice for Portuguese GDR Holders**

This document and any other documents or materials relating to the Tender Offer do not constitute a prospectus, with all the legal consequences thereof. Instead, this document contains information that an issuer makes available and is exclusively addressed and distributed to its Portuguese professional GDR Holders in the context of a private offer.

The content of this document is not subject to review or approval by the Portuguese Securities Market Commission ("**CMVM**") and the Tender Offer to which it refers is not supervised by the CMVM.

### **Notice for Spanish GDR Holders**

This document is not a tender offer prospectus for the purposes of Spanish Royal Decree 1066/2007, of 27 July, on rules applicable to takeover bids for securities implementing Directive 2004/25/EC and supplementing regulation applicable in Spain.

The content of this document has not been reviewed or verified in any manner whatsoever by the Spanish Comisión Nacional del Mercado de Valores ("**CNMV**") and the Tender Offer to which this document refers is not under the supervision of the CNMV.

This document is only being distributed to and directed at persons who are holders of the GDRs. No information contained in this document is or should be regarded as a "recommendation" or "investment advice" (*asesoramiento financiero*) for the purposes of the Spanish Capital Markets Act approved by Royal Legislative Decree 4/2015, of 23 October, and supplementing regulation applicable in Spain.

### **Notice for Hong Kong GDR Holders**

This document and any other documents or materials relating to the Tender Offer: (i) do not constitute a "prospectus" (as defined in section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong)) (the "**HK Companies (Winding Up and Miscellaneous Provisions) Ordinance**"); (ii) are not an advertisement, invitation or document containing an advertisement or invitation falling within the meaning of section 103 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "**HK SFO**"); and (iii) have not been approved or authorised by the Securities and Futures Commission of Hong Kong or any other regulatory authority in Hong Kong. Any recipient of this document residing in Hong Kong should exercise caution in relation to the Tender Offer and, if in any doubt, should obtain independent professional advice.

Accordingly: (i) the Tender Offer is not being offered or made in Hong Kong by means of any document other than (a) to "professional investors" as defined in the HK SFO and any rules made thereunder; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the HK Companies (Winding Up and Miscellaneous Provisions) Ordinance or which do not constitute an offer to the public within the meaning of that Ordinance; and (ii) no person has issued or had in its possession for the purposes of issue, and no person will issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Tender Offer, which is directed at, or the contents of which are or are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the HK SFO and any rules made under the HK SFO. This document is for distribution in Hong Kong only to "professional investors" as defined in the HK SFO and any rules made under the HK SFO.

## **Taxation**

For summary information on certain limited aspects of the taxation of certain UK, US and Kazakhstan GDR Holders, please refer to Part VII of this document. Each GDR Holder is urged to consult his own independent professional adviser regarding the tax consequences of acceptance of the Tender Offer.

### **Kazakhstan withholding tax**

#### ***Overview***

**Current Kazakhstan tax legislation provides that any capital gain made by a GDR Holder from the sale of GDRs to the Company represents Kazakhstan-sourced income.** The Company, acting as tax agent, is required to apply withholding tax against the gains to the GDR Holders represented by the proceeds of the Tender Offer, unless certain exemptions apply.

There are certain exemptions to the obligation on the Company to withhold Kazakhstan withholding tax, of which those most likely to apply to the Tender Offer are: (i) an exemption for any GDR Holder which is a Kazakhstan Holder; or (ii) an exemption for any GDRs listed in Kazakhstan and sold by way of an Open Trade transaction on KASE.

A sale of GDRs by way of a tender through the Clearing Systems is treated for the purposes of Kazakhstan tax legislation as an over-the-counter transaction to which any applicable Kazakhstan withholding tax must be applied.

Unless a GDR Holder tendering GDRs through the Clearing Systems is able to provide evidence to the satisfaction of the Company that it is a Kazakhstan Holder, the Company will be required to apply withholding tax to the capital gain made by the GDR Holder on the sale of the GDRs at a rate of 20 per cent. (or, if the Non-Kazakhstan Holder is both (i) a tax resident of, and (ii) either incorporated in, or a citizen of, a Non-Preferential Tax Regime Country, 15 per cent.) and to deduct the same by way of a Withheld Amount from the gains represented by the entire Tender Price payable to the GDR Holder.

#### ***Tender Offer structure***

The Tender Offer comprises the OTC Tender Offer, which is potentially subject to Kazakhstan withholding tax, and the KASE Tender Offer, which is free of Kazakhstan withholding tax. GDR Holders may elect to use either, or both, routes to tender their securities and realise the Tender Price. The route chosen will largely be determined by the desired outcome with respect to Kazakhstan withholding tax.

#### ***OTC Tender Offer***

##### ***Withholding tax applicable***

Under the OTC Tender Offer, GDR Holders may tender their GDRs to the Company on the terms and conditions of this document for settlement over-the-counter.

In the absence of evidence to the satisfaction of the Company of the tax residence of a GDR Holder together with, for a Non-Kazakhstan Holder only, evidence of the original purchase price for tendered GDRs and the incorporation or citizenship (as applicable) of that GDR Holder, the Company will, by way of the Withheld Amount, withhold from the sum payable by it to the Tender Agent, an amount equal to 20 per cent. of the entire Tender Price otherwise due to a GDR Holder.

GDR Holders accepting the OTC Tender Offer should provide evidence to the Company regarding their tax residence and (in the case of Non-Kazakhstan Holders) regarding the original purchase price of the GDRs they tender and of their incorporation or citizenship (as set out in more detail in paragraph 3.3 of Part V of this document).

**GDR Holders are solely responsible for ensuring their GDRs are validly tendered and for the timely delivery of all other documents required under the procedures for tendering GDRs under the Tender Offer in this document (including the provision of evidence to the Tender Agent so as to mitigate the amount of the Withheld Amount).**

*Evidence of Kazakhstan tax residence*

The Company will not apply a Withheld Amount to the Tender Price due to a GDR Holder in connection with the OTC Tender Offer if the GDR Holder provides, to the satisfaction of the Company, the evidence referred to in paragraph 3.3(b) of Part V of this document that it is a Kazakhstan Holder.

*Evidence of original purchase price*

If the GDR Holder provides, to the satisfaction of the Company, the evidence referred to in paragraph 3.3(b) of Part V of this document that it is a Non-Kazakhstan Holder and the evidence referred to in paragraph 3.3(c) of Part V of this document of the original purchase price of the validly tendered GDRs, the gains made by the GDR Holder on the disposal of such GDRs in connection with the OTC Tender Offer shall be determined by the Company as any excess of the Tender Price over such original purchase price of such GDRs (i.e. the historical purchase price paid by the GDR Holder for such GDRs).

*Evidence of tax residence and registration*

If the GDR Holder provides, to the satisfaction of the Company, the evidence referred to in paragraph 3.3(d) of Part V of this document showing that the GDR Holder is both a tax resident of a Non-Preferential Tax Regime Country (other than Kazakhstan) and either (in the case of a legal entity) incorporated in, or (in the case of an individual) a citizen of, a Non-Preferential Tax Regime Country, the Company will calculate the Withheld Amount using a rate of 15 per cent. of the Tender Price, or any excess of the Tender Price over such original purchase price of such GDRs (as the case may be).

*Further information*

GDR Holders must provide the OTC Tax Declaration Form as a cover document to any evidence provided pursuant to paragraph 3.3 of Part V of this document, to enable the Company and the Tender Agent to process the other evidence provided, and to ensure the Company is able to contact the GDR Holder to remedy any defects in the required evidence.

**Paragraph 3.3 of Part V of this document contains further details of the evidence the Company will accept in relation to tax residence, original purchase price and incorporation or citizenship (as applicable) and the procedure for providing it to the Tender Agent on behalf of the Company.**

**We recommend that GDR Holders wishing to accept the OTC Tender Offer provide evidence of their tax residence and, in the case of Non-Kazakhstan Holders, of the original purchase price for their GDRs and of their incorporation or citizenship so as to be received by the Tender Agent at The Bank of New York Mellon, Depositary Receipts, 101 Barclay Street, 22nd Floor, New York, New York 10286, USA (attention: Agness Moskovits) and queries to have been resolved at least two weeks before the Settlement Date falling after the date on which they**

accept the OTC Tender Offer. The Bank of New York Mellon can be contacted at DRProjectAspan@bnymellon.com. If a GDR Holder accepts the Tender Offer prior to the first Settlement Date but the evidence as to tax residence, original purchase price and incorporation or citizenship is not received or outstanding queries are not resolved by the first Settlement Date, that GDR Holder's proceeds of the Tender Offer may be subject to a higher Withheld Amount than would otherwise be the case.

### ***KASE Tender Offer***

To provide GDR Holders with the option of tendering and settling the sale of their GDRs free of Kazakhstan withholding tax, regardless of whether or not they are Kazakhstan Holders, the Company will apply to KASE for the GDRs to be admitted to the official list of KASE.

The Company has also made arrangements to allow GDR Holders to open brokerage accounts with SBI, a KASE registered broker, to enable GDR Holders to tender their GDRs and sell them to the Company pursuant to the Tender Offer by way of an Open Trade transaction on KASE. GDR Holders are free to open brokerage accounts with any other KASE registered broker but GDR Holders should note that any sales through SBI pursuant to the Tender Offer will be free of commissions and dealing charges. Further information on SBI is set out in paragraph 4.3 of Part I and setting up a brokerage account with them is set out in paragraph 4.3 of Part V of this document.

Under the KASE Tender Offer GDR Holders may tender their GDRs to the Company on the terms and conditions of this document by way of an Open Trade transaction on KASE.

Provided they have opened a brokerage account with SBI (or another KASE registered broker) and that broker sells the GDRs tendered under the KASE Tender Offer to the Company on KASE via an Open Trade transaction, the Company will not withhold any amount from the sum payable by it to the KASE Broker and will pay the entire Tender Price free of withholding tax.

Paragraph 4 of Part V of this document contains further details on how GDR Holders may tender and sell their GDRs on KASE (including how to set up a brokerage account with SBI).

**Please ensure that you have sufficient time to prepare and submit to the KASE Broker you choose all documentation and information required to enable the brokerage account to be opened and the appropriate sell instructions to be given by you to the KASE Broker at the latest by the day before the final Settlement Date. If you experience or envisage any difficulties in opening a brokerage account with a KASE Broker you are strongly recommended to consider tendering your GDRs in the OTC Tender Offer and to telephone Link Asset Services on +44 371 664 0321 for further information.**

**GDR Holders should read the description of Kazakhstan tax set out in paragraph 3 of Part VII of this document.**

### **Forward-looking statements**

This document, including information included or incorporated by reference in this document, includes statements that are, or may be deemed to be, "forward-looking statements" concerning the Tender Offer, KMG EP, the KMG EP Group and NC KMG that are subject to risks and uncertainties. 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.

### **No profit forecasts or estimates**

Nothing contained in this document shall be deemed to be a forecast, projection or estimate of the future financial performance of the KMG EP Group following completion of the Tender Offer unless otherwise stated.

### **Rounding**

Certain figures included in this document have been subjected to rounding adjustments.

### **Documents in hard copy form**

Any person entitled to receive a copy of documents, announcements and information relating to the Tender Offer may request such documents are sent to them in hard copy form.

Copies of this document and all future documents, announcements and information in relation to the Tender Offer may be requested from Link Asset Services on +44 371 664 0321.

Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and monitored for security and training purposes.

Link Asset Services cannot provide advice on the merits of the Tender Offer nor give any financial, legal or tax advice.

This document is dated 8 December 2017.

## HOW TO ACCEPT THE TENDER OFFER

**THE TENDER OFFER WILL LAPSE AT 3.00 P.M. ON THE FIRST CLOSING DATE, WHICH IS 22 JANUARY 2018, UNLESS IT HAS BECOME UNCONDITIONAL OR IS EXTENDED BY MEANS OF AN ANNOUNCEMENT THROUGH A REGULATORY INFORMATION SERVICE.**

**IF IT BECOMES UNCONDITIONAL IN ALL RESPECTS, THE TENDER OFFER WILL REMAIN OPEN FOR ACCEPTANCES UNTIL AT LEAST 3.00 P.M. ON THE FINAL CLOSING DATE, WHICH IS 8 MARCH 2018.**

The Tender Offer comprises the OTC Tender Offer and the KASE Tender Offer. GDR Holders may elect to use either, or both, routes to tender their securities and realise the Tender Price. The route chosen will largely be determined by the desired outcome with respect to Kazakhstan withholding tax.

**This page should be read in conjunction with the rest of this document. Your attention is drawn, in particular, to the procedure for tendering under the OTC Tender Offer in paragraph 3 of Part V of this document and under the KASE Tender Offer in paragraph 4 of Part V of this document and to the terms and conditions of the Tender Offer set out in Part V of this document.**

### **1. OTC Tender Offer**

#### **1.1 Tendering Regulation S GDRs**

If you wish to tender Regulation S GDRs under the OTC Tender Offer, you should cause the broker or other securities intermediary through which you hold the GDRs to instruct Euroclear or Clearstream to block the number of GDRs tendered in its participant account.

You should ensure that the Tender Agent receives notice of the blocking through Euroclear or Clearstream, as applicable, prior to 3.00 p.m. on the First Closing Date.

#### **1.2 Tendering Rule 144A GDRs**

To tender Rule 144A GDRs under the OTC Tender Offer, you should cause the broker or other securities intermediary through which you hold the GDRs to deliver, or cause to be delivered, to the Tender Agent, the following, to be received by 3.00 p.m. on the First Closing Date:

- a Book-Entry Confirmation; and
- an Agent's Message.

Rule 144A GDRs may only be tendered through the voluntary offering procedures operated by DTC. To tender Rule 144A GDRs through the voluntary offering procedures operated by DTC, participants in DTC should send electronic instructions to DTC through DTC's communication system. DTC is obligated to communicate those electronic instructions to the Tender Agent. You should ensure that the Tender Agent receives those electronic instructions prior to 3.00 p.m. on the First Closing Date.

#### **1.3 General**

Please note that Euroclear, Clearstream and DTC, their respective participants and the brokers or other securities intermediaries through which GDRs are held will establish their own cut-off dates and times for the tender of the GDRs, which will be earlier than 3.00 p.m. on the First Closing Date.

The ISIN and Common Codes of the Regulation S GDRs and Rule 144A GDRs are set out in paragraph 10(g) of Part VIII of this document.

The procedure for tendering under the OTC Tender Offer is set out in paragraph 3 of Part V of this document.

GDR Holders must provide the OTC Tax Declaration Form as a cover document to any evidence provided pursuant to paragraph 3.3 of Part V of this document, to enable the Company and the Tender Agent to process the other evidence provided, and to ensure the Company is able to contact the GDR Holder to remedy any defects in the required evidence.

Paragraph 3.3 of Part V of this document contains further details of the evidence the Company will accept in relation to tax residence, original purchase price and registration and the procedure for providing it to the Company.

**We recommend that GDR Holders wishing to accept the OTC Tender Offer provide evidence of their tax residence and, in the case of Non-Kazakhstan Holders, of the original purchase price for their GDRs and of their incorporation or citizenship so as to be received by the Tender Agent at The Bank of New York Mellon, Depository Receipts, 101 Barclay Street, 22nd Floor, New York, New York 10286, USA (attention: Agness Moskovits) and queries to have been resolved at least two weeks before the Settlement Date falling after the date on which they accept the OTC Tender Offer. The Bank of New York Mellon can be contacted at DRProjectAspan@bnymellon.com. If a GDR Holder accepts the Tender Offer prior to the first Settlement Date but the evidence as to tax residence, original purchase price and incorporation or citizenship is not received or outstanding queries are not resolved by the first Settlement Date, that GDR Holder's proceeds of the Tender Offer may be subject to a higher Withheld Amount than would otherwise be the case.**

**Please read paragraph 3 of Part V of this document carefully to ensure that you have sufficient time to prepare all documents required to be submitted to the Tender Agent on behalf of the Company.**

**The Company reserves the absolute right to reject tenders under the OTC Tender Offer determined not to be in the appropriate form, such determination to be at the Company's sole discretion.**

## **2. KASE Tender Offer**

If you wish to tender your GDRs to the Company under the KASE Tender Offer you should:

- complete, sign, have witnessed and deliver, or cause to be delivered, to the Company's Receiving Agent, Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU an original signed KASE Tender Form in accordance with this document and the instructions on the KASE Tender Form so as to be received by 1.00 p.m. on the First Closing Date. Link Asset Services cannot accept submission of forms by email or facsimile;
- if you do not have a brokerage account with a KASE Broker, immediately open a brokerage account with SkyBridge Invest in accordance with the service arranged by the Company or with any other KASE Broker;
- transfer the tendered GDRs into KACD's participant account in Euroclear or Clearstream to hold on your behalf; and

- instruct such KASE Broker to sell your GDRs to the Company by way of an Open Trade transaction on KASE at the earliest opportunity in time for the next Settlement Date (and at the latest by the day which is one day before the final Settlement Date).

The procedure for tendering under the KASE Tender Offer is set out in paragraph 4 of Part V of this document.

Further information on setting up a brokerage account with SBI and the procedure for arranging a sale of the GDRs on KASE is set out in paragraph 4.3 of Part V of this document and on SBI's website at <https://www.sbinvest.kz/manual/?lang=en>.

A GDR Holder who tenders GDRs in the KASE Tender Offer will irrevocably undertake in the KASE Tender Form not to withdraw their tender.

**YOUR ACCEPTANCE OF THE KASE TENDER OFFER IS AN IRREVOCABLE COMMITMENT TO SELL YOUR GDRS TO THE COMPANY, MEANING YOU MUST NOT SELL ANY OF THOSE GDRS TO A THIRD PARTY. ANY SALE TO A THIRD PARTY OF GDRS ACCEPTED INTO THE KASE TENDER OFFER WILL BE A BREACH OF THE TERMS OF THE KASE TENDER OFFER.**

**Please read paragraph 4 of Part V of this document carefully. Please ensure that you have sufficient time to prepare and submit to the KASE Broker you choose all documentation and information required to enable the brokerage account to be opened and the appropriate sell instructions to be given by you to the KASE Broker at the latest by the day before the final Settlement Date. If you experience or envisage any difficulties in opening a brokerage account with a KASE Broker you are strongly recommended to consider tendering your GDRs in the OTC Tender Offer and to telephone Link Asset Services on +44 371 664 0321 for further information.**

**The Company reserves the absolute right to reject tenders under the KASE Tender Offer determined not to be in the appropriate form, such determination to be at the Company's sole discretion.**

### **3. General**

**If you are in any doubt about the contents of this document or as to what action you should take, you are recommended to seek your own personal independent financial and taxation advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser who, if you are taking advice in the United Kingdom, is duly authorised under the Financial Services and Markets Act 2000 (as amended), or, if you are taking advice in a territory outside the United Kingdom, is an appropriately authorised independent financial adviser in the relevant jurisdiction.**

## CONSEQUENCES OF NOT ACCEPTING THE TENDER OFFER

GDR Holders who do not or who cannot accept the Tender Offer should note that, following the implementation in full of the Proposals including the completion of the Tender Offer and the Delisting:

- their GDRs would continue in existence as unlisted securities and, although they would be able to surrender any of their GDRs for the Common Shares represented by those GDRs upon the payment of charges to the Depositary pursuant to the terms of the amended Deposit Agreement, those Common Shares would also be unlisted;
- they would no longer be able to sell their GDRs through a public stock market and it is likely that there would only be limited opportunities for them to realise their investment as the Company does not intend to put in place a replacement trading programme; accordingly, the Delisting would significantly reduce the liquidity and marketability of any GDRs not tendered under the Tender Offer;
- there is no guarantee that those Qualifying GDR Holders who do not accept the Tender Offer would receive an offer from KMG EP or NC KMG to acquire their GDRs (or the Common Shares represented by such GDRs) other than the Share Offer and the Put Option Rights;
- NC KMG would materially increase its interest in KMG EP and the Relationship Agreement would terminate in accordance with its terms; accordingly, NC KMG would exercise a significant influence over the affairs of the Company, including, *inter alia*, having the right to vote in its sole discretion on the election of INEDs in accordance with Kazakhstan Laws;
- KMG EP's cash resources will be reduced to the extent of the entire consideration to be paid by KMG EP in respect of the Tender Offer;
- the minority protection provisions currently in the Charter will no longer apply as described in paragraph 4.9 of Part I of this document;
- the Company would no longer be required to comply with MAR or any of the Listing Rules or the Disclosure Guidance and Transparency Rules applicable to non-UK companies with depositary receipts admitted to the Official List and to trading on the LSE including the requirements to, *inter alia*, announce inside information (such as material transactions) or to announce final results; accordingly, the Company would only be required to comply with Kazakhstan Laws in respect of corporate governance;
- the Delisting may have implications for GDR Holders, for example, those who are required only to hold listed securities, or those who will hold more than 0.1 per cent. of the total securities of the Company, who may require the consent of the competent authority in Kazakhstan for any future disposal of their Shares or GDRs; and
- the Amended Deposit Agreement may in future be terminated by the Company, the Common Shares represented by the remaining GDRs sold by the Depositary and the net proceeds distributed *pro rata* to those GDR Holders who have not previously surrendered their GDRs; accordingly, the sum per GDR received by the remaining GDR Holders in such a situation is likely to be significantly less than the Tender Price. The Company and the Depositary have amended the Deposit Agreement by entering into the Amended Deposit Agreement to reduce the notice periods for the termination of the Amended Deposit Agreement from 90 days to 30 days, such amendments to take effect on the passing of the Delisting resolution at EGM 2, which shall occur no earlier than three months from the date of this document.

Your attention is drawn to the action to be taken by Qualifying GDR Holders who wish to sell their GDRs under the Tender Offer set out in paragraph 18 of Part I of this document.

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## WHERE TO FIND HELP

You will find answers to some of the questions most frequently asked by GDR Holders about tender offers and the procedure for participating in the Tender Offer in Part IV of this document.

If you have any further questions about the Tender Offer (including the procedures for accepting the OTC Tender Offer, for providing evidence to the Tender Agent on behalf of the Company to mitigate any applicable Withheld Amount, for accepting the KASE Tender Offer and for opening a brokerage account with SBI), please telephone Link Asset Services on +44 371 664 0321.

Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. - 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and monitored for security and training purposes.

Link Asset Services cannot provide advice on the merits of the Tender Offer nor give any financial, legal or tax advice.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The following table describes the expected timing of the implementation of the Proposals. Please note the timings below are indicative timings which may change if the Tender Offer is not wholly unconditional at the First Closing Date and is extended. Furthermore, the making of the Share Offer and all the subsequent events shown below are dependent on the Tender Offer becoming unconditional in all respects. If any of the times and dates shown below change, the revised times and/or dates will be announced by the Company through a Regulatory Information Service without delay.

Announcement of the Tender Offer and the commencement of the Tender Offer period	8 December 2017 <sup>1</sup>
Commencement of the period for those Shareholders who disagree with the Tender Offer to exercise the Put Option Right	8 December 2017
Listing of the GDRs on KASE	20 December 2017
End of the period for those Shareholders who disagree with the Tender Offer to exercise the Put Option Right	7 January 2018
EGM 1 to approve certain amendments to the Share Valuation Methodology	22 January 2018
The time on the First Closing Date by which KASE Tender Forms must be received by the Receiving Agent	1.00 p.m. on 22 January 2018
3.00 p.m. on the First Closing Date, being the time and date at which the Tender Offer may lapse if the Tender Conditions have not been satisfied (or, in the case of the Acceptance Condition only, waived) and the Company does not choose to extend the Tender Offer	3.00 p.m. on 22 January 2018 <sup>2</sup>
First SBI Document Collection Date	22 January 2018
Announcement of the results of the Tender Offer	23 January 2018
Announcement of the Share Offer	23 January 2018
First Settlement Date of the Tender Offer and the Share Offer	19 February 2018
Final SBI Document Collection Date	8 March 2018
The time on the Final Closing Date by which KASE Tender Forms must be received by the Receiving Agent	1.00 p.m. on 8 March 2018

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<sup>1</sup> All references to time in this document are to London time (unless otherwise stated).

<sup>2</sup> Please note that Euroclear, Clearstream and DTC, their respective participants and the brokers or other securities intermediaries through which GDRs are held will establish their own cut-off dates and times for the tender of the GDRs, which will be earlier than 3.00 p.m. on the First Closing Date.

3.00 p.m. on the Final Closing Date, being the latest time and date the Tender Offer will be open for acceptances of the OTC Tender Offer if it becomes unconditional in all respects	3.00 p.m. on 8 March 2018 <sup>3</sup>
Expiry of the notice period for the amendments to the Deposit Agreement	8 March 2018
Latest date for the receipt of acceptances in relation to the Share Offer (i.e. the close of the Share Offer)	9 March 2018
EGM 2 to approve the Delisting and to make certain amendments to the Charter	9 March 2018
The amendments to the Deposit Agreement become effective	9 March 2018
Commencement of the period for the exercise of the Put Option Right by Shareholders and GDR Holders who vote against the Delisting resolutions at, and Shareholders and GDR Holders who do not attend, EGM 2	9 March 2018
Final Settlement Date of the Tender Offer and the Share Offer	5 April 2018
End of the period for the exercise of the Put Option Right by Shareholders and GDR Holders who vote against the Delisting resolutions at, and Shareholders and GDR Holders who do not attend, EGM 2	8 April 2018
Cancellation of the admission of the GDRs to the Official List and to trading on the LSE	8 May 2018
Delisting of the Common Shares and the GDRs from KASE	8 May 2018

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<sup>3</sup> Please note that Euroclear, Clearstream and DTC, their respective participants and the brokers or other securities intermediaries through which GDRs are held will establish their own cut-off dates and times for the tender of the GDRs, which will be earlier than 3.00 p.m. on the Final Closing Date.

**PART I**  
**LETTER FROM THE COMPANY**

**JSC KAZMUNAIGAS EXPLORATION PRODUCTION**

*(a joint stock company incorporated in Kazakhstan with number 15971-1901-AO)*

**Directors:**

Dauren Karabayev (Chairman)  
Kurmangazy Iskazyev (Chief Executive Officer)  
Oleg Karpushin (Director)  
Ardak Mukushov (Director)  
Gustave van Meerbeke (Director)  
Philip Dayer (Independent Non-Executive Director)  
Alastair Ferguson (Independent Non-Executive Director)  
Francis Sommer (Independent Non-Executive Director)

**Registered office:**

Kabanbai Batyr avenue, 17  
Astana, 010000  
Kazakhstan

8 December 2017

*To GDR Holders and, for information purposes only, to persons with information rights*

Dear GDR Holder

**Tender offer to purchase GDRs  
and  
Cancellation of admission of GDRs to the Official List and to trading on the London Stock  
Exchange**

**1. Introduction**

On 4 December 2017, the Company announced its intention to launch a tender offer to acquire all its outstanding GDRs at the Tender Price, a subsequent tender offer to acquire all its outstanding Common Shares at the Share Price and, subject to the approval of Shareholders, that it will delist the Common Shares and the GDRs. On 8 December 2017, the Company announced the launch of the Tender Offer and the publication of this document outlining the Proposals in more detail. KMG EP has obtained an irrevocable undertaking from its majority shareholder, NC KMG, to support the Tender Offer and not to sell any of its Shares or GDRs under the Tender Offer or otherwise.

The Proposals are intended to enable NC KMG to increase its control of the Company and for KMG EP to take itself private by applying for the LSE Delisting and KASE Delisting, while providing GDR Holders and the minority holders of Common Shares with an attractive exit.

The purpose of this document is to provide you with information about the background to, and reasons for, the Proposals including the Tender Offer and the LSE Delisting and details of the procedure that should be followed by Qualifying GDR Holders in order to participate in the Tender Offer.

Your attention is drawn to the letter from the INEDs set out in Part II of this document unanimously recommending all Qualifying GDR Holders to accept the Tender Offer.

## 2. Summary of the Tender Offer

The Tender Offer comprises the OTC Tender Offer and the KASE Tender Offer.

The OTC Tender Offer may be accepted and settled through Euroclear, Clearstream or DTC, as the case may be. However, as described in paragraph 3 of Part VII of this document, the proceeds of the OTC Tender Offer due to tendering GDR Holders will potentially be subject to Kazakhstan withholding tax.

The KASE Tender Offer may be accepted by submitting a KASE Tender Form to the Receiving Agent and instructing a KASE Broker to settle by way of an Open Trade transaction on KASE. The proceeds of the KASE Tender Offer due to tendering GDR Holders will be free of Kazakhstan withholding tax, regardless of whether or not they are Kazakhstan Holders.

KMG EP will implement the Tender Offer by acquiring as principal validly tendered GDRs at the Tender Price. Qualifying GDR Holders who accept the Tender Offer are entitled to receive:

**for each GDR US\$14.00 in cash less any applicable Kazakhstan withholding tax**

The Tender Price represents a premium of 23.7 per cent. to the 30-day volume-weighted average GDR price of US\$ 11.32 at 1 December 2017 (being the last trading day before the date of the Possible Offer Announcement).

The Tender Offer is for all the GDRs in issue. As at 30 November 2017 (being the latest practicable date prior to the publication of this document) there were 70,220,935 Common Shares (including Common Shares represented by GDRs) in issue, of which 2,793,620 Common Shares were held in treasury. At such date there were 143,655,714 GDRs in issue (representing approximately 32.2 per cent. of the Common Shares in issue), of which 6,670,408 GDRs were held by the Company.

The Tender Offer values the entire issued Common Share capital (including Common Shares represented by GDRs, but excluding Common Shares held in treasury and GDRs held by the Company) of KMG EP at approximately US\$5.6 billion.

The Tender Offer is made on the terms and subject to the Tender Conditions and other conditions set out in this document. The Tender Conditions are:

- the GDRs having been admitted to the official list of KASE;
- KMG EP having received valid acceptances of the Tender Offer in respect of 53,908,494 GDRs, which as at 30 November 2017 (being the latest practicable date prior to the publication of this document) represent approximately 39.4 per cent. of the GDRs in issue (excluding GDRs held by the Company) and approximately 12.8 per cent. of the Common Shares (including Common Shares represented by GDRs) in issue; and
- the passing of the resolution at EGM 1.

**The Tender Offer will lapse at 3.00 p.m. on the First Closing Date, which is 22 January 2018, unless it has become unconditional or is extended by means of an announcement through a Regulatory Information Service. GDR Holders are therefore urged to tender their GDRs as soon as possible and in any event so as to be received no later than such time and date.**

If the Tender Offer is extended, the Acceptance Condition may be waived by the Company if it has not been satisfied by the Final Closing Date.

If the Tender Offer becomes unconditional in all respects, it will remain open for acceptances until 3.00 p.m. on the Final Closing Date, which is 8 March 2018.

### **3. Background to the Proposals and the Tender Offer**

#### **3.1 Background**

In the initial years following the IPO in 2006 the Company was on track to implement successfully its strategy of growth through acquisitions and maintaining cost control at its mature producing assets. The funds raised at the IPO, along with the rights granted to the Company from NC KMG as part of the IPO, were used to purchase significant onshore producing assets. These assets allowed the Company to diversify its resource base and to lower its overall cost of production, while at the same time providing returns to the Company in the form of dividends. In 2011 there was a period of labour unrest at the Company's largest wholly owned asset. This unrest led to poor labour discipline, reduced production and increased costs, primarily due to additional benefits granted to reduce social tension. NC KMG provided significant support to resolve these issues.

From 2011 to the present day the Company has been focused on stabilising production and ensuring that costs remain under control. Unfortunately, the collapse of the oil price in 2014 put additional pressure on the Company to cut costs further, reduce exploration and capital expenditure and lower dividend payouts. With a focus on maintaining production levels at the lowest possible costs, KMG EP, with assistance from NC KMG, created a new business line for the Company which is the current processing scheme and which partially allowed the Company to remain cash flow positive and even add to its significant cash reserves over the period. However, KMG EP mainly operates mature fields where production maintenance costs remain relatively high and which require increasing investment to address production decline. Furthermore, the Company faces increasing social obligations that limit its ability to control its future costs.

At the same time, the Company has been unable to utilise its large cash balance to create Shareholder value through new acquisitions or through the return of cash to Shareholders via dividends given the different views of different groups of shareholders and their representation on the Board.

KMG EP's business and operations have been and will likely continue to be significantly integrated with NC KMG. NC KMG provides assistance to KMG EP in managing social and tax issues that KMG EP faces.

At present, the rights of NC KMG with respect to KMG EP are limited by the terms of the Relationship Agreement compared to rights that it would have under the JSC Law.

NC KMG in 2014 made a preliminary approach to the INEDs about a possible offer for the Common Shares it did not already own. The approach did not result in NC KMG making an offer for the Common Shares.

On 17 June 2016 NC KMG published a circular setting out its rationale for requisitioning an extraordinary general meeting of the Company to approve certain amendments to the Relationship Agreement and to the Charter and the terms of conditional on-market purchase offers to be made to Shareholders and GDR Holders at US\$47.28 per Common Share and US\$7.88 per GDR (which offers were subsequently increased to US\$54.00 per Common Share and US\$9.00 per GDR, respectively), which were rejected at the extraordinary general meeting on 3 August 2016.

KMG EP and NC KMG have concluded that the lack of alignment between the distinct interests of GDR Holders and Shareholders, on the one hand, and NC KMG, on the other hand, cannot continue without resolution. KMG EP believes that it will benefit from greater strategic and operational

alignment with NC KMG and in addition views the Proposals as an effective way to utilise its significant cash reserves to compensate its Shareholders for the value of their holdings in KMG EP.

Furthermore, NC KMG and KMG EP believe that full operational control by NC KMG over KMG EP is appropriate due to NC KMG's greater exposure to social obligations than other Shareholders. NC KMG's status as a state-owned national company may require it to provide full assistance to KMG EP in cases where KMG EP would have insufficient resources to maintain employment. The Proposals are therefore intended to enable NC KMG to increase its control of the Company and for KMG EP to take itself private by applying for the LSE Delisting and KASE Delisting, while providing GDR Holders and the minority holders of Common Shares with an attractive exit.

### **3.2 Benefits of the Tender Offer**

The Tender Offer is intended to provide a monetisation option to the GDR Holders at an attractive premium to the market price prior to the date of the Possible Offer Announcement.

The average daily trading value of the GDRs has been as low as US\$2.8 million during the last 12 months, which restricts the volume that can potentially be sold on the market by GDR Holders to third parties at prevailing prices. If it becomes unconditional, the Tender Offer will allow all GDR Holders to realise their entire holdings of GDRs on attractive terms.

The Share Offer, if made, will also allow all Common Shareholders to realise their entire holdings of Common Shares on attractive terms.

## **4. The Proposals**

### **4.1 Summary**

The Proposals comprise:

- (a) the Tender Offer;
- (b) the application for the admission of the GDRs to the official list of KASE;
- (c) the availability of the Put Option Rights in connection with the Proposals;
- (d) the convening and holding of EGM 1 to approve certain amendments to the Share Valuation Methodology;
- (e) notice of certain amendments to the Deposit Agreement;
- (f) the Share Offer;
- (g) the exchange of GDRs acquired under the Tender Offer for Common Shares to be held by the Company in treasury so as to ensure that, taking into account the other GDRs and Common Shares acquired by the Company, NC KMG can exercise at least 75 per cent. of the votes at EGM 2;
- (h) the convening and holding of EGM 2 to approve the Delisting and certain amendments to the Charter;
- (i) the LSE Delisting and the KASE Delisting; and
- (j) the termination of the Relationship Agreement.

While the Board has resolved to proceed with all the Proposals, Proposals (f) to (j) above are subject to the Tender Offer becoming unconditional in all respects. The availability of (i) the Put Option Right (Proposal (c) above) with respect to non-attendance at, or votes against the Delisting resolutions to be proposed at EGM 2 and (ii) the amendments set out in the Deposit Agreement the subject of Proposal (e) above, are both subject to the Delisting resolutions being passed at EGM 2.

#### **4.2 Reasons for the separate Tender Offer and Share Offer**

The Company wishes to acquire a sufficient number of GDRs and Common Shares pursuant to the Tender Offer and the Share Offer so that (on the basis that NC KMG has irrevocably agreed not to accept such tender offers) NC KMG's interest in the total voting share capital of KMG EP (including Common Shares represented by GDRs but excluding Common Shares held in treasury and GDRs held by the Company) increases to 75 per cent. or more, thereby ensuring that NC KMG can pass all the resolutions at EGM 2 so as to enable the Company to implement the Proposals in full.

KMG EP only wishes to acquire GDRs and Common Shares if it can acquire a sufficient number to ensure that NC KMG's interest in the total voting share capital of KMG EP reaches 75 per cent. or more. It would be preferable for the Company to make simultaneous tender offers to the GDR Holders and the holders of Common Shares subject to an appropriate minimum acceptance condition. However, a number of limitations in the JSC Law constrain the way in which KMG EP can make a tender offer for the Common Shares. For example, it is not possible to set such a minimum acceptance level for any tender offer for the Common Shares.

Furthermore, while KMG EP is able to extend the closing date for the acceptance of a tender offer for the GDRs in order to achieve the required number of acceptances, it is not possible to do so under a tender offer for the Common Shares. Once an offer has been made to the holders of Common Shares, no changes may be made to that offer.

It is also not possible under the JSC Law to make a tender offer for the Common Shares conditional on a tender offer for the GDRs becoming unconditional or *vice versa*. So, should the Tender Offer not reach the required level of acceptances, the Company would still be committed to buy the Common Shares, as it would not be possible to withdraw any offer for the Common Shares. Even if a tender offer for all the Common Shares not owned by NC KMG were accepted in full, KMG EP would still need to acquire a further 51,522,354 GDRs to ensure the Proposals are implemented in full.

Launching the Tender Offer first, and then launching the Share Offer should the Tender Offer become unconditional, ensures KMG EP will acquire the requisite number of GDRs to ensure the Proposals can be implemented in full. If the Tender Offer is amended or extended in any way, the Share Offer can then subsequently be made on the same terms ensuring an equality of treatment for GDR Holders and holders of Common Shares.

Should the Tender Offer not become or be declared unconditional, the Company will have no obligation to convene EGM 2 or to make the Share Offer which, even if it was accepted in full, would be insufficient to enable KMG EP to implement the Proposals in full.

#### **4.3 Application for the admission of the GDRs to the official list of KASE and the KASE Tender Offer**

Current Kazakhstan tax legislation provides that any capital gain made by GDR Holders from the OTC Tender Offer represents Kazakhstan-sourced income which will, unless the GDR Holder is able to provide evidence to the satisfaction of the Company that it is a Kazakhstan Holder, be subject to withholding tax to be applied by the Company (acting as tax agent) against the proceeds of the Tender Offer due to accepting GDR Holders. Unless the GDR Holder is able to provide evidence to the satisfaction of the Company that it is a Kazakhstan Holder, the Company will be required to apply

withholding tax to the capital gain made by the GDR Holder on the sale of the GDRs at a rate of 20 per cent. (or, if the Non-Kazakhstan Holder is both (i) a tax resident of, and (ii) either incorporated in, or a citizen of, a Non-Preferential Tax Regime Country, 15 per cent.) and to deduct the same by way of a Withheld Amount from the gains represented by the entire Tender Price payable to the GDR Holder.

However, any gains realised by GDR Holders in relation to the disposal of GDRs that are listed as of the date of sale on the official list of KASE and that are sold to the Company on KASE via an Open Trade transaction will not be subject to such withholding tax.

Accordingly, the Company will apply to KASE for the GDRs to be admitted to listing on the official list of KASE and is making the KASE Tender Offer to allow GDR Holders to sell their GDRs to the Company by way of an Open Trade transaction on KASE. **The Company will not apply any Withheld Amount to the entire Tender Price due to any GDR Holder whose GDRs are sold under the KASE Tender Offer to the Company by way of an Open Trade transaction on KASE.**

Accepting GDR Holders therefore have the option either to accept:

- (a) the OTC Tender Offer and sell their GDRs potentially subject to Kazakhstan withholding tax; or
- (b) the KASE Tender Offer and sell their GDRs free of Kazakhstan withholding tax, regardless of whether or not they are Kazakhstan Holders.

The Company has also made arrangements to allow GDR Holders to open brokerage accounts with SkyBridge Invest, a KASE registered broker, to enable GDR Holders to tender their GDRs and sell them to the Company pursuant to the KASE Tender Offer by way of an Open Trade transaction on KASE. SBI is a licensed brokerage and asset management company in Kazakhstan. Further information on SBI is available on the website of the National Bank of Kazakhstan <http://www.nationalbank.kz/index.cfm?docid=3030&switch=english&view=organization&id=1188> and on SBI's website <https://www.sbinvest.kz/?lang=en>.

GDR Holders are free to open brokerage accounts with any other KASE registered broker but GDR Holders should note that any sales through SBI pursuant to the KASE Tender Offer will be free of commissions and dealing charges.

Details of the procedure for tendering under the Tender Offer (including the procedures for providing evidence to reduce any applicable Withheld Amount) are set out in paragraph 3 of Part V of this document. Further details of Kazakhstan taxation (including the withholding tax) are set out in paragraph 3 of Part VII of this document.

#### **4.4 The Put Option Rights**

In accordance with the JSC Law, Shareholders who do not agree with the Board's decision to launch the Tender Offer or the Board's decision to enter into the irrevocable undertaking with NC KMG or who vote against the Delisting resolutions to be proposed at, or who do not attend, EGM 2 have the right to require the Company to purchase their Shares.

Additionally, in accordance with the JSC Law, GDR Holders who vote against the Delisting resolutions to be proposed at, or who do not appoint a representative to attend, EGM 2 would have the right to require the Company to purchase their GDRs if information about the GDR Holder is disclosed in the KACD system and Common Shares represented by the GDRs become voting shares.

Alternatively, GDR Holders may, on the payment of the applicable fees under the Deposit Agreement, surrender their GDRs for the underlying Common Shares to exercise such Put Option Right. If you have any questions about the surrender procedure, please contact the Depositary, Deutsche Bank Trust Company Americas, 60 Wall Street, 10005-2836 New York, NY, USA, telephone: +1 212 250 9100 and email: [adr@db.com](mailto:adr@db.com).

No Put Option Right will arise in relation to EGM 2, if EGM 2 is not called or the Delisting resolutions are not passed at EGM 2.

A Shareholder or GDR Holder will have 30 calendar days from the date of the relevant triggering event to exercise the Put Option Right. Subject to certain limitations established by the JSC Law (the principal one being the 25 per cent. limit on shares held in treasury referred to in paragraph 4.8 of this Part I), the Company must purchase the Shares and GDRs pursuant to the Put Option Right within 30 calendar days of the exercise of the Put Option Right. Such purchase must be carried out in accordance with a procedure set out in the JSC Law and at a price established by the Share Valuation Methodology, namely at a 10 per cent. discount to:

- (a) if a Shareholder exercises the Put Option Right, the weighted average price of the Common Shares or Preference Shares, as the case may be, traded on KASE on the day of the exercise by the relevant Shareholder of the relevant Put Option Right; or
- (b) if a GDR Holder exercises the Put Option Right, the weighted average price of the GDRs traded on the LSE on the day of the exercise by the relevant GDR Holder of the relevant Put Option Right.

**Any consideration payable by the Company on the exercise of a Put Option Right will be subject to Kazakhstan withholding tax in the same way as the Tender Offer. Any such information should be provided directly to KMG EP. See paragraph 3.3 of Part VII of this document for a description of Kazakhstan withholding tax and the applicable exemptions.**

#### **4.5 Amendments to the Share Valuation Methodology**

The Company has today convened EGM 1 for Shareholders to consider and, if thought appropriate, to approve amendments to the Share Valuation Methodology in the manner set out in the Amended Share Valuation Methodology. Preference Shareholders have no right to vote at EGM 1.

The Share Valuation Methodology currently provides that any voluntary repurchase of Shares traded on an organised securities market will be conducted by the Company at the then current market price. The Amended Share Valuation Methodology will create a distinction between voluntary repurchases of Preference Shares and voluntary repurchases of Common Shares and GDRs. Any voluntary repurchase by the Company of Preference Shares traded on an organised securities market will be conducted at the then current market price, whereas any voluntary repurchase of Common Shares or GDRs traded on an organised securities market will be conducted either at the then current market price or at any other price taking into account the market value of Common Shares or GDRs and the value of the Company's assets and the prospect of any change in the Company's assets in accordance with the development plans of the Company and other factors. These amendments are required in order for the Company to implement the Share Offer. The Tender Offer is conditional on the approval of the Amended Share Valuation Methodology at EGM 1.

These changes do not apply to any purchase by the Company of Shares or GDRs under the Put Option Rights.

GDR Holders who accept the Tender Offer before EGM 1 will irrevocably undertake to vote in favour of the resolution at EGM 1.

#### **4.6 Amendments to the Deposit Agreement**

The Deposit Agreement contains undertakings by the Company to use its best endeavours to maintain a listing for the GDRs. In view of the Company's intention to delist the GDRs, the Company has agreed with the Depositary to amend the Deposit Agreement to remove such obligations by entering into the Amended Deposit Agreement. Details and notice of this change and certain other amendments to be made to the Deposit Agreement are set out in paragraph 12 of this Part I.

#### **4.7 The Share Offer**

Subject to the Tender Offer becoming unconditional in all respects, the Company will make the Share Offer for all the Common Shares in issue or to be issued. NC KMG has irrevocably undertaken to ensure that the Share Offer is made upon the Tender Offer becoming unconditional in all respects.

The Share Offer will be made at the Share Price but payable in Tenge. The Share Price in Tenge at which the Company will offer to purchase Common Shares on KASE on each Settlement Date will be calculated and converted into Tenge (rounded up to two decimal places) using the official US dollar:Tenge exchange rate as published by the National Bank of Kazakhstan on its website on the relevant Settlement Date.

The Share Offer, if made, will be wholly unconditional, will be open for acceptance for the same period as the Tender Offer remains open until its Closing Date (as such date may be extended), but it will not be extended beyond that period and the Share Price will not be increased.

#### **4.8 Cancellation and exchange of the GDRs acquired pursuant to the Tender Offer into Common Shares**

Assuming the Tender Offer is successful, KMG EP intends in due course to surrender all the GDRs it acquires in exchange for the underlying Common Shares which it will then hold in treasury. However, under the JSC Law, the total number of Shares bought back or held in treasury cannot exceed 25 per cent. of the Company's issued share capital, which is equivalent to 18,589,261 Shares as at 30 November 2017 (being the latest practicable date prior to the publication of this document). The Company holds 4,866,767 Shares in treasury as at 30 November 2017 (being the latest practicable date prior to the publication of this document), meaning that headroom is available to hold a further 13,722,494 Shares in treasury.

Before EGM 2 is held, KMG EP will exchange up to 53,908,494 of the GDRs it has acquired through participation by GDR Holders in the Tender Offer for the 8,984,749 Common Shares underlying those GDRs. The Company will also convert 5,959,348 GDRs it holds in trust into Common Shares. Such Common Shares will be held by the Company in treasury.

Assuming that all Common Shares are purchased from the Common Shareholders and the cancellation and exchange of GDRs representing 8,984,749 Common Shares, after completion of the Tender Offer the Company will hold 15,242,431 Shares in treasury (being 20.5 per cent. of the Company's issued share capital), and will have headroom available to hold a further 3,346,830 Shares in treasury, which could be used in the event that any Shareholders or GDR Holders exercise a Put Option Right.

On the cancellation and exchange of such GDRs for Common Shares, NC KMG will have an interest in at least 75 per cent. of the total voting share capital of the Company (including Common Shares represented by GDRs but excluding Common Shares held in treasury and GDRs held by the Company).

The remaining GDRs will continue to be held by KMG EP and the Amended Deposit Agreement will remain in effect until the Company is able to hold further Common Shares in treasury and surrender the balance of the GDRs for Common Shares. Given the prohibition in the JSC Law, there is no guarantee KMG EP will be able to surrender all of the GDRs it acquires.

#### **4.9 Amendments to the Charter**

Subject to the Tender Offer becoming unconditional in all respects, the Company will convene EGM 2 for Shareholders to consider and, if thought appropriate, to approve the Delisting (as required by the Charter) and certain amendments to the Charter to become effective on the LSE Delisting. Preference Shareholders have no right to vote at EGM 2.

The principal amendments to the Charter, which are in line with Kazakhstan Laws, to be proposed at EGM 2 are as follows:

- (a) to change the required majority to pass resolutions of the Shareholders on certain matters specified in the Charter, including on the delisting of the Company's securities and amendments to the Charter from a qualified majority (i.e. 75 per cent.) of the total number of voting Shares in issue to a simple majority of votes exercised at the meeting;
- (b) to change the requirement for resolutions of the Board on certain matters specified in the Charter to be adopted by a majority vote of the Directors (including a majority vote of the INEDs) present at the relevant meeting to a simple majority vote of the Directors present at the meeting;
- (c) to remove the express right of the INEDs to engage professional consultants to advise them at the expense of the Company (without prejudice to any engagement entered into prior to EGM 2);
- (d) to change the requirement for the agenda of all Board meetings to be approved by the majority of the INEDs present at the relevant meeting to a simple majority of vote of all the Directors present at the meeting;
- (e) to change the quorum required for a duly authorised meeting of the Board from two thirds to one half of all the Directors; and
- (f) to change the requirement that two-thirds of the INEDs be present for a Board meeting to be quorate.

The provisions in the Charter requiring not less than 30 per cent. of the Board to be INEDs will be retained, as will the requirement that the quorum for a Board meeting considering a related party transaction consist of least 2 Directors not related to (or deemed to be related to) such transaction.

Notwithstanding the proposed amendments to the Charter, the Board of KMG EP is expected to remain unchanged immediately following Delisting, and no changes to the remuneration of the INEDs or the terms of appointment of the INEDs will be made as a consequence of the Proposals.

#### **4.10 The LSE Delisting and the KASE Delisting**

Subject to the successful completion of the Tender Offer, the resolutions being passed at EGM 2 and the expiry of the Share Offer, KMG EP intends to apply for the cancellation of the listing of the GDRs on the Official List and of their trading on the LSE and the cancellation of the admission of the Common Shares and the GDRs to the official list of KASE. The Delisting would take effect following the expiry of the final Put Option Right which will arise following EGM 2.

#### **4.11 The termination of the Relationship Agreement**

The LSE Delisting will result in the termination of the Relationship Agreement. Further details of the Relationship Agreement and the protections it provides are set out in paragraph 14 of this Part I.

#### **4.12 Applicability of this document**

While this document gives a summary of all the Proposals, it relates solely to the Tender Offer. The availability of the Put Option Right that has arisen for Shareholders who do not agree with the Board's decision to launch the Tender Offer or the Board's decision to enter into the irrevocable undertaking with NC KMG has today been announced by the Company. The details of:

- (g) EGM 1 and EGM 2 will be set out in the notices sent to Shareholders convening such meetings;
- (h) the Share Offer will be set out in the document making the Share Offer; and
- (i) the Put Option Right that will arise in connection with EGM 2 will be set out in the announcement by the Company of the availability of the Put Option Right.

GDR Holders should receive the notices of the EGMs in accordance with the usual provisions for general meetings of Shareholders, subject to the terms of the Deposit Agreement.

In the event of any inconsistency between such notices, documents or announcements (as the case may be) and this document, the notices, documents or announcements (as the case may be) shall prevail.

### **5. The Preference Shares**

The Preference Shares pre-date both the admission of the Common Shares to the official list of KASE and the listing of the GDRs on the Official List and their admission to trading on the LSE. The Preference Shares were originally offered to employees of predecessor companies of KMG EP in the 1990s and are held by current and former employees of the KMG EP Group.

Historically, many of the holders have viewed the Preference Shares as giving them an interest in the wider NC KMG Group. Furthermore, the Board considers that the Preference Shares constitute an important form of incentivisation for the workforce, enabling the Company to reward the holders with future dividend payments and to pass the Preference Shares on as part of their inheritance. Given that historically Preference Shares were provided mainly to employees of production teams of the KMG EP Group, the Board believes it is in the best interests of the Company and for the maintenance of social stability in the regions not to acquire the Preference Shares.

For these reasons and as the JSC Law does not require the Company to extend a voluntary buyback offer to the holders of the Preference Shares as a result of any of the Proposals, the Company does not intend to make any voluntary offer for the Preference Shares or to seek the delisting of the Preference Shares from the official list of KASE. Holders of Preference Shares will, however, be able, if they wish, to exercise their Put Option Rights as explained in paragraph 4.4 of this Part I.

## **6. The Tender Offer**

### **6.1 Overview of the Tender Offer**

As at 30 November 2017 (being the latest practicable date prior to the publication of this document) there were 70,220,935 Common Shares in issue, of which 2,793,620 were held in treasury and 143,655,714 GDRs in issue, of which 6,670,408 GDRs were held by the Company.

KMG EP will implement the Tender Offer by acquiring the successfully tendered GDRs at the Tender Price.

The Tender Offer is being made to all Qualifying GDR Holders for all and any GDRs in issue. Qualifying GDR Holders may tender all, some or none of their respective GDRs.

The entire consideration to be paid by KMG EP in respect of the Tender Offer will be US\$1.92 billion assuming: (i) the Tender Offer is accepted by all GDR Holders in respect of all outstanding GDRs; and (ii) no change in the number of GDRs in issue as at 30 November 2017 (being the latest practicable date before the publication of this document). This amount may change if some of the GDRs are surrendered for Common Shares (or *vice versa*) and/or Common Shares and/or GDRs are issued or GDRs are transferred to the holders of Options as a result of the exercise of Options after 30 November 2017 (being the latest practicable date before the publication of this document).

### **6.2 How to participate in the Tender Offer**

Qualifying GDR Holders who desire to tender all or any part of their GDRs pursuant to the Tender Offer should follow the procedures set forth in paragraph 18 of this Part I and in paragraph 3 of Part V of this document.

#### **(a) OTC Tender Offer**

A GDR Holder (or the direct participant of Euroclear or Clearstream, as the case may be, holding on behalf of such holder) holding Regulation S GDRs who wishes to tender under the OTC Tender Offer must tender through either Euroclear or Clearstream, as the case may be. A GDR Holder (or direct participant of DTC on behalf of such holder) holding Rule 144A GDRs who wishes to tender under the OTC Tender Offer must tender through DTC's system.

The ISIN and Common Codes of the Regulation S GDRs and Rule 144A GDRs are set out in paragraph 10(g) of Part VIII of this document.

The procedure for tendering under the OTC Tender Offer is set out in paragraph 3 of Part V of this document.

GDR Holders must provide the OTC Tax Declaration Form as a cover document to any evidence provided pursuant to paragraph 3.3 of Part V of this document, to enable the Company and the Tender Agent to process the other evidence provided, and to ensure the Company is able to contact the GDR Holder to remedy any defects in the required evidence.

Paragraph 3.3 of Part V of this document contains further details of the evidence the Company will accept in relation to tax residence, original purchase price and incorporation or citizenship (as applicable) and the procedure for providing it to the Tender Agent on behalf of the Company.

**We recommend that GDR Holders wishing to accept the OTC Tender Offer provide evidence of their tax residence and, in the case of Non-Kazakhstan Holders, of the original purchase price for their GDRs and of their incorporation or citizenship so as to be received by the Tender**

Agent at The Bank of New York Mellon, Depository Receipts, 101 Barclay Street, 22nd Floor, New York, New York 10286, USA (attention: Agness Moskovits) and queries to have been resolved at least two weeks before the Settlement Date falling after the date on which they accept the OTC Tender Offer. The Bank of New York Mellon can be contacted at DRProjectAspan@bnymellon.com. If a GDR Holder accepts the Tender Offer prior to the first Settlement Date but the evidence as to tax residence, original purchase price and incorporation or citizenship is not received or outstanding queries are not resolved by the first Settlement Date, that GDR Holder's proceeds of the Tender Offer may be subject to a higher Withheld Amount than would otherwise be the case.

Please read paragraph 3 of Part V of this document carefully to ensure that you have sufficient time to prepare all documents required to be submitted to the Tender Agent on behalf of the Company.

The Company reserves the absolute right to reject tenders under the OTC Tender Offer determined not to be in the appropriate form, such determination to be at the Company's sole discretion.

**(b) KASE Tender Offer**

If you wish to tender your GDRs to the Company under the KASE Tender Offer you should:

- complete, sign, have witnessed and deliver, or cause to be delivered, to the Company's Receiving Agent, Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU an original signed KASE Tender Form in accordance with this document and the instructions on the KASE Tender Form so as to be received by 1.00 p.m. on the First Closing Date. Link Asset Services cannot accept submission of forms by email or facsimile;
- if you do not have a brokerage account with a KASE Broker, immediately open a brokerage account with SkyBridge Invest in accordance with the service arranged by the Company or with any other KASE Broker;
- transfer the tendered GDRs into KACD's participant account in Euroclear or Clearstream to hold on your behalf; and
- instruct such KASE Broker to sell your GDRs to the Company by way of an Open Trade transaction on KASE at the earliest opportunity in time for the next Settlement Date (and at the latest by the day which is one day before the final Settlement Date).

The procedure for tendering under the KASE Tender Offer is set out in paragraph 4 of Part V of this document.

Further information on setting up a brokerage account with SBI and the procedure for arranging a sale of the GDRs on KASE is set out in paragraph 4.3 of Part V of this document and on SBI's website at <https://www.sbinvest.kz/manual/?lang=en>.

A GDR Holder who tenders GDRs in the KASE Tender Offer will irrevocably undertake in the KASE Tender Form not to withdraw their tender.

**YOUR ACCEPTANCE OF THE KASE TENDER OFFER IS AN IRREVOCABLE COMMITMENT TO SELL YOUR GDRS TO THE COMPANY, MEANING YOU MUST NOT SELL ANY OF THOSE GDRS TO ANOTHER THIRD PARTY. ANY SALE TO A THIRD PARTY OF GDRS ACCEPTED**

**INTO THE KASE TENDER OFFER WILL BE A BREACH OF THE TERMS OF THE KASE TENDER OFFER.**

Please read paragraph 4 of Part V of this document carefully. Please ensure that you have sufficient time to prepare and submit to the KASE Broker you choose all documentation and information required to enable the brokerage account to be opened and the appropriate sell instructions to be given by you to the KASE Broker at the latest by the day before the final Settlement Date. If you experience or envisage any difficulties in opening a brokerage account with a KASE Broker you are strongly recommended to consider tendering your GDRs in the OTC Tender Offer and to telephone Link Asset Services on +44 371 664 0321 for further information.

### **6.3 General**

**Once made, any tender of GDRs will be irrevocable.** Any tendered GDRs may not be surrendered for the Common Shares represented by such GDRs and any Qualifying GDR Holder tendering their GDRs will not be able to revoke or withdraw such instruction.

**The Tender Offer will lapse at 3.00 p.m. on the First Closing Date, which is 22 January 2018, unless it has become unconditional or is extended by means of an announcement through a Regulatory Information Service. GDR Holders are therefore urged to tender their GDRs as soon as possible and in any event so as to be received no later than such time and date.**

If it becomes unconditional in all respects, the Tender Offer will remain open for acceptances until 3.00 p.m. on the Final Closing Date.

**Successfully tendered GDRs will be purchased free of commissions and dealing charges (including any relating to an Open Trade transaction through SBI) which will be for the account of the Company. However, if you tender your GDRs pursuant to the KASE Tender Offer and engage a KASE Broker other than SBI you will be liable to pay their commissions and dealing charges.**

Qualifying GDR Holders may be charged a fee by a brokerage firm or similar nominee for processing tenders under the OTC Tender Offer on their behalf.

GDR Holders who accept the Tender Offer before EGM 1 will irrevocably undertake to vote in favour of the resolution at EGM 1.

### **6.4 Circumstances in which the Tender Offer may not proceed**

The Tender Offer is made on the terms and subject to the Tender Conditions and other conditions set out in this document. The Tender Conditions are:

- the GDRs having been admitted to the official list of KASE;
- KMG EP having received valid acceptances of the Tender Offer in respect of 53,908,494 GDRs, which as at 30 November 2017 (being the latest practicable date prior to the publication of this document) represent approximately 39.4 per cent. of the GDRs in issue (excluding GDRs held by the Company); and
- the passing of the resolution at EGM 1.

The Acceptance Condition may be waived by the Company if it has not been satisfied by the Final Closing Date.

## **6.5 Full terms and conditions of the Tender Offer**

Full details of the Tender Offer, including the terms and conditions on which it is made, are set out in Part V of this document.

Some questions and answers related to the Tender Offer are set out in Part IV of this document.

## **6.6 Recommendation by the INEDs**

Your attention is drawn to the letter in Part II of this document from the INEDs unanimously recommending all Qualifying GDR Holders to accept the Tender Offer.

## **6.7 Action to be taken**

Qualifying GDR Holders should refer to paragraph 18 of this Part I, and to the full details of the applicable procedures and related timings set out in Part V of this document for the action to be taken in respect of the Tender Offer.

Qualifying GDR Holders are not obliged to tender any of their GDRs if they do not wish to do so. If no action is taken by Qualifying GDR Holders there will be no change to the number of GDRs they hold and they will receive no cash as a result of the Tender Offer. However, your attention is drawn to the consequences for GDR Holders who do not accept the Tender Offer set out in paragraph 16 of this Part I and to the risk factors in Part III of this document.

You should read the whole of this document and not rely solely on the information in this letter.

## **7. Current trading and prospects**

### **7.1 The Company's current trading**

The Company announced its consolidated interim results for the nine months ended 30 September 2017 on 13 November 2017. The announcement referred to the following financial results:

- revenue for the period was up 29 per cent. year-on-year at KZT666 billion (US\$2,059 million<sup>1</sup>). This was largely a result of a 24 per cent. increase in the price of Brent, a higher share of export sales and the switch to the processing scheme in April 2016, partially offset by a 6 per cent. decrease in the average Tenge:US dollar exchange rate;
- net profit for the period was KZT168 billion (US\$521 million) compared to KZT76 billion (US\$220 million) in the same period in 2016. Net cash generated from operating activities was KZT184 billion (US\$570 million) compared to KZT108 billion (US\$314 million) in the same period in 2016;
- EBITDA<sup>2</sup> for the period was KZT181 billion (US\$559 million) compared to KZT123 billion (US\$359 million) in the same period in 2016;
- net cash position<sup>3</sup> as at 30 September 2017 was KZT1,360 billion (US\$4.0 billion) compared to KZT1,172 billion (US\$3.5 billion) as at 31 December 2016;
- KMG EP, including its stakes in Kazgermunai (“**KGM**”), Karazhanbasmunai (“**CCEL**”) and PetroKazakhstan Inc. (“**PKI**”), produced 8,884 thousand tonnes of crude oil (240 kbopd), a 3 per cent. decrease over the same period in 2016;

- Ozenmunaigas JSC (“**OMG**”) produced 4,092 thousand tonnes (110 kbopd), a 2 per cent. decrease year on year, mainly due to lower level of production from the existing well stock. Embamunaigas JSC (“**EMG**”) produced 2,117 thousand tonnes (57 kbopd), 0.2 per cent. less than in the same period of 2016. The total volume of oil OMG and EMG produced was 6,209 thousand tonnes (167 kbopd), a 1 per cent. decrease compared to the same period of 2016;
- the Company’s share of production from KGM, CCEL and PKI for the period amounted to 2,675 thousand tonnes of crude oil (73 kbopd), 6 per cent. less than in the same period of 2016. This was mainly driven by a natural decline in oil production at PKI, which produced 13.5 per cent. per day less than in the same period of 2016;
- production expenses for the period were KZT230 billion (US\$713 million), up 18 per cent. compared to the same period in 2016. This was mainly due to a 13 per cent. increase in employee benefit expenses, the recognition of a reserve for environmental remediation obligations, additional processing expenses related to the new processing scheme, as well as higher repair and maintenance expenses, partially offset by a change in crude oil balance;
- capital expenditures for the period totalled KZT76 billion (US\$235 million), up 6 per cent. compared to the same period in 2016. This was primarily due to an increase in purchases of fixed assets and higher expenses related to hydraulic fracturing works performed on the new wells at OMG, which was partially offset by a decrease in capital expenditures directed towards the construction and modernisation of production facilities and a reduction in volumes of production drilling; and
- the Company plans capital expenditures for 2017 at the level of KZT136 billion (US\$378 million), which is KZT21 billion above the KZT115 billion (US\$337 million) spent in 2016.

Notes:

1 Amounts shown in US dollars have been translated solely for the convenience of the reader at the average rate over the applicable period for information derived from the consolidated statements of income and consolidated statements of cash flows and the end of the period rate for information derived from the consolidated balance sheets (average rates for the first nine months of 2017 and first nine months of 2016 were KZT323.30 and KZT344.00 to the US dollar, respectively; the period end rates at 30 September 2017 and 31 December 2016 were KZT341.19 and KZT333.29 to the US dollar, respectively).

2 EBITDA is calculated by adding back the share of income in equity-accounted entities, finance income and non-cash expenses such as depreciation and amortisation to the Company's operating profit.

3 Cash, cash equivalents and other financial assets less borrowings.

## **7.2 Corporate structure and corporate governance following implementation of the Proposals**

The strategic goal is to take KMG EP private with the minimal number of minority GDR Holders and holders of Common Shares left after the Delisting.

The Board of KMG EP understands that the ultimate post-transaction corporate structure is yet to be determined by NC KMG. KMG EP, amongst other options, may remain a subsidiary of NC KMG or may be reorganised in accordance with Kazakhstan Laws, including the JSC Law.

KMG EP understands that if KMG EP remains a separate legal entity, its corporate governance and the Charter would be fully aligned with Kazakhstan Laws, including the JSC Law. The proposed amendments to the Charter and to the Share Valuation Methodology are described in this document, although the Charter and other corporate governance documents may be changed in the future.

## **8. Irrevocable undertaking**

NC KMG supports the Proposals and has irrevocably undertaken to KMG EP not to sell its Shares or GDRs whether as part of either the Tender Offer or the Share Offer or otherwise, until the final Settlement Date.

NC KMG has further irrevocably undertaken to exercise the voting rights attaching to its Shares and any voting rights that it controls on the Board, to procure: (i) that the application required in connection with the Listing Condition is made, (ii) that the notice convening EGM 1 is sent by the Company, and (iii) once the Tender Offer becomes unconditional, that the Tender Offer shall be held open for further acceptances until the Final Closing Date, that the notice convening EGM 2 is sent by the Company, and that the Share Offer is made at the Share Price.

NC KMG has also irrevocably undertaken to vote in favour of the resolutions to be proposed at EGM 1 and EGM 2.

The giving of the irrevocable undertaking by NC KMG does not constitute a breach of the Relationship Agreement.

As at 30 November 2017 (being the latest practicable date prior to the publication of this document), NC KMG held 43,087,006 Common Shares (including Common Shares represented by GDRs), being approximately 58 per cent. of the 74,357,042 Shares (including Common Shares represented by GDRs) in issue. Prior to EGM 2 and after GDRs representing 8,984,749 Common Shares are converted into Common Shares, NC KMG will control at least 75 per cent. of the voting share capital of KMG EP.

## **9. Financing of the Tender Offer**

It is estimated that full acceptance of the Tender Offer and the Share Offer (other than by NC KMG) would require the payment by KMG EP of an amount of approximately US\$1.95 billion (including Tenge equivalents in respect of the Share Offer) in cash. Such payment, together with the funds required to fulfil any exercise of the Put Option Rights, will be funded from the existing cash reserves of the Company.

## **10. Company share options**

As at 30 November 2017 (being the latest practicable date prior to the publication of this document), there were options outstanding over GDRs representing 118,510 Common Shares. All such options were granted under a share plan to incentivise and reward key employees, senior executives and members of the Board, except for the INEDs. The exercise prices of the outstanding options are equal to the market price of the GDRs on the respective dates of grant of the options. The exercise of the options is not subject to the attainment of performance conditions. The options all vested on the third anniversary of the respective dates of grant and are exercisable until the fifth anniversary from the respective vesting dates.

Further details of the outstanding options and their exercise prices (which are all in excess of the Tender Price) are set out in paragraph 5 of Part VIII of this document.

## 11. Overseas GDR Holders

The Tender Offer is not being made, and will not be made, directly or indirectly, in or into any Restricted Jurisdiction.

The attention of GDR Holders who are not resident in the United Kingdom, the United States or Kazakhstan is drawn to paragraph 7 of Part V of this document.

**The availability of the Tender Offer to GDR Holders who are not resident in the United Kingdom, the United States or Kazakhstan may be affected by the laws of their relevant jurisdiction. Such persons should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction. If you remain in any doubt, you should consult your professional adviser in the relevant jurisdiction without delay.**

## 12. Notice of certain amendments to the Deposit Agreement

The Deposit Agreement contains an undertaking by the Company to use its best endeavours to maintain, so long as any GDR is outstanding, a listing for the GDRs on the Official List and admission to trading on the LSE. In the event that the listing on the Official List and admission to trading on the LSE is not maintained, the Deposit Agreement also contains an undertaking that the Company must use its best endeavours to obtain and maintain a listing of the GDRs on any other internationally recognised stock exchange in Europe.

In view of the Company's intention to delist the GDRs, the Company has agreed with the Depositary to remove these obligations to maintain such listings by entering into the Amended Deposit Agreement. In addition to removing such listing obligations, the Amended Deposit Agreement also reduces the notice periods for the termination of the Amended Deposit Agreement from 90 days to 30 days, such removal to take effect on the passing of the Delisting resolution at EGM 2, which shall occur no earlier than three months from the date of this document.

As required under the terms of the Deposit Agreement, the Company has today separately given three months' notice to the GDR Holders of such amendments to the Deposit Agreement.

During such period of three months, each GDR Holder is entitled to obtain, subject to and upon compliance with condition 1 of the Amended Deposit Agreement, delivery of the Deposited Property attributable to each GDR held by it upon surrender of the relevant GDR, payment of the charge for such delivery and surrender specified in, and otherwise in accordance with, the Amended Deposit Agreement.

Each GDR Holder at the time when such amendments become effective shall be deemed, by continuing to hold a GDR, to approve, and to be bound by the terms of, such amendments. Such amendments will not impair the right of any GDR Holder at any time to receive, subject to and upon compliance with condition 1 of the Amended Deposit Agreement, the Deposited Property attributable to the relevant GDR.

On the termination of the Amended Deposit Agreement by the Company, the Depositary would in accordance with the terms of the Amended Deposit Agreement sell the Common Shares (and any other deposited property then held by it) represented by the remaining GDRs and would deliver the net proceeds of such sale (together with any other cash then held by it) pro rata to those GDR Holders who have not previously surrendered their GDRs.

As a result, the Amended Deposit Agreement may be terminated at a later stage depending on the number of GDRs then outstanding.

### **13. Delisting**

Subject to the successful completion of the Tender Offer, the resolutions being passed at EGM 2 and the expiry of the Share Offer, KMG EP intends to apply for the cancellation of the listing of the GDRs on the Official List and of their admission to trading on the LSE and the cancellation of the admission of the Common Shares and the GDRs to the official list of KASE.

In any event, the Listing Rules require a free float of at least 25 per cent. of the total number of issued GDRs be maintained at all times, a requirement which the Company is unlikely to be able to meet following any material acquisitions of GDRs by the Company under the Tender Offer.

Under the Listing Rules, the Company must advise the FCA of a delisting of the GDRs from the Official List not less than 20 business days before the date it intends the listing to be cancelled. Under the Admission and Disclosure Standards, the Company must advise the LSE of the delisting from the LSE not less than 20 business days before the date it intends trading in the GDRs to be discontinued.

The Company will submit notices to cancel the admission of the GDRs to the Official List and to trading on the LSE after both the notice of the amendments to the Deposit Agreement and the Put Option Right which will arise after EGM 2 have expired.

On such notices becoming effective and on the passing of the Delisting resolution at EGM 2, the Relationship Agreement shall terminate immediately.

The Company will also submit an application for the delisting of the Common Shares and the GDRs with a view to the Listing Commission of KASE approving the KASE Delisting after the expiry of the Put Option Period which will arise after EGM 2.

### **14. Termination of the Relationship Agreement on the LSE Delisting**

The Relationship Agreement was entered into between the Company and NC KMG on 8 September 2006 and regulates, in part, the degree of control that NC KMG exercises over the Company. The principal purposes of the Relationship Agreement are to ensure that:

- (a) the Company is capable of carrying on its business as a self-dependent and free-standing business from NC KMG and of any of its affiliates and in the best interests of shareholders as a whole; and
- (b) the Company's transactions and relationships with NC KMG and its affiliates are at arm's length and on normal commercial terms.

The Relationship Agreement is regulated by Kazakhstan Laws.

The Relationship Agreement and the protections for the GDR Holders and the minority holders of Common Shares contained in it will terminate automatically on the LSE Delisting.

Further details of the Relationship Agreement and the protections it contains are set out in paragraph 8 of Part VIII of this document.

### **15. Absence of compulsory acquisition procedures**

Neither the Charter nor the JSC Law provides for any mechanism whereby a person acquiring a minimum percentage of the total issued share capital of the Company is able compulsorily to require the remaining minority Shareholders and GDR Holders to transfer their Shares and GDRs to such

person, whether pursuant to a takeover offer or otherwise. Furthermore, the provisions of the Takeover Code do not apply to the Company.

There is no obligation on either KMG EP or NC KMG to make further purchases of the GDRs or the Shares following the completion of the Tender Offer. Accordingly, there is no guarantee that those Qualifying GDR Holders who decide not to tender any of their GDRs under the Tender Offer will receive a further opportunity to sell their GDRs to KMG EP or NC KMG other than pursuant to the Share Offer and a Put Option Right. Any compensation received following termination of the Amended Deposit Agreement may be less than that offered pursuant to the Tender Offer.

#### **16. Consequences for GDR Holders who do not accept the Tender Offer if the Proposals are implemented in full**

Provided the Tender Conditions are satisfied (or, in the case of the Acceptance Condition only, waived), EGM 2 will be convened and the resolutions to be proposed at EGM 2 will also be passed due to the irrevocable undertaking given by NC KMG. Accordingly, after the holding of EGM 2 the Company will send the required notices to the FCA and the LSE to request the LSE Delisting and to KASE to request the KASE Delisting occurs. In other words, if the Tender Conditions are satisfied (or, in the case of the Acceptance Condition only, waived), it follows that Delisting will occur.

GDR Holders who do not or who cannot accept the Tender Offer should note that, following the implementation in full of the Proposals including the completion of the Tender Offer and the Delisting:

- their GDRs would continue in existence as unlisted securities and, although they would be able to surrender any of their GDRs for the Common Shares represented by those GDRs upon the payment of charges to the Depositary pursuant to the terms of the Amended Deposit Agreement, those Common Shares would also be unlisted;
- they would no longer be able to sell their GDRs through a public stock market and it is likely that there would only be limited opportunities for them to realise their investment as the Company does not intend to put in place a replacement trading programme; accordingly, the Delisting would significantly reduce the liquidity and marketability of any GDRs not tendered under the Tender Offer;
- there is no guarantee that those Qualifying GDR Holders who do not accept the Tender Offer would receive an offer from KMG EP or NC KMG to acquire their GDRs (or the Common Shares represented by such GDRs) other than the Share Offer and the Put Option Rights;
- NC KMG would materially increase its interest in KMG EP and the Relationship Agreement would terminate in accordance with its terms; accordingly, NC KMG would exercise a significant influence over the affairs of the Company, including, *inter alia*, having the right to vote in its sole discretion on the election of INEDs in accordance with Kazakhstan Laws;
- KMG EP's cash resources will be reduced to the extent of the entire consideration to be paid by KMG EP in respect of the Tender Offer;
- the minority protection provisions currently in the Charter will no longer apply as described in paragraph 4.9 of Part I of this document;
- the Company would no longer be required to comply with MAR or any of the Listing Rules or the Disclosure Guidance and Transparency Rules applicable to non-UK companies with depositary receipts admitted to the Official List and to trading on the LSE including the requirements to, *inter alia*, announce inside information (such as material transactions) or to

announce final results; accordingly, the Company would only be required to comply with Kazakhstan Laws in respect of corporate governance;

- the Delisting may have implications for GDR Holders, for example, those who are required only to hold listed securities, or those who will hold more than 0.1 per cent. of the securities of the Company, who may require the consent of the competent authority in Kazakhstan for any future disposal of their Shares or GDRs; and
- the Amended Deposit Agreement may in future be terminated by the Company, the Common Shares represented by the remaining GDRs sold by the Depositary and the net proceeds distributed *pro rata* to those GDR Holders who have not previously surrendered their GDRs; accordingly, the sum per GDR received by the remaining GDR Holders in such a situation is likely to be significantly less than the Tender Price. The Company and the Depositary have amended the Deposit Agreement by entering into the Amended Deposit Agreement to reduce the notice periods for the termination of the Amended Deposit Agreement from 90 days to 30 days, such amendments to take effect on the passing of the Delisting resolution at EGM 2, which shall occur no earlier than three months from the date of this document.

Your attention is drawn to the action to be taken by Qualifying GDR Holders who wish to tender the GDRs pursuant to the Tender Offer set out in paragraph 18 of this Part I.

## **17. Taxation**

### **17.1 Guide to certain UK, US and Kazakh tax consequences**

A guide to certain UK tax consequences of the Tender Offer for Qualifying GDR Holders under current UK law and H.M. Revenue & Customs practice is set out in paragraph 1 of Part VII of this document, a guide to certain US tax consequences of the Tender Offer for Qualifying GDR Holders under current US law is set out in paragraph 2 of Part VII of this document and a guide to certain Kazakh tax consequences of the Tender Offer for Qualifying GDR Holders under current Kazakhstan Laws is set out in paragraph 3 of Part VII of this document.

Any Qualifying GDR Holder who chooses to participate in the Tender Offer who is intending to accept the Tender Offer from the US, who has provided a US address or whose sale proceeds would be paid to an account maintained in the US is referred to the guide to certain aspects of the US information reporting and backup withholding rules set out in paragraph 2 of Part VII of this document.

### **17.2 Kazakhstan withholding tax**

**GDR Holders should read the description of Kazakhstan taxation (including Kazakhstan withholding tax) set out in paragraph 3 of Part VII of this document.**

#### **(a) Overview**

**Current Kazakhstan tax legislation provides that any capital gain made by a GDR Holder from the sale of GDRs to the Company represents Kazakhstan-sourced income.** The Company, acting as tax agent, is required to apply withholding tax against the gains to the GDR Holders represented by the proceeds of the Tender Offer, unless certain exemptions apply.

There are certain exemptions to the obligation on the Company to withhold Kazakhstan withholding tax, of which those most likely to apply to the Tender Offer are: (i) an exemption for any GDR Holder which is a Kazakhstan Holder; or (ii) an exemption for any GDRs listed in Kazakhstan and sold by way of an Open Trade transaction on KASE.

**(b) OTC Tender Offer**

*Withholding tax applicable*

Under the OTC Tender Offer GDR Holders may tender their GDRs to the Company on the terms and conditions of this document for settlement over-the-counter.

A sale of GDRs by way of a tender through the Clearing Systems is treated for the purposes of Kazakhstan tax legislation as an over-the-counter transaction to which any applicable Kazakhstan withholding tax must be applied.

In the absence of evidence to the satisfaction of the Company of the tax residence of a GDR Holder together with, for a Non-Kazakhstan Holder only, evidence of the original purchase price for tendered GDRs and the incorporation or citizenship (as applicable) of that GDR Holder, the Company will, by way of the Withheld Amount, withhold from the sum payable by it to the Tender Agent, an amount equal to 20 per cent. of the entire Tender Price otherwise due to a GDR Holder.

GDR Holders accepting the OTC Tender Offer should provide evidence to the Company regarding their tax residence and (in the case of Non-Kazakhstan Holders) regarding the original purchase price of the GDRs they tender and of their incorporation or citizenship (as set out in more detail in paragraph 3.3 of Part V of this document).

**GDR Holders are solely responsible for ensuring their GDRs are validly tendered and for the timely delivery of all other documents required under the procedures for tendering GDRs under the Tender Offer in this document (including the provision of evidence to the Tender Agent so as to mitigate the amount of the Withheld Amount).**

*Evidence of Kazakhstan tax residence*

The Company will not apply a Withheld Amount to the Tender Price due to a GDR Holder in connection with the OTC Tender Offer if the GDR Holder provides, to the satisfaction of the Company, the evidence referred to in paragraph 3.3(b) of Part V of this document that it is a Kazakhstan Holder.

*Evidence of original purchase price*

If the GDR Holder provides, to the satisfaction of the Company the evidence referred to in paragraph 3.3(c) of Part V of this document of the original purchase price of the validly tendered GDRs, the gains made by the GDR Holder on the disposal of such GDRs in connection with the OTC Tender Offer shall be determined by the Company as any excess of the Tender Price over such original purchase price of such GDRs (i.e. the historical purchase price paid by the GDR Holder for such GDRs).

*Evidence of tax residence and registration*

If the GDR Holder provides, to the satisfaction of the Company, the evidence referred to in paragraph 3.3(d) of Part V of this document showing that the GDR Holder is both a tax resident of a Non-Preferential Tax Regime Country (other than Kazakhstan) and either (in the case of a legal entity) incorporated in, or (in the case of an individual) a citizen of, a Non-Preferential Tax Regime Country, the Company will calculate the Withheld Amount using a rate of 15 per cent. of the Tender Price, or any excess of the Tender Price over such original purchase price of such GDRs (as the case may be).

### *Further information*

GDR Holders must provide the OTC Tax Declaration Form as a cover document to any evidence provided pursuant to paragraph 3.3 of Part V of this document, to enable the Company and the Tender Agent to process the other evidence provided, and to ensure the Company is able to contact the GDR Holder to remedy any defects in the required evidence.

**Paragraph 3.3 of Part V of this document contains further details of the evidence the Company will accept in relation to tax residence, original purchase price and incorporation or citizenship (as applicable) and the procedure for providing it to the Tender Agent on behalf of the Company.**

**We recommend that GDR Holders wishing to accept the OTC Tender Offer provide evidence of their tax residence and, in the case of Non-Kazakhstan Holders, of the original purchase price for their GDRs and of their incorporation or citizenship so as to be received by the Tender Agent at The Bank of New York Mellon, Depository Receipts, 101 Barclay Street, 22nd Floor, New York, New York 10286, USA (attention: Agness Moskovits) and queries to have been resolved at least two weeks before the Settlement Date falling after the date on which they accept the OTC Tender Offer. The Bank of New York Mellon can be contacted at DRProjectAspan@bnymellon.com. If a GDR Holder accepts the Tender Offer prior to the first Settlement Date but the evidence as to tax residence, original purchase price and incorporation or citizenship is not received or outstanding queries are not resolved by the first Settlement Date, that GDR Holder's proceeds of the Tender Offer may be subject to a higher Withheld Amount than would otherwise be the case.**

#### **(c) KASE Tender Offer**

Under the KASE Tender Offer GDR Holders may tender their GDRs to the Company on the terms and conditions of this document by way of an Open Trade transaction on KASE.

Provided they have opened a brokerage account with SBI (or another KASE registered broker) and that broker sells the GDRs tendered under the KASE Tender Offer to the Company on KASE via an Open Trade transaction, the Company will not withhold from the sum payable by it to the KASE Broker and will pay the entire Tender Price free of withholding tax.

Paragraph 4 of Part V of this document contains further details on how GDR Holders may tender and sell their GDRs on KASE (including on how to set up a brokerage account with SBI).

**Please ensure that you have sufficient time to prepare and submit to the KASE Broker you choose all documentation and information required to enable the brokerage account to be opened and the appropriate sell instructions to be given by you to the KASE Broker at the latest by the day before the final Settlement Date. If you experience or envisage any difficulties in opening a brokerage account with a KASE Broker you are strongly recommended to consider tendering your GDRs in the OTC Tender Offer and to telephone Link Asset Services on +44 371 664 0321 for further information.**

#### **17.3 Other jurisdictions**

Qualifying GDR Holders who are subject to tax in a jurisdiction other than the UK, the US or Kazakhstan, or who are in any doubt as to the potential tax consequences of tendering their GDRs under the Tender Offer, are strongly recommended to consult their own independent professional advisers before tendering their GDRs under the Tender Offer.

## **18. Action to be taken**

### **18.1 OTC Tender Offer**

Qualifying GDR Holders who desire to tender all or any part of their GDRs pursuant to the OTC Tender Offer must follow the procedures set forth in this paragraph 18.1 and in paragraph 3 of Part V of this document.

A GDR Holder (or the direct participant of Euroclear or Clearstream, as the case may be, holding on behalf of such holder) holding Regulation S GDRs must tender through either Euroclear or Clearstream, as the case may be. A GDR Holder (or direct participant of DTC on behalf of such holder) holding Rule 144A GDRs must tender through DTC's system.

#### **(a) Tendering Regulation S GDRs**

If you wish to tender Regulation S GDRs, you should cause the broker or other securities intermediary through which you hold the GDRs to instruct Euroclear or Clearstream to block the number of GDRs tendered in its participant account.

You should ensure that the Tender Agent receives notice of the blocking through Euroclear or Clearstream, as applicable, prior to 3.00 p.m. on the First Closing Date.

#### **(b) Tendering Rule 144A GDRs**

To tender Rule 144A GDRs, you should cause the broker or other securities intermediary through which you hold the GDRs to deliver, or cause to be delivered, to the Tender Agent, the following, to be received by 3.00 p.m. on the First Closing Date:

- a Book-Entry Confirmation; and
- an Agent's Message.

Rule 144A GDRs may only be tendered through the voluntary offering procedures operated by DTC. To tender Rule 144A GDRs through the voluntary offering procedures operated by DTC, participants in DTC should send electronic instructions to DTC through DTC's communication system. DTC is obliged to communicate those electronic instructions to the Tender Agent. You should ensure that the Tender Agent receives those electronic instructions prior to 3.00 p.m. on 22 January 2018.

#### **(c) General**

Please note that Euroclear, Clearstream and DTC, their respective participants and the brokers or other securities intermediaries through which GDRs are held will establish their own cut-off dates and times for the tender of the GDRs, which will be earlier than 3.00 p.m. on the First Closing Date.

**The failure by a GDR Holder to comply with the procedures described above will result in an invalid tender of GDRs and, accordingly, such GDR Holder's tendered GDRs will not be accepted for purchase and will not be purchased.**

Please note that Euroclear, Clearstream and DTC, their respective participants and the brokers or other securities intermediaries through which GDRs are held will establish their own cut-off dates and times for the tender of the GDRs, which will be earlier than 3.00 p.m. on the First Closing Date.

The procedure for tendering under the OTC Tender Offer is set out in paragraph 3 of Part V of this document.

The ISIN and Common Codes of the Regulation S GDRs and Rule 144A GDRs are set out in paragraph 10(g) of Part VIII of this document.

GDR Holders must provide the OTC Tax Declaration Form as a cover document to any evidence provided pursuant to paragraph 3.3 of Part V of this document, to enable the Company and the Tender Agent to process the other evidence provided, and to ensure the Company is able to contact the GDR Holder to remedy any defects in the required evidence.

Paragraph 3.3 of Part V of this document contains further details of the evidence the Company will accept in relation to tax residence, original purchase price and incorporation or citizenship (as applicable) and the procedure for providing it to the Tender Agent on behalf of the Company.

**We recommend that GDR Holders wishing to accept the OTC Tender Offer provide evidence of their tax residence and, in the case of Non-Kazakhstan Holders, of the original purchase price for their GDRs and of their incorporation or citizenship so as to be received by the Tender Agent at The Bank of New York Mellon, Depository Receipts, 101 Barclay Street, 22nd Floor, New York, New York 10286, USA (attention: Agness Moskovits) and queries to have been resolved at least two weeks before the Settlement Date falling after the date on which they accept the OTC Tender Offer. The Bank of New York Mellon can be contacted at DRProjectAspan@bnymellon.com. If a GDR Holder accepts the Tender Offer prior to the first Settlement Date but the evidence as to tax residence, original purchase price and incorporation or citizenship is not received or outstanding queries are not resolved by the first Settlement Date, that GDR Holder's proceeds of the Tender Offer may be subject to a higher Withheld Amount than would otherwise be the case.**

**Please read paragraph 3 of Part V of this document carefully to ensure that you have sufficient time to prepare all documents required to be submitted to the Tender Agent on behalf of the Company.**

**The Company reserves the absolute right to reject tenders under the OTC Tender Offer determined not to be in the appropriate form, such determination to be at the Company's sole discretion.**

## **18.2 KASE Tender Offer**

Qualifying GDR Holders who desire to tender all or any part of their GDRs pursuant to the KASE Tender Offer must follow the procedures set forth in this paragraph 18.2 and in Part V of this document.

If you wish to tender your GDRs to the Company under the KASE Tender Offer you should:

- complete, sign, have witnessed and deliver, or cause to be delivered, to the Company's Receiving Agent, Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, an original signed KASE Tender Form in accordance with this document and the instructions on the KASE Tender Form so as to be received by 1.00 p.m. on the First Closing Date. Link Asset Services cannot accept submission of forms by email or facsimile;
- if you do not have a brokerage account with a KASE Broker, immediately open a brokerage account with SkyBridge Invest in accordance with the service arranged by the Company or with any other KASE Broker;
- transfer the tendered GDRs into KACD's participant account in Euroclear or Clearstream to hold on your behalf; and

- instruct such KASE Broker to sell your GDRs to the Company by way of an Open Trade transaction on KASE at the earliest opportunity in time for the next Settlement Date (and at the latest by the day which is one day before the final Settlement Date).

The procedure for tendering under the KASE Tender Offer is set out in paragraph 4 of Part V of this document.

A GDR Holder who tenders GDRs in the KASE Tender Offer will irrevocably undertake in the KASE Tender Form not to withdraw their tender.

**YOUR ACCEPTANCE OF THE KASE TENDER OFFER IS AN IRREVOCABLE COMMITMENT TO SELL YOUR GDRS TO THE COMPANY, MEANING YOU MUST NOT SELL ANY OF THOSE GDRS TO ANOTHER THIRD PARTY. ANY SALE TO A THIRD PARTY OF GDRS ACCEPTED INTO THE KASE TENDER OFFER WILL BE A BREACH OF THE TERMS OF THE KASE TENDER OFFER.**

If you decide to set up a brokerage account with SBI, SBI will need to receive by the SBI Document Collection Dates signed client documentation and KYC and other information in time for it to be able to conduct Open Trade transactions on KASE for tendering GDR Holders on the following Settlement Date (and at the latest by the last SBI Document Collection Date before the last Settlement Date). Further information on setting up a brokerage account with SBI and the procedure for arranging a sale of the GDRs on KASE is set out in paragraph 4.3 of Part V of this document and on SBI's website at <https://www.sbinvest.kz/manual/?lang=en>.

**Please read paragraph 4 of Part V of this document carefully. Please ensure that you have sufficient time to prepare and submit to the KASE Broker you choose all documentation and information required to enable the brokerage account to be opened and the appropriate sell instructions to be given by you to the KASE Broker at the latest by the day before the final Settlement Date.**

**If you experience or envisage any difficulties in opening a brokerage account with a KASE Broker you are strongly recommended to consider tendering your GDRs in the OTC Tender Offer and to telephone Link Asset Services on +44 371 664 0321 for further information.**

**The failure by a GDR Holder to comply with the procedures described above will result in an invalid tender of GDRs and, accordingly, such GDR Holder's tendered GDRs will not be accepted for purchase and will not be purchased.**

### **18.3 Overseas GDR Holders**

The attention of GDR Holders who are not resident in the United Kingdom, the United States or Kazakhstan is drawn to paragraph 7 of Part V of this document.

### **18.4 The EGMs**

While GDR Holders should accept the Tender Offer, GDR Holders who do not accept the Tender Offer should exercise the votes attaching to the Common Shares represented by their GDRs in accordance with the terms of the Amended Deposit Agreement to vote in favour of the resolutions to be proposed at EGM 1 and EGM 2.

### **18.5 Recommendation by the INEDs**

Your attention is drawn to the letter from the INEDs set out in Part II of this document unanimously recommending all Qualifying GDR Holders to accept the Tender Offer.

## 18.6 General

If you have any questions about the Tender Offer (including the procedures for accepting the OTC Tender Offer, for providing evidence to the Company to mitigate any applicable Withheld Amount, for accepting the KASE Tender Offer and for opening a brokerage account with SBI), please telephone Link Asset Services on +44 371 664 0321.

Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and monitored for security and training purposes.

Link Asset Services cannot provide advice on the merits of the Tender Offer nor give any financial, legal or tax advice.

## 19. Settlement

### 19.1 OTC Tender Offer

Subject to the Tender Offer becoming or being declared unconditional in all respects, KMG EP will remit the relevant entire Tender Price in US dollars to the Tender Agent, subject to any Withheld Amount and any other applicable taxes and other governmental charges:

- (a) in the case of all valid acceptances received by the date on which the Tender Offer becomes or is declared unconditional in all respects, on the first Settlement Date; or
- (b) in the case of all valid acceptances received after the date on which the Tender Offer becomes or is declared unconditional in all respects but while the Tender Offer remains open for acceptance, on the final Settlement Date.

**We recommend that GDR Holders wishing to accept the OTC Tender Offer provide evidence of their tax residence and, in the case of Non-Kazakhstan Holders, of the original purchase price for their GDRs and of their incorporation or citizenship so as to be received by the Tender Agent at The Bank of New York Mellon, Depository Receipts, 101 Barclay Street, 22nd Floor, New York, New York 10286, USA (attention: Agness Moskovits) and queries to have been resolved at least two weeks before the Settlement Date falling after the date on which they accept the OTC Tender Offer. The Bank of New York Mellon can be contacted at DRProjectAspan@bnymellon.com. If a GDR Holder accepts the Tender Offer prior to the first Settlement Date but the evidence as to tax residence, original purchase price and incorporation or citizenship is not received or outstanding queries are not resolved by the first Settlement Date, that GDR Holder's proceeds of the Tender Offer may be subject to a higher Withheld Amount than would otherwise be the case.**

The Tender Agent will, as soon as practicable, pay the net amount received by it to the Clearing Systems for further distribution to GDR Holders who have validly tendered in the OTC Tender Offer and whose GDRs have been accepted for purchase in the OTC Tender Offer, subject to any Withheld Amount, and any other applicable taxes and other governmental charges. The net amounts shall be paid to tendering GDR Holders through the procedures of the relevant Clearing System.

Tendering GDR Holders will not receive any accrued or other interest with respect to the entire Tender Price under any circumstances.

If the Tender Offer does not become unconditional, or does not proceed, and lapses, all Regulation S GDRs tendered for purchase that are held through Euroclear or Clearstream will be unblocked and all

Rule 144A GDRs tendered for purchase that are held through DTC will be returned to the DTC account of the applicable DTC participant.

If only part of a holding of GDRs is successfully tendered pursuant to the OTC Tender Offer, any Regulation S GDRs not accepted for purchase that are held through Euroclear or Clearstream will be unblocked and any Rule 144A GDRs not accepted for purchase that are held through DTC will be returned to the DTC account of the applicable DTC participant.

## **19.2 KASE Tender Offer**

Subject to the Tender Offer becoming or being declared unconditional in all respects and the relevant GDR Holders selling their tendered GDRs on KASE on the relevant Settlement Date, the Company will pay the entire Tender Price in US dollars to the relevant KASE Brokers free of Kazakhstan withholding tax but subject to any other applicable taxes and other governmental charges on that Settlement Date.

Tendering GDR Holders will not receive any accrued or other interest with respect to the entire Tender Price under any circumstances.

## **20. Further information**

Your attention is drawn to the terms and conditions of the Tender Offer set out in Part V of this document and the additional information on KMG EP contained in Part VIII of this document.

## **21. Recommendation by the Board**

The Directors consider the Proposals to be in the best interests of the Company and terms of the Tender Offer to be fair and reasonable. Accordingly, the Directors unanimously recommend that Qualifying GDR Holders accept the Tender Offer and, to the extent that they have not accepted the Tender Offer, to vote in favour of the resolution to be proposed at EGM 1.

J.P. Morgan has acted as financial adviser to KMG EP in connection with the matters set out in this document.

NC KMG has undertaken to vote in favour of the resolutions to be proposed at EGM 1 and EGM 2 in respect of its holding amounting to 43,087,006 Common Shares representing 57.9 per cent. of the 74,357,042 Shares (including Common Shares represented by GDRs) in issue on 30 November 2017 (being the latest practicable date prior to the publication of this document).

Your attention is drawn to the letter of recommendation from the INEDs set out in Part II of this document.

Yours faithfully

**Dauren Karabayev**  
Chairman

**Kurmangazy Iskazyev**  
Chief Executive Officer

## PART II

# LETTER FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS OF JSC KAZMUNAIGAS EXPLORATION PRODUCTION

*(a joint stock company incorporated in Kazakhstan with number 15971-1901-AO)*

**Independent Non-Executive Directors:**

Philip Dayer  
Alastair Ferguson  
Francis Sommer

**Registered office:**

Kabanbai Batyr avenue, 17  
Astana, 010000  
Kazakhstan

8 December 2017

*To GDR Holders and, for information purposes only, to persons with information rights*

Dear GDR Holder

**Tender offer to purchase GDRs  
and  
Cancellation of admission of GDRs to the Official List and to trading on the London Stock  
Exchange**

### 1. Introduction

On 4 December 2017, the Directors of KMG EP announced that KMG EP intended to launch a tender offer to acquire all outstanding GDRs of KMG EP at a price of US\$14.00 in cash per GDR. On 8 December 2017, the Company announced the launch of the Tender Offer and publication of this document outlining the Proposals in more detail. Provided that the EGM 1 Condition, the Listing Condition and the Acceptance Condition are satisfied (or, in the case of the Acceptance Condition only, waived), KMG EP will make the Share Offer on equivalent terms to purchase any and all outstanding Common Shares of the Company, with the exception of any Common Shares held by NC KMG, and KMG EP will take steps to delist the Company from the LSE and KASE (such de-listing to occur after the final settlement of the Tender Offer and the Share Offer), as set out in more detail in this document.

Certain aspects of the Proposals require the approval of a majority of the INEDs. Under the Relationship Agreement, the entry by KMG EP into the irrevocable undertaking given by NC KMG as described in paragraph 4 of this Part II is approved by the KMG EP board, excluding the KMG EP directors appointed by NC KMG. In addition, under the Company's current Charter, the Tender Offer is a "major transaction" that requires the approval of the INEDs, and the convening of EGM 2 to approve the proposed amendments to the Charter and Delisting also requires the approval of the INEDs.

The INEDs are now writing to you to explain why they have approved the Proposals (and why they intend, in due course, to approve the convening of EGM 2) and to set out the reasons why the INEDs are unanimously recommending that GDR Holders accept the Tender Offer.

If you wish to accept the Tender Offer, it is important that you follow the instructions contained in paragraph 18 of the letter from the Company set out in Part I of this document, and you are urged to act promptly in doing so.

## **2. Summary of the terms of the Tender Offer**

KMG EP will implement the Tender Offer by acquiring, as principal, validly tendered GDRs at the Tender Price. Qualifying GDR Holders who validly accept the Tender Offer will be entitled to receive:

**for each GDR US\$14.00 in cash less any applicable Kazakhstan withholding tax**

The Tender Price represents a premium of 23.7 per cent. to the 30-day volume-weighted average GDR price of US\$ 11.32 at 1 December 2017 (being the last trading day before the date of the Possible Offer Announcement).

The Tender Offer is for all the GDRs in issue. As at 30 November 2017 (being the latest practicable date prior to the publication of this document), there were 70,220,935 Common Shares in issue, of which 2,793,620 are held in treasury, and 143,655,714 GDRs in issue, representing approximately 32.2 per cent. of the Common Shares, of which 6,670,408 GDRs were held by the Company.

The Tender Offer values the entire issued Common Share capital (including Common Shares represented by GDRs, but excluding Common Shares held in treasury and GDRs held by the Company) of KMG EP at approximately US\$5.6 billion.

The Tender Offer is made on the terms set out in Part V of this document and subject to the EGM 1 Condition, the Listing Condition and the Acceptance Condition. The Acceptance Condition will be satisfied if KMG EP receives valid acceptances of the Tender Offer in respect of 53,908,494 GDRs, which as at 30 November 2017 (being the latest practicable date prior to the publication of this document) represent approximately 39.4 per cent. of the GDRs in issue (excluding GDRs held by the Company). The Acceptance Condition may be waived by the Company if it has not been satisfied by the Final Closing Date.

If the EGM 1 Condition, the Listing Condition and the Acceptance Condition are satisfied (or, in the case of the Acceptance Condition only, waived), NC KMG will control at least 75 per cent. of the voting share capital of KMG EP and KMG EP will launch the Share Offer and initiate the process for delisting from the LSE and KASE.

## **3. Background to and reasons for the INEDs' recommendation to GDR Holders**

In evaluating the Proposals, the INEDs have considered the interests of the Company as a whole, as well as the economic benefits to GDR Holders and Common Shareholders.

In a circular issued to the holders of Common Shares and GDRs on 17 June 2016 in relation to NC KMG's proposed amendments to the Relationship Agreement and Charter, the INEDs noted that, in their opinion, the underlying challenges then faced by KMG EP were complex and were the result of several interrelated factors. Those challenges included: the sustained low oil price environment globally; issues specific to regulation, the operating environment and social conditions within Kazakhstan, for instance challenges in relation to domestic supply quotas, wage indexation and gaining appropriate tax relief; issues relating to the relationship with NC KMG; and the cultural conservatism within the wider NC KMG Group.

Since that time, although the oil price has improved and KMG EP's financial performance has been assisted by the implementation of the downstream processing scheme (the future of which is currently uncertain), many of the other pressures posed by the above challenges have not alleviated, and in the opinion of the INEDs, are not likely to do so in the short or medium term. In particular:

- (a) the operating environment and social challenges of operating within Kazakhstan;

- (b) KMG EP's continued dependence on exclusive contractors and supply of services from subsidiaries of NC KMG which leaves it unable to negotiate successfully with its suppliers;
- (c) the ongoing negotiation between the INEDs (on behalf of KMG EP) and NC KMG regarding the processing fee and optimising downstream supply arrangements to the Atyrau and Pavlodar refineries in relation to the downstream processing scheme; and
- (d) the expectation that both operating costs and capital expenditure of KMG EP's key subsidiaries will rise significantly due to inflation in materials costs and contract price escalation,

will continue to challenge KMG EP's ability to grow its business.

Further, KMG EP now faces additional operational problems which are expected to continue to affect the levels of production, including the deteriorating well integrity leading to lower than expected production at Uzen and the faster than expected oil production decline at PKI's oil fields.

At the time of KMG EP's IPO, the board of KMG EP adopted a dividend policy of paying out not less than 15 per cent. of profit after taxation ("**PAT**"). That dividend policy was formulated in the context of a strategy to invest in and acquire onshore and offshore oil and gas assets in the Republic of Kazakhstan, and to pursue a compatible investment strategy, to create value for shareholders. In recent years, the Company has been unable to implement that investment and acquisition strategy and during the three years ended 31 December 2014, the dividend pay-out ratios of PAT were 68.6 per cent., 95.0 per cent. and 63.9 per cent., respectively. No dividend was then paid by KMG EP in respect of the year ended 31 December 2015 in response to the fall in oil prices, and a dividend of 15 cents per GDR (289 Tenge per Common Share) was paid to the shareholders in respect of the year ended 31 December 2016. While the most recent dividend was in line with KMG EP's dividend policy (to pay dividends of not less than 15 per cent. of PAT), the decision to pay only a small dividend was criticised by the INEDs as not in line with behaviour observed in the wider sector.

It is clear that KMG EP has not maintained dividends comparable with peers in the oil and gas sector despite recent operational performance and positive free cash flow. Consequently, KMG EP has accumulated US\$4bn in cash on its balance sheet. As noted previously by the INEDs, most recently in their announcement of 12 April 2017 in relation to the dividend in respect of the year ended 31 December 2016, the INEDs have sought to ensure that the uninvested cash within KMG EP is returned to its shareholders, including by way of special dividends that were proposed by the INEDs but not supported by NC KMG.

The INEDs note that, as described in paragraph 2 of this Part II, the Tender Price represents an attractive premium, in cash, to the recent market price of the GDRs. Therefore, taking into account the operational uncertainties and challenges of the KMG EP business, the dividend policy controlled by NC KMG, the inability to invest KMG EP's cash balances or return surplus cash to shareholders, and the manner in which NC KMG exercises control over KMG EP, the INEDs believe that the Tender Offer gives GDR Holders an opportunity to realise value from their investment in KMG EP and that, given the considerations above and the Tender Price, on balance, the best course of action is for the INEDs to recommend unanimously that GDR Holders accept the Tender Offer. The INEDs considered the position of the Preference Shareholders in evaluating the Proposals, and note that a decision was taken by the Company not to make an offer to them for the reasons set out in paragraph 5 of Part I of this document. Further, KMG EP has announced (and NC KMG has irrevocably undertaken to procure) that, following satisfaction of the EGM 1 Condition, the Listing Condition and the Acceptance Condition (or, in the case of the Acceptance Condition only, waived) in respect of the Tender Offer, it will launch the Share Offer on equivalent terms to the Tender Offer in order to give Common Shareholders (other than NC KMG) an opportunity to realise their investment in KMG EP as well.

#### **4. Irrevocable undertaking**

Your attention is drawn to paragraph 8 of the letter from the Company set out in Part I of this document, which contains further details of the irrevocable undertaking received from NC KMG. NC KMG supports the Proposals and has irrevocably undertaken to KMG EP not to accept either the Tender Offer or the Share Offer and to vote in favour of the resolutions to be proposed at EGM 1 and EGM 2.

#### **5. Proposed Delisting and Charter Amendments**

Your attention is drawn to paragraph 13 of the letter from the Company set out in Part I of this document in relation to the Company's intentions regarding the cancellation of the listing of the GDRs on the Official List and of their admission to trading on the LSE following the Tender Offer becoming wholly unconditional, and the cancellation of the admission of the Common Shares and the GDRs to the official list of KASE after settlement of the Tender Offer and the expiry of the Put Option Period.

If Delisting occurs, the liquidity, marketability and value of the GDRs will be significantly reduced and there will no longer be a public trading facility for the GDRs. Further, the Company currently has no plans to terminate the GDR programme and the GDRs will therefore continue in existence as unlisted securities following Delisting. In addition, following the delisting of the Common Shares from KASE there will be no public market for the Common Shares represented by such GDRs.

GDR Holders should note that, due to the irrevocable undertaking described in paragraph 4 of this Part II, the resolutions to be proposed at EGM 2 in respect of the Delisting will pass, should the EGM 1 Condition, the Listing Condition and the Acceptance Condition be satisfied (or, in the case of the Acceptance Condition only, waived) and the Tender Offer become wholly unconditional. If these conditions are satisfied, the INEDs intend to approve the convening of EGM 2 to approve the Delisting and the proposed amendments to the Charter.

Your attention is also drawn to paragraph 16 of the letter from the Company set out in Part I of this document, which states additional consequences for GDR Holders of not accepting the Tender Offer should the Tender Offer be declared unconditional.

#### **6. Taxation**

Your attention is drawn to Part VII of this document which sets out a guide to certain UK tax consequences of the Tender Offer for Qualifying GDR Holders under current UK law and H.M. Revenue & Customs practice, certain US tax consequences under current US law and certain Kazakh tax consequences under current Kazakh law.

You are strongly encouraged to read paragraph 18 of the letter from the Company set out in Part I of this document, and Part V of this document carefully, as these paragraphs set out the action that you must take if you wish to accept the Tender Offer. These steps may require you to obtain notarised and/or apostilled documents, and to provide certain information to SBI or other KASE Broker of your choice or to the Company in order to ensure the appropriate Kazakhstan tax treatment is applied to the buy-back of your GDRs. These steps may take some time, and therefore, if you wish to accept the Tender Offer, the speed at which you take any action may have an impact on the economic benefit to you of accepting this Tender Offer.

#### **7. Action to be taken**

The procedure for acceptance of the Offer is set out in paragraph 18 of the letter from the Company set out in Part I of this document.

If you have any further questions about the Tender Offer (including the procedures for accepting the OTC Tender Offer, for providing evidence to the Company to mitigate any applicable Withheld Amount, for accepting the KASE Tender Offer and for opening a brokerage account with SBI), please telephone Link Asset Services on +44 371 664 0321.

Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and monitored for security and training purposes.

Link Asset Services cannot provide advice on the merits of the Tender Offer nor give any financial, legal or tax advice.

## **8. Further Information**

Your attention is drawn to the terms and conditions of the Tender Offer set out in Part V of this document and the additional information on KMG EP contained in Part VIII of this document.

## **9. Recommendation**

**The INEDs, who have been so advised by Rothschild and HSBC in their capacity as financial advisers, consider the terms of the Tender Offer to be fair and reasonable so far as the GDR Holders are concerned. In providing advice to the INEDs, Rothschild and HSBC have taken into account the commercial assessments of the INEDs. Rothschild is providing independent financial advice to the INEDs for the purposes of assessing the terms of the Tender Offer.**

The INEDs consider that the Proposals are in the best interests of the GDR Holders and Common Shareholders as a whole and, accordingly, recommend unanimously that GDR Holders accept the Tender Offer and, to the extent that they have not accepted the Tender Offer, to vote in favour of the resolution to be proposed at EGM 1.

Yours faithfully

Philip Dayer

Alastair Ferguson

Francis Sommer

*The Independent Non-Executive Directors of KMG EP*

## PART III

### RISK FACTORS

Qualifying GDR Holders should consider carefully all of the information set out in this document including, in particular, the risks described below, as well as their personal circumstances, prior to making any decision as to whether or not to tender GDRs in the Tender Offer.

KMG EP's business, results of operations, cash flow, financial condition, revenue, profits, assets, liquidity and capital resources could be materially and adversely affected by any of the risks described below. In such case, the market price of the GDRs may decline and investors who decide not to tender GDRs in the Tender Offer could lose all or part of their investment. Additional risks and uncertainties relating to KMG EP that are not currently known to it, or that it currently deems immaterial, may also have a material adverse effect on KMG EP's business, financial condition and operating results.

After the implementation of the Proposals in full, the price which those GDR Holders who remain a GDR Holder may realise for their GDRs, when they are able to do so, may be influenced by a large number of factors, some of which are specific to the Company and others of which are extraneous.

Those GDR Holders who remain a GDR Holder after the implementation of the Proposals in full should be aware that the value of their GDRs could go down as well as up, and that they may not recover their original investment.

#### **1. Risks related to the proposed Tender Offer**

##### **1.1 Risks related to accepting the Tender Offer**

***The Tender Offer is conditional and may be terminated or withdrawn if the Tender Conditions are not satisfied***

There is no guarantee that the Tender Offer will take place. The Tender Offer is conditional on each of the three Tender Conditions and will not proceed if any one of them is not satisfied (or, in the case of the Acceptance Condition only, waived).

##### ***Responsibility for complying with the terms of the Tender Offer***

Qualifying GDR Holders are responsible for complying with all of the terms for participating in the Tender Offer as set out in this document. KMG EP has sole discretion in determining the validity of tenders. The decision of KMG EP as to which GDRs have been validly tendered will be final and binding on all GDR Holders. The Company does not assume any responsibility for informing any Qualifying GDR Holder of irregularities with respect to such GDR Holders' participation in the Tender Offer.

##### ***Responsibility for complying with the terms of the KASE Tender Offer and opening a brokerage account with a KASE Broker***

If they decide to accept the KASE Tender Offer, Qualifying GDR Holders are responsible for complying with all of the terms as set out in this document. The Company does not assume any responsibility for assisting you in setting up a brokerage account with SBI or another KASE Broker.

If you decide to set up a brokerage account with SBI, SBI will need to receive by the SBI Document Collection Dates signed client documentation and KYC and other information in time for it to be able to conduct Open Trade transactions on KASE for tendering GDR Holders on the following Settlement

Date (and at the latest by the last SBI Document Collection Date before the last Settlement Date). Other KASE Brokers will have similar deadlines.

**If you experience or envisage any difficulties in opening a brokerage account with a KASE Broker you are strongly recommended to consider tendering your GDRs in the OTC Tender Offer and to telephone Link Asset Services on +44 371 664 0321 for further information.**

### ***Kazakhstan withholding tax***

The attention of Non-Kazakhstan Holders is drawn to the fact that Kazakhstan withholding tax will be applicable to the receipt by them of the entire Tender Price if they tender GDRs under the OTC Tender Offer. While this document sets out certain procedures which GDR Holders may follow in order to mitigate the amount of such withholding tax when accepting the OTC Tender Offer, there can be no guarantee that GDR Holders will be able to do so, with the result that up to 20 per cent. of the entire Tender Price payable to them may be withheld by the Company.

### ***Another exit right is available to GDR Holders at a price which may be different from the Tender Price***

In accordance with the JSC Law, Shareholders who do not agree with the Board's decision to launch the Tender Offer or the Board's decision to enter into the irrevocable undertaking with NC KMG or who vote against the Delisting resolutions to be proposed at, or who do not attend, EGM 2 have the right to require the Company to purchase their Shares. Additionally, in accordance with the JSC Law, GDR Holders who vote against the Delisting resolutions to be proposed at, or who do not appoint a representative to attend, EGM 2 would have the right to require the Company to purchase their GDRs. No Put Option Right will arise in relation to EGM 2 if EGM 2 is not called or the Delisting resolutions are not passed at EGM 2.

A Shareholder or GDR Holder will have 30 calendar days from the date of the relevant triggering event to exercise the Put Option Right. Subject to certain limitations established by the JSC Law (the principal one being the 25 per cent. limit on shares held in treasury referred to in paragraph 4.8 of Part I of this document), the Company must purchase the Shares and GDRs pursuant to the Put Option Right within 30 calendar days of the exercise of the Put Option Right. Such purchase must be carried out in accordance with a procedure set out in the JSC Law and at a price established by the Share Valuation Methodology, namely at a 10 per cent. discount to:

- (a) if a Shareholder exercises the Put Option Right, the weighted average price of the Common Shares or Preference Shares, as the case may be, traded on KASE on the day of the exercise by the relevant Shareholder of the relevant Put Option Right; or
- (b) if a GDR Holder exercises the Put Option Right, the weighted average price of the GDRs traded on the LSE on the day of the exercise by the relevant GDR Holder of the relevant Put Option Right.

### ***GDR Holders who tender their GDRs will forego any potential increase in the value of the GDRs following the Tender Offer***

While the Tender Price represents a premium of 23.7 per cent. to the 30-day volume-weighted average GDR price of US\$ 11.32 at 1 December 2017 (being the last trading day before the date of the Possible Offer Announcement), Qualifying GDR Holders, by tendering their GDRs, will forego any potential increase in the value of the GDRs following the Tender Offer, as a result of any improvement in the financial condition and prospects of the Company including as a result, for example, of an increase in the oil price or KMG EP efficiency investments. There can be no assurance as to the market value of the GDRs in the future.

## **1.2 Risks related to declining the Tender Offer**

### ***Unlisted investment***

Qualifying GDR Holders who do not tender their GDRs in the Tender Offer will remain GDR Holders of unlisted securities and will bear the attendant risks associated with owning unlisted GDRs. Sales of non-tendered GDRs in the future may be at a net price significantly higher or lower than the Tender Price, and no assurance can be given as to the price at which a GDR Holder may be able to sell his or her GDRs in the future. In addition, the Tender Offer is likely to reduce the overall liquidity and marketability of the GDRs, which could affect the ability of GDR Holders to sell their GDRs freely without potential adverse consequences on their value.

### ***Further purchase offers to GDR Holders may not take place***

Neither the Charter nor the JSC Law provides for any mechanism whereby a person acquiring a minimum percentage of the total issued share capital of the Company is able to compulsorily require the remaining minority Shareholders and GDR Holders to transfer their Shares and GDRs to such person, whether pursuant to a takeover offer or otherwise. Furthermore, the provisions of the Takeover Code do not apply to the Company.

There is no obligation on KMG EP or NC KMG to make further purchases of GDRs following the completion of the Tender Offer. Accordingly, there is no guarantee that those GDR Holders who do not participate in the Tender Offer will receive a further opportunity to sell their GDRs to KMG EP or NC KMG other than pursuant to a Put Option Right. Any compensation received following termination of the Amended Deposit Agreement may be less than that offered pursuant under the Tender Offer.

## **1.3 Controlling Shareholder**

Following the implementation of the Proposals, NC KMG will control at least 75 per cent. of the voting share capital of KMG EP, the Relationship Agreement would terminate in accordance with its terms and accordingly NC KMG would exercise a significant influence over the affairs of the Company.

## **2. Risk factors related to the Company's business**

### **2.1 Economic risks**

Global market prices for oil and oil products remain extremely volatile. High volatility is due to a number of factors affecting the global balance of supply and demand, especially the international political environment and international conflicts affecting key oil-producing countries and the political environment in key energy producing regions. Low oil prices and oil products prices over an extended period of time, in either domestic or foreign markets, will have a negative impact on the Company's financial performance, especially if prices fall below the cost of production.

Adverse changes to the financial system of Kazakhstan may worsen conditions for the placing of free cash funds which in view of the Company's large cash balances may have a material adverse effect on KMG EP's assets.

Due to the switch to the independent crude oil processing scheme, there is a risk of processing fees increasing at the refineries used by the Company which may have a material adverse effect on KMG EP's business, financial condition and operating results.

## **2.2 Strategic and investment risks**

KMG EP's production assets are mature fields in the later stages of operation, characterised by high water cut. Depletion of reserves might have a substantial effect on the Company's long-term strategy and its equity value.

Limits on the number of new onshore assets in Kazakhstan available for purchase, and increased competition from large international oil companies for access to oil and gas assets, may prejudice any replacement of the Company's resource base. KMG EP might experience difficulty implementing its strategy, in particular being unable to invest its cash in furtherance of its strategy. Any one of these factors may materially and adversely affect KMG EP's business, results of operations, cash flow, financial condition, revenue, profits, assets, liquidity or capital resources.

## **2.3 Exploration**

The risks associated with exploration activities are related to the non-confirmation of the planned increase of the resources being explored and the rising costs of current geological exploration projects.

Conducting exploration work carries the risk of accidents (such as a well being out of control), which can cause harm to the health of workers and/or environment, property damage, additional expenditure to rectify the issue, compensation expenses for the damage to the health of workers, and/or compensation for harm caused to the environment, all of which would negatively affect the cost and timing of the implementation of the exploration programme and could have a material adverse effect on KMG EP's business, financial condition and operating results.

## **2.4 Production**

For the nine months ended 30 September 2017, KMG EP, including its stakes in KGM, CCEL and PKI, produced 8,884 thousand tonnes of crude oil (240 kbopd), a 3 per cent. decrease over the same period in 2016. Key risk factors that may further affect the efficiency of the Company's production include the status and condition of the main stock of wells; increase of water cut level at the Company's fields; technical integrity of equipment; continuity of power supply; weather conditions; timeliness of procurement and supply of equipment; quality of delivered equipment; rising costs of services, materials and fixed assets outstripping productivity growth; limited control over operating and capital costs; problems with the timeliness and quality of service provided by contractors; non-fulfilment of planned organisational-technical and geological-technical measures; safety of operating personnel; environmental security; effectiveness of planning; compliance with state regulators; social instability; and failure or breakdown of primary equipment. KMG EP's business, results of operations, cash flow, financial condition, revenue, profits, assets, liquidity and capital resources could be materially and adversely affected by any of these risks.

## **2.5 Health, safety and environment**

The Company's production activities involve a wide range of risks to workers' health and the environment. These risks include unsafe work practices, industrial accidents, environmental damage and pollution, and natural disasters. The consequences can be extremely severe, including fatal accidents in the workplace, air, soil and water pollution, fire, and the suspension or termination of production. There is always a risk of ambiguity in the interpretation in Kazakhstan of environmental laws and regulations that may not always work in the Company's favour, and which could potentially lead to claims and penalties. Any of these risks could materially and adversely affect KMG EP's business, results of operations, cash flow, financial condition, revenue, profits, assets, liquidity and capital resources.

## **2.6 Currency risks and inflation**

The Company conducts its principal operations in Kazakhstan and uses the Tenge as the base currency for accounts. The payment of wages, energy costs and logistics services are all sensitive to the Tenge inflation rate. Much of the Company's revenues are denominated in US dollars or are linked to the US dollar. Part of the Company's expenses are also denominated in foreign currencies, or otherwise significantly dependent on the fluctuations of foreign currencies (mainly the US dollar and, to a lesser extent, the Euro and the Russian rouble) against the Tenge. Currently, approximately half the Company's operating costs are denominated in Tenge. While a rise in the value of the US dollar would make oil exports more profitable any adverse movement in exchange rates or Tenge inflation could materially and adversely affect KMG EP's business, financial condition and operating results.

## **2.7 Credit risks**

The KMG EP Group's operations associated with the movement of material and cash flows for counterparties are susceptible to credit risks. These risks start with the financial institutions which service the financial flows of the Company itself and extend through to the financial operations of the end buyers of products and contractors providing various services to the Company. Any default by these counterparties may materially and adversely affect KMG EP's business, results of operations, cash flow, financial condition, revenue, profits, assets, liquidity and capital resources.

## **2.8 Changes in customs regulations and duties**

As the Company is engaged in foreign trade, factors such as changes to customs regulations, the volatility of export customs duty rates, and lack of a transparent formula for calculating such customs duties, could have a material adverse effect on KMG EP's business, financial condition and operating results.

## **2.9 Partner risks**

The Company co-operates with and engages both foreign and local companies in various areas of its business. The Company may have only a limited or no impact, however, on the way its partners conduct business or operate, even though this may affect the completion of specific projects and the operating and financial performance of the Company.

Changes are probable in the terms and timing of payment for the supply of crude oil by purchasers due to the unforeseen deterioration of the financial position and/or other internal and external factors faced by the purchaser. KMG EP's business, results of operations, cash flow, financial condition, revenue, profits, assets, liquidity and capital resources could be materially and adversely affected by any of these risks.

## **2.10 Information technology**

The Company is subject to risks in the area of IT security any one of which may have a material impact on KMG EP's business, operations and financial condition.

## **2.11 Fraud and corruption**

Resource allocation contrary to the best interests of the Company, the causing of damage to the Company for the sake of personal gain, or any other evidence of corruption may result in a material and adverse effect on the Company's business. Fraud and corruption may lead to such consequences as the imposition of significant monetary fines, or the bringing of disciplinary, administrative or criminal responsibility in accordance with the legislation of Kazakhstan or the United

Kingdom against the Company and/or its employees and/or senior officials. Such actions may have a material adverse effect on KMG EP's business, financial condition and operating results.

### **3. Risks related to Kazakhstan**

#### **3.1 Political risks**

Kazakhstan continues economic reforms and the development of its legal, tax and regulatory frameworks as required to operate as a market economy. The future stability of the Kazakhstan economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the Government. Kazakhstan's political leadership has the capacity to change foreign or domestic policy in ways that could significantly affect the investment attractiveness of Kazakhstan in general and the Company in particular. There is also the possibility of changes to legislation, including tax legislation, aimed at maximising budget revenues from the energy and natural resource industries. The Government could also limit the Company's ability to manage its own cash flow, including the allocation of its deposit and cash portfolio. Changes to the Government's foreign exchange management policy could also influence the financial results of the Company. Any one of these risks could materially and adversely affect KMG EP's business, results of operations, cash flow, financial condition, revenue, profits, assets, liquidity and capital resources.

#### **3.2 Local market obligation**

The Government requires oil producers to supply a portion of their crude oil production to meet domestic energy requirements. 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.

In relation to refined products, the Government also requires producers to supply a major portion of oil products, specifically light distillates, to meet domestic fuel requirements and to support agricultural producers during the spring and autumn sowing campaigns. This is achieved by either by the Government's refusal to allow export of light distillates or by issuing quotas to supply agricultural producers. Local market oil products prices are significantly lower than international market prices and domestic prices for some of the refined products are regulated by the Committee for the Regulation of Natural Monopolies, Protection of Competition and Consumers Rights.

The Government could also substantially cut export quotas or oblige the Company to supply it with sufficient oil to fulfil the Government's own oil delivery obligations according to intergovernmental agreements, and at below-export prices.

Any of these changes or actions could materially and adversely affect the Company's business, prospects, financial condition and results of operations.

#### **3.3 Regional risks**

The risks of social and economic upheaval in the regions of Kazakhstan where the Company operates are potentially high. The Company's assets in the Mangistau region, as has been shown several times, are at risk of social conflicts and strikes causing a material impact on the Company's operations and performance. Climatic conditions in these regions vary widely according to the seasons, and their geographical remoteness requires a special emphasis on secure transport and electricity supplies to ensure continuous operations. Any of KMG EP's business, results of operations, cash flow, financial condition, revenue, profits, assets, liquidity or capital resources could be materially and adversely affected by any of these risks.

### 3.4 Tax risks

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 tax system is also characterised by the risk of additional taxation, fines and penalties being levied on the basis of a broad interpretation of the legislation. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan's tax laws are severe. Due to 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 by the Company. These factors complicate the planning of the Company's tax payments and may result in a material impact on the Company's financial position.

### 4. Taxation risks related to US Holders

**For US federal income tax purposes, gain on the sale of GDRs or amounts treated as distributions on GDRs pursuant to the Tender Offer may be subject to highly adverse tax rules, if the Company is treated as a passive foreign investment company.**

Special adverse US federal income tax rules apply to US investors that own shares of a PFIC. The Company will be classified as a PFIC in a particular taxable year if either: (i) 75 per cent. or more of the Company's gross income for the taxable year is passive income, or (ii) the quarterly average percentage of the value of the Company's assets that produce or are held for the production of passive income is at least 50 per cent. The Company has not attempted to ascertain whether the Company would be treated as a PFIC. You should consult your professional tax adviser regarding this possible consequence for you if the Company was or is a PFIC.

If the Company is a PFIC for any taxable year during which a US Holder owns GDRs, the US Holder generally will be subject to special adverse rules with respect to any gain realised or amounts treated as distributions on the sale of GDRs pursuant to the Tender Offer. Under these rules (a) the gain or amounts treated as distributions will be allocated rateably over the US Holder's holding period for the GDRs, (b) the amount allocated to the current taxable year will be taxed as ordinary income, (c) the amount allocated to any taxable year prior to the first taxable year in which the Company was a PFIC will also be taxed as ordinary income, and (d) the amount allocated to each of the other taxable years (that is, prior years when the Company was a PFIC) will be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed deferral benefit will be imposed on the resulting tax attributable to each such taxable year. For a more detailed discussion of the consequences to US Holders that own PFIC stock, see "Passive Foreign Investment Company Rules" in paragraph 2.3 of Part VII of this document.

US Holders who do not participate in the Tender Offer should consult an independent professional adviser as to the tax consequences to them of holding stock in a company that may qualify as a PFIC.

# PART IV

## QUESTIONS AND ANSWERS ON THE TENDER OFFER

### 1. Introduction

To help you understand what is involved in the Tender Offer with respect to the GDRs, this Part IV provides answers to some of the questions most frequently asked by GDR Holders about tender offers. You should read the whole of this document and not rely solely on the summary information in this Part IV. Part V of this document sets out the detailed terms and the conditions of the Tender Offer. A list of defined terms is set out in Part IX of this document.

In the event of any inconsistency between the contents of this Part IV and the terms and the conditions set out in Part V of this document, the terms and the conditions set out in Part V of this document shall prevail.

### 2. The Tender Offer

#### ***Why am I receiving this document?***

The Board announced the Proposals, including the Tender Offer, on 8 December 2017 as a result of which the Qualifying GDR Holders are being provided with an opportunity to tender their GDRs under the Tender Offer.

This document sets out information on the details of the Tender Offer and the procedure for participating, should you wish to do so.

#### ***Why are the GDRs being listed on KASE?***

Subject to certain exceptions, current Kazakhstan tax legislation provides that any capital gain made by GDR Holders from the sale of their GDRs to the Company will be subject to withholding tax to be applied by the Company acting as tax agent against the proceeds of the Tender Offer due to the accepting GDR Holder. However, any gains realised by GDR Holders in relation to the disposal of GDRs that are listed as of the date of sale on the official list of KASE and that are sold to the Company on KASE via an Open Trade transaction will not be subject to such withholding tax.

Accordingly, the Company will apply to KASE to have the GDRs listed on the official list of KASE. KMG EP is making available the KASE Tender Offer under which GDR Holders may tender their GDRs and to sell them through a KASE Broker to the Company by way of an Open Trade transaction on KASE.

#### ***Is an extraordinary general meeting of Shareholders required to approve the repurchase of GDRs under the Tender Offer?***

Yes, the Tender Offer is conditional on the passing of the resolution at EGM 1.

#### ***Will the GDRs be delisted from the LSE?***

Yes. Following the expiry of the final Put Option Right, the Company will submit notices to the FCA and LSE to cancel the admission of the GDRs to the Official List and to trading on the LSE, respectively. The GDRs and the Common Shares will also be delisted from KASE.

***Will there be another chance to sell the GDRs to KMG EP following the Delisting?***

Other than the Share Offer and the availability of the Put Option Rights for Shareholders and GDR Holders (which are explained in paragraph 4.4 of Part I of this document), the Company does not intend to make any further offers for its securities or to put in place a replacement trading programme for the GDRs.

***Will the GDR programme be terminated?***

The GDR programme will remain in effect following the Tender Offer as KMG EP will continue to hold a portion of the GDRs it acquires pursuant to the Tender Offer unless and until it is able to hold in treasury all the Common Shares represented by such GDRs. If the Company were to decide to terminate the Amended Deposit Agreement in the future, the term of notice to the GDR Holders for the termination of the Amended Deposit Agreement will reduce from 90 days to 30 days effective from the passing of the Delisting resolution at EGM 2.

**3. You and the Tender Offer**

***Who is eligible to participate in the Tender Offer?***

All Qualifying GDR Holders are eligible to participate in the Tender Offer.

GDR Holders resident outside the UK, or who are nationals or citizens of jurisdictions other than the UK, the US or Kazakhstan should read the additional information set out in Part V of this document.

***Should I tender my GDRs?***

The Tender Offer has been unanimously recommended by the Board and the INEDs. However, you should make your own decision as to whether or not you should participate in the Tender Offer and you are recommended to consult an appropriate independent professional adviser. Whether or not you decide to tender all or any of your GDRs will depend on, among other things, your view of KMG EP's prospects and your own individual circumstances, including your tax position.

***Will all of the GDRs I tender be purchased?***

Yes, subject to them being validly tendered and the Tender Conditions being satisfied (or, in the case of the Acceptance Condition only, waived).

***What is the maximum number of GDRs that I can tender?***

You can tender all of the GDRs which you hold. You should note, however, that KMG EP has sole discretion in determining the validity of tenders. The decision of KMG EP as to which GDRs have been validly tendered will be final and binding on all GDR Holders.

***Can I tender some, but not all, of my GDRs?***

Yes. Your attention is drawn to the consequences of not accepting the Tender Offer set out in paragraph 16 of Part I of this document.

***Do I have to tender my GDRs?***

No, you are not obliged to tender any of your GDRs. If you choose not to tender any GDRs, you will not receive any money under the Tender Offer. Although your holding of GDRs will be unaffected,

your attention is drawn to the consequences of not accepting the Tender Offer set out in paragraph 16 of Part I of this document.

***What do I need to do now?***

You should consider whether you wish to tender your GDRs and, if so, whether you wish to tender them under the OTC Tender Offer or the KASE Tender Offer. You should make your decision expeditiously if you wish to tender your GDRs under the KASE Tender Offer, given the documentation and information that is required by SBI or another KASE Broker to open a brokerage account and to sell your GDRs on KASE. If you do wish to tender some or all of your GDRs under the OTC Tender Offer, you should follow the procedures set out in paragraph 3 of Part V of this document.

***What is the deadline for accepting the Tender Offer?***

**The Tender Offer will lapse at 3.00 p.m. on the First Closing Date, which is 22 January 2018, unless it has become unconditional or is extended by means of an announcement through a Regulatory Information Service. GDR Holders are therefore urged to tender their GDRs as soon as possible and in any event so as to be received no later than such time and date.**

If the Tender Offer is extended, the Acceptance Condition may be waived by the Company if it has not been satisfied by the Final Closing Date.

If it becomes unconditional in all respects, the Tender Offer will remain open for acceptances until 3.00 p.m. on the Final Closing Date, which is 8 March 2018. If you tender your GDRs under the OTC Tender Offer, instructions through the relevant Clearing System in relation to the OTC Tender Offer should be submitted so as to be received by the Tender Agent no later than 3.00 p.m. on the First Closing Date, after which time instructions to the relevant Clearing System will be rejected (unless the Tender Conditions have been satisfied (or, in the case of the Acceptance Condition only, waived) or the Tender Offer is extended).

Please note that Euroclear, Clearstream and DTC, their respective participants and the brokers or other securities intermediaries through which GDRs are held will establish their own cut-off dates and times for the tender of the GDRs, which will be earlier than 3.00 p.m. on the First Closing Date or the Final Closing Date (as applicable).

If you tender your GDRs under the KASE Tender Offer, you should return the KASE Tender Form, completed, signed and witnessed to the Company's Receiving Agent, Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 1.00 p.m. on the First Closing Date.

**If you tender your GDRs under the KASE Tender Offer, please read paragraph 4 of Part V of this document carefully. Please ensure that you have sufficient time to prepare and submit to the KASE Broker you choose all documentation and information required to enable the brokerage account to be opened and the appropriate sell instructions to be given by you to the KASE Broker at the latest by the day before the final Settlement Date.**

**If you experience or envisage any difficulties in opening a brokerage account with a KASE Broker you are strongly recommended to consider tendering your GDRs in the OTC Tender Offer and to telephone Link Asset Services on +44 371 664 0321 for further information.**

***If my GDRs are held by my broker or other nominee, will that person tender my GDRs on my behalf?***

Only if you provide instructions to your broker or other nominee to do so. You should follow the directions provided by your broker or other nominee regarding how to instruct them to tender your GDRs. Without your specific instructions, your GDRs will not be tendered for purchase under the Tender Offer.

***May I tender pledged or otherwise encumbered GDRs into the Tender Offer?***

No. Qualifying GDR Holders may not tender GDRs that are blocked, encumbered, pledged or subject to attachment or have other restrictions of any kind.

***What happens if I sell my GDRs after receiving this document?***

If you sell or have sold or otherwise transferred all of your GDRs, please forward this document at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into or from any jurisdiction where to do so would constitute a violation of the relevant laws of that jurisdiction, including, but not limited to, any Restricted Jurisdiction except pursuant to a permissible exemption. If you have sold or otherwise transferred only part of your holding of GDRs, please retain this document and consult the stockbroker, bank or other agent through whom the sale or transfer was effected as to the action you should take.

***What if I am resident outside the UK?***

GDR Holders resident outside the UK, or who are nationals or citizens of jurisdictions other than the UK, should read the additional information set out in paragraph 7 of Part V of this document. For legal reasons, we are unable to offer GDR Holders in a Restricted Jurisdiction the ability to participate in the Tender Offer.

***Can I tender my GDRs by guaranteed delivery?***

No. GDRs may not be tendered in the Tender Offer by guaranteed delivery.

***Can the Company decide not to proceed with the Tender Offer?***

The Tender Offer is conditional solely upon the satisfaction (or, in the case of the Acceptance Condition, waiver) of the Tender Conditions set out in paragraph 2.1 of Part V of this document. Should the Tender Conditions not be satisfied (or, in the case of the Acceptance Condition, waived), then the Tender Offer will not proceed.

***Can I withdraw my tender?***

No. You will not be able to withdraw your validly submitted tender of GDRs. A GDR Holder who has tendered GDRs in the OTC Tender Offer will have its tendered GDRs blocked by DTC, Euroclear or Clearstream and therefore will not be able to transfer, dispose of, or otherwise deal in, the GDRs that have been tendered. A GDR Holder who tenders GDRs in the KASE Tender Offer will irrevocably undertake in the KASE Tender Form not to withdraw their tender.

***Once the results of the Tender Offer are announced, is KMG EP required to complete the Tender Offer?***

Yes, unless the Tender Conditions are not satisfied (or, in the case of the Acceptance Condition, waived) or KMG EP has not accepted for purchase invalidly tendered GDRs, once the results of the Tender Offer are announced, KMG EP is required to complete the Tender Offer.

***What will happen to the GDRs that are successfully tendered?***

Assuming the Tender Offer becomes or is declared unconditional in all respects, KMG EP will implement the Tender Offer by acquiring the successfully tendered GDRs at the Tender Price. Before EGM 2 is held, KMG EP will exchange 53,908,494 of the GDRs it has acquired as a result of the Tender Offer for the 8,984,749 Common Shares underlying such GDRs as described in paragraph 4.8 of Part I of this document. Such Common Shares will be held by the Company in treasury.

On the cancellation and exchange of such GDRs for Common Shares, NC KMG will have an interest in at least 75 per cent. of the total voting share capital of the Company (including Common Shares represented by GDRs but excluding Common Shares and GDRs held by the Company).

The remaining GDRs will continue to be held by KMG EP and the Amended Deposit Agreement will remain in effect until the Company is able to hold further Common Shares in treasury and exchange the balance of the GDRs for Common Shares.

***When do I receive payment and in what currency?***

In relation to the OTC Tender Offer, subject to the Tender Offer becoming or being declared unconditional in all respects, KMG EP will remit the relevant entire Tender Price in US dollars to the Tender Agent, subject to any Withheld Amount and any other applicable taxes and other governmental charges:

- (a) in the case of all valid acceptances received by the date on which the Tender Offer becomes or is declared unconditional in all respects, on the first Settlement Date; or
- (b) in the case of all valid acceptances received after the date on which the Tender Offer becomes or is declared unconditional in all respects but while the Tender Offer remains open for acceptance, on the Final Settlement Date.

The Tender Agent will, as soon as practicable, pay the net amount received by it to the Clearing Systems for further distribution to GDR Holders who have validly tendered in the OTC Tender Offer and whose GDRs have been accepted for purchase in the OTC Tender Offer, subject to any Withheld Amount and any other applicable taxes and other governmental charges. The net amounts shall be paid to tendering GDR Holders through the procedures of the relevant Clearing System.

In relation to the KASE Tender Offer, subject to the Tender Offer becoming or being declared unconditional in all respects and the relevant GDR Holders selling their tendered GDRs on KASE on the relevant Settlement Date, the Company will pay the entire Tender Price in US dollars to the relevant KASE Brokers free of Kazakhstan withholding tax but subject to any other applicable taxes and other governmental charges on that Settlement Date. While any sales through SBI will be free of commissions and dealing charges, other KASE Brokers will charge for the services in executing the KASE Tender Offer.

Tendering GDR Holders will not receive any accrued or other interest with respect to the entire Tender Price under any circumstances.

Payment for validly tendered GDRs will be made in US dollars.

***Do I have to pay any costs and expenses?***

No. The Company is not imposing any fees in connection with either the OTC Tender Offer or the KASE Tender Offer and will bear all commissions and dealing charges payable by a GDR Holder in respect of any sale through SBI of tendered GDRs to the Company pursuant to the KASE Tender Offer by way of an Open Trade transaction on KASE. However, if you tender your GDRs pursuant to the KASE Tender Offer and engage a KASE Broker other than SBI, you will be liable to pay their commissions and dealing charges.

If you own your GDRs through a bank, broker, dealer, trust company or other nominee and such nominee tenders your GDRs on your behalf, such nominee may charge you a fee for doing so. You should consult with your bank, broker, dealer, trust company or other nominee or KASE Broker to determine whether any charges will apply.

***What is the tax treatment for GDR Holders?***

Unless you accept the KASE Tender Offer, Kazakhstan withholding tax at a rate of 20 per cent. will, except as described in the questions and answers below, be applied by the Company to the entire Tender Price due to you for your GDRs and will be deducted from the same by way of the Withheld Amount.

In the absence of evidence to the satisfaction of the Company of the tax residence of a GDR Holder together with, for a Non-Kazakhstan Holder only, evidence of the original purchase price for tendered GDRs and the incorporation or citizenship (as applicable) of that GDR Holder, the Company will, by way of the Withheld Amount, withhold from the sum payable by it to the Tender Agent, an amount equal to 20 per cent. of the entire Tender Price otherwise due to a GDR Holder.

The following questions and answers and paragraph 3.3 of Part V of this document give further details of the evidence the Company will accept from a GDR Holder in relation to evidence of their tax residence and, in the case of Non-Kazakhstan Holders, of the original purchase price for their GDRs and of their incorporation or citizenship, and the procedure for providing it to the Company.

Please see Part VII of this document for further information on the Kazakhstan withholding tax and certain other UK, US and Kazakh taxation consequences of the Tender Offer. The information on taxation in this Part IV and in Part VII of this document is for guidance only and does not constitute tax advice. If you are in any doubt as to your tax position, or if you are subject to tax in a jurisdiction other than the UK, US or Kazakhstan, you should consult an independent professional adviser.

***How do I mitigate any Kazakhstan withholding tax if I tender my GDRs under the OTC Tender Offer?***

If you are a Kazakhstan Holder, you should provide evidence, to the satisfaction of the Company, of your tax residence in Kazakhstan by way of an original tax residency certificate. This certificate must be given in respect of the same calendar year as the GDR Holder tenders its GDRs pursuant to the OTC Tender Offer.

If you are a Non-Kazakhstan Holder, you should also provide evidence, to the satisfaction of the Company, of your tax residence in a Non-Preferential Tax Regime Jurisdiction (other than Kazakhstan) by way of an original tax residency certificate that has been notarised or apostilled, together with evidence of the original purchase price of your GDRs and of your incorporation or citizenship, as set out in more detail below.

You must also provide the OTC Tax Declaration Form as a cover document to any evidence provided pursuant to paragraph 3.3 of Part V of this document, to enable the Company and the Tender Agent to process the other evidence provided, and to ensure the Company is able to contact the GDR Holder to remedy any defects in the required evidence.

If you provide such evidence so as to be received by the Tender Agent at The Bank of New York Mellon, Depository Receipts, 101 Barclay Street, 22nd Floor, New York, New York 10286, USA (attention: Agness Moskovits) and queries to have been resolved at least two weeks before the Settlement Date falling after the date on which they accept the OTC Tender Offer, the Company will not apply any Kazakhstan withholding tax and you will receive the entire Tender Price due to you free of any Withheld Amount. The Bank of New York Mellon can be contacted at [DRProjectAspan@bnymellon.com](mailto:DRProjectAspan@bnymellon.com).

***What evidence should Non-Kazakhstan Holders produce of the original purchase price paid for tendered GDRs?***

The Company will accept the following evidence:

- (a) if the tendered GDRs were acquired on exchange, your most recent original broker or custodian statement (or statements) or, if you are a professional or regulated investor, your own internal record (or records) in a form acceptable to the Company in its absolute discretion, which clearly indicates (or indicate) the quantity of the GDRs held by the GDR Holder and their book value as of the date of the statement. The statement should be on the broker's or custodian's letterhead (or, if you are a professional investor providing your own internal record, your letterhead) and at a minimum contain the broker's or custodian's name (or, if you are a professional or regulated investor providing your own internal record, your name), the date of the statement or record and preferably be signed and stamped by the broker or custodian (or, if you are a professional or regulated investor, providing your own internal record, stamped by you) and dated within three months of the date the GDR Holder tenders its GDRs pursuant to the OTC Tender Offer. The quantity of GDRs in the statement should match or be greater than the number of GDRs tendered; or
- (b) if the tendered GDRs were acquired off exchange, a notarised copy of a sale and purchase agreement between the GDR Holder and the previous owner of the GDRs, indicating the quantity of the GDRs and their cost base.

***What evidence should Non-Kazakhstan Holders produce of their tax residence and of their incorporation or citizenship?***

In order to accept that the Non-Kazakhstan Holder is a tax resident of a Non-Preferential Tax Regime Country (other than Kazakhstan) and registered in a Non-Preferential Tax Regime Country, the Company requires the following evidence:

- (a) an apostilled or legalised original tax residency certificate, showing that the GDR Holder is a tax resident of a Non-Preferential Tax Regime Country (other than Kazakhstan). This certificate must be given in respect of the same calendar year as the GDR Holder tenders its GDRs pursuant to the OTC Tender Offer; and
- (b) evidence of registration of the GDR Holder, being:
  - (i) in the case of a legal entity, a notarised paper copy of the GDR Holder's certificate of incorporation; or
  - (ii) in the case of an individual, a notarised paper copy of the GDR Holder's passport.

If this evidence shows that the GDR Holder is a tax resident of a Non-Preferential Tax Regime Country (other than Kazakhstan) and incorporated in or a citizen of a Non-Preferential Tax Regime Country, the rate of withholding tax applied by the Company will be 15 per cent.

***What form should the evidence take and where do I send the evidence to?***

The documents must be in the form referred to above and in Kazakh, Russian or English. If the documents are not in Kazakh, Russian or English, notarised translations of the documents into either Kazakh, Russian or English must also be provided. If the notarisation is performed in Kazakhstan or any other country which is a member of the Minsk Convention of 1993 or the Chisinau Convention of 2002, there is no need for any additional formalities on the translation. However, if the translation is performed outside Kazakhstan or outside any other country which is member of the Minsk or Chisinau conventions, then the notarised translation should be apostilled or legalised.

**We recommend that GDR Holders wishing to accept the OTC Tender Offer provide evidence of their tax residence and, in the case of Non-Kazakhstan Holders, of the original purchase price for their GDRs and of their incorporation or citizenship so as to be received by the Tender Agent at The Bank of New York Mellon, Depository Receipts, 101 Barclay Street, 22nd Floor, New York, New York 10286, USA (attention: Agness Moskovits) and queries to have been resolved at least two weeks before the Settlement Date falling after the date on which they accept the OTC Tender Offer. The Bank of New York Mellon can be contacted at DRProjectAspan@bnymellon.com. If a GDR Holder accepts the Tender Offer prior to the first Settlement Date but the evidence as to tax residence, original purchase price and incorporation or citizenship is not received or outstanding queries are not resolved by the first Settlement Date, that GDR Holder's proceeds of the Tender Offer may be subject to a higher Withheld Amount than would otherwise be the case.**

Upon receipt from the Tender Agent of the documentation received from a GDR Holder, KMG EP will determine the amount of the GDR Holder's capital gain (if any) that is subject to tax, or determine that the GDR Holder will realise a non-taxable capital loss. Based on any evidence of registration and either incorporation or citizenship supplied, KMG EP will then determine the applicable Kazakhstan withholding tax rate and calculate any Withheld Amount.

KMG EP will promptly notify a GDR Holder if the documents supplied are not deemed by it to be of a suitable quality or do not meet the above requirements with a view to the GDR Holder supplying any such further evidence as may be requested by KMG EP to remedy any defects in the required evidence.

***Who should I contact with any queries on the withholding tax and the evidence required?***

If you have any questions about the procedures for providing evidence to the Company (or the form of evidence required) to mitigate any applicable Withheld Amount, please telephone Link Asset Services on +44 371 664 0321.

Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and monitored for security and training purposes.

***What is United States information reporting and backup withholding? Do I need to fill in any forms?***

The receipt of cash pursuant to the Tender Offer by a US Holder will be a taxable transaction for US federal income tax purposes. Paragraph 2 of Part VII of this document sets out certain US tax

consequences of the Tender Offer for US Holders. To summarise, proceeds from the disposition of and amounts treated as dividend payments on GDRs pursuant to the Tender Offer to a US Holder will generally be subject to information reporting unless the US Holder is treated as an exempt recipient. The proceeds and dividends may be subject to backup withholding unless the US Holder (i) is treated as an exempt recipient, (ii) timely provides a taxpayer identification number and certifies that no loss of exemption from backup withholding has occurred, or (iii) is otherwise exempt.

In addition, US Holders should be aware that if the Company constitutes a PFIC the cash payment pursuant to the Tender Offer may be subject to US federal income taxation at rates for ordinary income rather than the more favourable rates for long-term capital gains.

The income realised by a US Holder may also be subject to tax in the US state in which he is resident. This paragraph is not intended as tax advice and does not purport to address all US tax issues for US Holders who participate in the Tender Offer. US Holders are strongly advised to consult their own professional tax advisers to determine the tax consequences applicable in their individual situations.

***Will GDRs not purchased by KMG EP pursuant to the Tender Offer be returned to me?***

Any Regulation S GDRs not accepted for purchase as a result of not being validly tendered under the OTC Tender Offer that are held through Euroclear or Clearstream will be unblocked and any Rule 144A GDRs not accepted for purchase that are held through DTC will be returned to the DTC account of the applicable DTC participant.

The irrevocable undertakings contained in the KASE Tender Form will lapse in relation to any GDRs not accepted for purchase under the KASE Tender Offer. Such GDRs will not have been transferred from your participant's account in the Clearing Systems.

***What if I have any more questions?***

If you have any questions about the Tender Offer (including the procedures for accepting the OTC Tender Offer, for providing evidence to the Company to mitigate any applicable Withheld Amount, for accepting the KASE Tender Offer and for opening a brokerage account with SBI), please telephone Link Asset Services on +44 371 664 0321.

Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and monitored for security and training purposes.

Link Asset Services cannot provide advice on the merits of the Tender Offer nor give any financial, legal or tax advice.

**For financial, legal or taxation advice, you should consult your own independent financial, investment or taxation adviser.**

## PART V

### TERMS AND CONDITIONS OF THE TENDER OFFER

#### 1. Introduction

- 1.1 Qualifying GDR Holders are being invited to tender some or all of their GDRs for purchase by KMG EP on the terms and subject to the conditions set out in this document and, in the case of the KASE Tender Offer only, in the KASE Tender Form.
- 1.2 Qualifying GDR Holders who do not wish to participate in the Tender Offer need take no action. Although your holding of GDRs will be unaffected, your attention is drawn to the consequences of not accepting the Tender Offer set out in paragraph 16 of Part I of this document.

#### 2. Terms and conditions of the Tender Offer

- 2.1 The Tender Offer is conditional upon the following:
- (a) the GDRs having been admitted to the official list of KASE;
  - (b) KMG EP having received valid acceptances of the Tender Offer in respect of at least 53,908,494 GDRs, which as at 30 November 2017 (being the latest practicable date prior to the date of publication of this document) represent approximately 39.4 per cent. of the GDRs in issue (excluding GDRs held by the Company); and
  - (c) the passing of the resolution at EGM 1.
- 2.2 KMG EP will not purchase the GDRs pursuant to the Tender Offer unless the Tender Conditions have been satisfied or, in the case of the Acceptance Condition only, waived in accordance with this paragraph 2.2. If any of the Tender Conditions is not satisfied or, in the case of the Acceptance Condition only, waived by the First Closing Date (or such later time and date as KMG EP may determine), the Tender Offer will lapse, unless extended by KMG EP. For the avoidance of doubt, KMG EP may not waive any of the Tender Conditions except that it may waive the Acceptance Condition if it has not been satisfied by the Final Closing Date.
- 2.3 Please note that the Clearing Systems, their respective participants and the brokers or other securities intermediaries through which GDR Holders hold their GDRs will establish their own cut-off dates and times for the tender of the GDRs under the OTC Tender Offer, which will be earlier than 3.00 p.m. on the First Closing Date.
- 2.4 Once the Tender Offer becomes unconditional, it shall remain open for acceptances until the Final Closing Date (or such later time and date as KMG EP may determine). KMG EP reserves the absolute right to treat as valid any tender of any particular GDRs received after such date.
- 2.5 KMG EP reserves the right, at any time prior to the announcement of the results of the Tender Offer to extend the period during which the Tender Offer is open, based on market conditions and/or other factors, subject to compliance with applicable legal and regulatory requirements. In the event that KMG EP extends the period during which the Tender Offer is open, any references to the date on which the Tender Offer shall close (including for the avoidance of doubt, the First Closing Date) shall mean the latest time and date at which the

Tender Offer, as so extended, shall close. KMG EP shall notify GDR Holders of any such revision without delay by public announcement through a Regulatory Information Service not later than 8.00 a.m. on the Business Day after the extension.

- 2.6 All GDRs tendered by Qualifying GDR Holders under the Tender Offer will be tendered at the Tender Price. GDRs may not be tendered at any other price.
- 2.7 The Tender Offer is for all and any GDRs held by Qualifying GDR Holders. Qualifying GDR Holders may tender all, some or none of their respective GDRs.
- 2.8 The aggregate consideration to be paid by KMG EP in respect of the Tender Offer will be US\$1.92 billion assuming (i) the Tender Offer is accepted by all Qualifying GDR Holders in respect of all outstanding GDRs and (ii) no change in the number of GDRs in issue after 1 December 2017 (being the latest practicable date prior to the date of publication of this document). However, this amount may change if some of the Common Shares are exchanged for GDRs (and *vice versa*), and/or Common Shares and/or GDRs are issued or treasury shares are transferred to the holders of Options as a result of the exercise of Options, after 30 November 2017 (being the latest practicable date prior to the date of publication of this document).
- 2.9 GDRs successfully tendered under the Tender Offer will be sold to KMG EP (acting as principal) fully paid and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching to the same.
- 2.10 All validly submitted tenders of GDRs will be irrevocable and may not be withdrawn. A Qualifying GDR Holder who has tendered GDRs in the OTC Tender Offer will have its tendered GDRs blocked by DTC, Euroclear or Clearstream, as applicable, and will not be able to transfer, dispose of, or otherwise deal in, the GDRs that have been tendered.
- 2.11 All questions as to the number of GDRs tendered and the validity, form, eligibility (including the time of receipt) and acceptance for payment and settlement of any tender of GDRs under the Tender Offer and the form of all documents provided to the Tender Agent or the Receiving Agent on behalf of the Company will be determined by KMG EP, in its sole discretion, which determination shall be final and binding (except as otherwise required under applicable law).
- 2.12 KMG EP reserves the absolute right to reject any or all tenders it determines in good faith not to be in proper form or the acceptance of payment for which may, in the good faith opinion of KMG EP, be unlawful.
- 2.13 KMG EP also reserves the absolute right to waive any defect or irregularity in the tender of any particular GDRs or any particular holder thereof and to treat as valid in whole or in part any acceptance or instruction to accept the OTC Tender Offer received by the Tender Agent or otherwise on behalf of the Company or the KASE Tender Offer received by or on behalf of the Company which is not entirely in order or in the correct form or which is not accompanied by (as applicable) the relevant document(s) or is received by it at any place or places or in any form or manner determined by the Tender Agent or the Company otherwise than as set out in this document. In that event in relation to the OTC Tender Offer, the transfer of the Tender Price from the Tender Agent may not be made, at the election of the Company, until after the acceptance and/or instruction to accept is entirely in order or the document(s) of title or indemnities satisfactory to the Company have been received by the Tender Agent.

- 2.14 Although KMG EP, the Tender Agent, the Receiving Agent and SBI will use their reasonable endeavours to notify a GDR Holder promptly of any defects or irregularities in any tender of GDRs or in any documents or other information submitted to any of them, none of KMG EP, the Tender Agent, the Receiving Agent, SBI or any other person is or will be under any absolute obligation to give such notice of such defects or irregularities and none of them will incur any liability for failure to give such notice. The expression “validly tendered” or other similar expressions shall include any defectively or irregularly tendered GDRs with respect to which KMG EP has waived such defect.
- 2.15 By submitting a KASE Tender Form or taking any action to accept the OTC Tender Offer, the GDR Holder irrevocably authorises the Receiving Agent or the Tender Agent to share all information provided to the Receiving Agent or the Tender Agent with the Company.
- 2.16 All tenders of GDRs under the KASE Tender Offer must be made on the KASE Tender Form, duly completed in accordance with the instructions set out in paragraph 5.2 of this Part V and on the KASE Tender Form, as applicable (which constitute part of the terms of the KASE Tender Offer). Such tenders will be valid only if the procedures contained in this document and in the KASE Tender Form are complied with.
- 2.17 All tenders of GDRs under the OTC Tender Offer must be made by the input of instructions to the relevant Clearing System to accept the OTC Tender Offer in accordance with the instructions set out in paragraph 3 of this Part V. Such tenders will be valid only if the procedures contained in this document are complied with.
- 2.18 The Tender Offer and all tenders will be governed by, and construed in accordance with, the laws of England and Wales and the delivery, in relation to the KASE Tender Offer, of a KASE Tender Form, or the input, in relation to the OTC Tender Offer, of instructions to the relevant Clearing System, to accept the Tender Offer will, subject to paragraph 5.2.25 of this Part V, constitute submission to the jurisdiction of the courts of England and Wales.
- 2.19 Subject to paragraph 2.5 of this Part V, the results of the Tender Offer will be announced on the trading day immediately following the First Closing Date.
- 2.20 Under the Tender Offer and subject to the terms and conditions set out in this Part V, and (where relevant) the KASE Tender Form, Qualifying GDR Holders will be entitled to sell to KMG EP all of their GDRs.
- 2.21 All instructions made, or documents sent, by or on behalf of a Qualifying GDR Holder relating to the Tender Offer will be made or sent at the sole risk of the maker or sender.
- 2.22 If the Tender Offer does not become unconditional, or does not proceed, and lapses, all Regulation S GDRs tendered for purchase that are held through Euroclear or Clearstream will be unblocked and all Rule 144A GDRs tendered for purchase that are held through DTC will be returned to the DTC account of the applicable DTC participant.
- 2.23 If only part of a holding of GDRs is successfully tendered pursuant to the Tender Offer, any Regulation S GDRs not accepted for purchase that are held through Euroclear or Clearstream will be unblocked and any Rule 144A GDRs not accepted for purchase that are held through DTC will be returned to the DTC account of the applicable DTC participant.
- 2.24 All GDRs successfully tendered will be purchased by KMG EP, as principal and not as agent, nominee or trustee, at the Tender Price.

- 2.25 GDRs will be purchased under the Tender Offer free of all commissions and dealing charges (including any relating to an Open Trade transaction through SBI) which will be for the account of the Company but Qualifying GDR Holders may be charged a fee if they choose to engage a KASE Broker other than SBI in relation to the KASE Tender Offer, by that KASE Broker, for processing tenders on their behalf.
- 2.26 The failure of any person to receive a copy of this document or the KASE Tender Form shall not invalidate any aspect of the Tender Offer. None of KMG EP, the Tender Agent or any other person will incur any liability in respect of any person failing to receive this document or the KASE Tender Form.
- 2.27 KMG EP reserves the right, at any time prior to the announcement of the results of the Tender Offer to increase the Tender Price, based on market conditions and/or other factors, subject to compliance with applicable legal and regulatory requirements. KMG EP shall notify GDR Holders of any such revision without delay by public announcement through a Regulatory Information Service.
- 2.28 The terms of the Tender Offer shall have effect subject to such non-material modifications as KMG EP may from time to time announce. The times and dates referred to in this document may be amended as announced by KMG EP, provided that, unless the Tender Offer lapses in accordance with its terms, it shall remain open for acceptance until the Final Closing Date.

### **3. Procedure for tendering under the OTC Tender Offer**

#### **3.1 Tendering GDRs under the OTC Tender Offer**

If you are a Qualifying GDR Holder and wish to accept the OTC Tender Offer, then you may do so as follows. A Qualifying GDR Holder (or the direct participant of Euroclear or Clearstream, as the case may be, holding on behalf of such holder) holding Regulation S GDRs should tender under the OTC Tender Offer through either Euroclear or Clearstream, as the case may be. A Qualifying GDR Holder (or direct participant of DTC on behalf of such holder) holding Rule 144A GDRs who wishes to accept the Tender Offer should tender under the OTC Tender Offer through DTC's system.

The ISIN and Common Codes of the Regulation S GDRs and Rule 144A GDRs are set out in paragraph 10(g) of Part VIII of this document.

A Qualifying GDR Holder who has tendered GDRs in the OTC Tender Offer will have its tendered GDRs blocked by DTC, Euroclear or Clearstream and therefore will not be able to transfer, dispose of, or otherwise deal in, the GDRs that have been tendered.

If the Tender Offer becomes unconditional by 3.00 p.m. on the First Closing Date, or such later time and date as KMG EP may determine, the Tender Agent will transfer to the order of KMG EP the GDRs successfully tendered and purchased under the OTC Tender Offer, returning to you any GDRs not purchased.

#### **(a) Tendering Regulation S GDRs**

If you wish to tender Regulation S GDRs, you should cause the broker or other securities intermediary through which you hold the GDRs to instruct Euroclear or Clearstream to block the number of GDRs tendered in its participant account.

You should ensure that the Tender Agent receives notice of the blocking through Euroclear or Clearstream, as applicable, prior to 3.00 p.m. on the First Closing Date.

**(b) Tendering Rule 144A GDRs**

To tender Rule 144A GDRs, you should cause the broker or other securities intermediary through which you hold the GDRs to deliver, or cause to be delivered, to the Tender Agent, the following, to be received by 3.00 p.m. on the First Closing Date:

- (i) a Book-Entry Confirmation; and
- (ii) an Agent's Message.

Rule 144A GDRs may only be tendered through the voluntary offering procedures operated by DTC. To tender Rule 144A GDRs through the voluntary offering procedures operated by DTC, participants in DTC must send electronic instructions to DTC through DTC's communication system. DTC is obligated to communicate those electronic instructions to the Tender Agent. You should ensure that the Tender Agent receives those electronic instructions prior to 3.00 p.m. on the First Closing Date.

**3.2 Validity of tenders under the OTC Tender Offer**

Qualifying GDR Holders who wish to tender their GDRs under the OTC Tender Offer should note that the submission of an electronic instruction in accordance with the requirements of the voluntary tender offer procedures operated by DTC or the requirements of Euroclear or Clearstream, as applicable, will be a valid tender as at the First Closing Date or the Final Closing Date (as applicable) only if it has settled on or before 3.00 p.m. on that date.

**GDR Holders are solely responsible for ensuring their GDRs are validly tendered and for the timely delivery of all other documents required under the procedures for tendering GDRs under the Tender Offer in this document (including the provision of evidence to the Tender Agent so as to mitigate the amount of the Withheld Amount).**

All instructions required to be submitted to the Tender Agent in respect of the OTC Tender Offer should be submitted to it within its normal business hours and in any event on or prior to 3.00 p.m. on the First Closing Date or the Final Closing Date (as applicable). Holders of GDRs must allow sufficient time for completion of the relevant Clearing System's tendering procedures during the normal business hours on or prior to 3.00 p.m. on the First Closing Date or the Final Closing Date (as applicable).

As the Clearing Systems, their respective participants and the brokers or other securities intermediaries through which Qualifying GDR Holders hold their GDRs will establish their own cut-off dates and times for the tender of the GDRs, which will be earlier than 3.00 p.m. on the First Closing Date or the Final Closing Date (as applicable), you should ensure that all necessary action is taken to accept the Tender Offer prior to 3.00 p.m. on the First Closing Date or the Final Closing Date (as applicable).

A public announcement through a Regulatory Information Service will be made if any of the details contained in this paragraph 3.2 are amended or revised.

Notwithstanding the submission of an electronic instruction in accordance with the requirements of the voluntary tender offer procedures operated by DTC or the requirements of Euroclear or Clearstream, as applicable, the Tender Offer may lapse in accordance with the Tender Conditions.

### **3.3 Providing evidence to the Company to reduce the Withheld Amount in relation to the OTC Tender Offer**

A GDR Holder who tenders their GDRs under the OTC Tender Offer and who wishes to mitigate the amount of the Withheld Amount should provide to the Tender Agent on behalf of the Company the following documentation, as applicable:

#### **(a) Form of tax declaration**

In all cases, the GDR Holder must complete and sign the OTC Tax Declaration Form, and submit it together with any evidence provided pursuant to paragraphs 3.3(b) to 3.3(d) of this Part V. If a GDR Holder does not provide this form, the tender of their GDRs will not be invalid, but there may be delays in processing the other evidence provided, and the Company may be unable to contact the GDR Holder to remedy any defects in the required evidence.

#### **(b) Evidence of tax residence of a Kazakhstan Holder**

In the case of a GDR Holder wishing to prove tax residence in Kazakhstan, an original tax residency certificate. This certificate must be given in respect of the same calendar year as the GDR Holder tenders its GDRs pursuant to the OTC Tender Offer.

#### **(c) Evidence of original purchase price of a Non-Kazakhstan Holder**

In the case of any Non-Kazakhstan Holder wishing to prove the original purchase price of any tendered GDRs:

- (i) if the tendered GDRs were acquired on exchange, your most recent original broker or custodian statement (or statements) or, if you are a professional or regulated investor, your own internal record (or records) in a form acceptable to the Company in its absolute discretion, which clearly indicates (or indicate) the quantity of the GDRs held by the GDR Holder and their book value as of the date of the statement. The statement should be on the broker's or custodian's letterhead (or, if you are a professional investor providing your own internal record, your letterhead) and at a minimum contain the broker's or custodian's name (or, if you are a professional or regulated investor providing your own internal record, your name), the date of the statement or record and preferably be signed and stamped by the broker or custodian (or, if you are a professional or regulated investor, providing your own internal record, stamped by you) and dated within three months of the date the GDR Holder tenders its GDRs pursuant to the OTC Tender Offer. The quantity of GDRs in the statement should match or be greater than the number of GDRs tendered; or
- (ii) if the tendered GDRs were acquired off exchange a notarised copy of a sale and purchase agreement between the GDR Holder and the previous owner of the GDRs, indicating the quantity of the GDRs and their cost base.

**(d) Evidence of tax residency and registration of a Non-Kazakhstan Holder**

In the case of any Non-Kazakhstan Holder who has made a gain on the original purchase price of the tendered GDRs, and who wishes to prove that the GDR Holder is both a tax resident of, and registered in, a Non-Preferential Tax Regime Country:

- (i) an apostilled or legalised original tax residency certificate, showing that the GDR Holder is a tax resident of a Non-Preferential Tax Regime Country (other than Kazakhstan). This certificate must be given in respect of the same calendar year as the GDR Holder tenders its GDRs pursuant to the OTC Tender Offer; and
- (ii) evidence of registration of the GDR Holder, being:
  - (A) in the case of a legal entity, a notarised paper copy of the GDR Holder's certificate of incorporation; or
  - (B) in the case of an individual, a notarised paper copy of the GDR Holder's passport,

in each case, showing that the GDR Holder is registered in (as applicable) a Non-Preferential Tax Regime Country.

If the GDR Holder does not provide the evidence referred to in paragraphs 3.3(d)(i) and 3.3(d)(ii) (or alternatively, the evidence referred to in paragraph 3.3(a)) to the satisfaction of the Company, the Company will be required to apply withholding tax to the capital gain made by the GDR Holder on the sale of the GDRs at a rate of 20 per cent..

As any decision on whether or not a GDR Holder has made a capital gain will be at the sole discretion of the Company acting in good faith, GDR Holders are recommended to provide the evidence as to registration referred to in paragraph 3.3(d)(i) or 3.3(d)(ii) of this Part V if there is any doubt as to whether or not they have made a capital gain on their tendered GDRs.

The documents must be in the form referred to above and in Kazakh, Russian or English. If the documents are not in Kazakh, Russian or English, notarised translations of the documents into either Kazakh, Russian or English must also be provided. If the notarisation is performed in Kazakhstan or any other country which is a member of the Minsk Convention of 1993 or the Chisinau Convention of 2002, there is no need for any additional formalities on the translation. However, if the translation is performed outside Kazakhstan or outside any other country which is member of the Minsk or Chisinau conventions, then the notarised translation should be apostilled or legalised.

**We recommend that GDR Holders wishing to accept the OTC Tender Offer provide evidence of their tax residence and, in the case of Non-Kazakhstan Holders, of the original purchase price for their GDRs and of their incorporation or citizenship so as to be received by the Tender Agent at The Bank of New York Mellon, Depository Receipts, 101 Barclay Street, 22nd Floor, New York, New York 10286, USA (attention: Agness Moskovits) and queries to have been resolved at least two weeks before the Settlement Date falling after the date on which they accept the OTC Tender Offer. The Bank of New York Mellon can be contacted at DRProjectAspan@bnymellon.com. If a GDR Holder accepts the Tender Offer prior to the first Settlement Date but the**

**evidence as to tax residence, original purchase price and incorporation or citizenship is not received or outstanding queries are not resolved by the first Settlement Date, that GDR Holder's proceeds of the Tender Offer may be subject to a higher Withheld Amount than would otherwise be the case.**

Upon receipt from the Tender Agent of the documentation received from a GDR Holder, KMG EP will determine the amount of the Non-Kazakhstan Holder's capital gain (if any) that is subject to tax, or determine that the Non-Kazakhstan Holder will realise a non-taxable capital loss. Based on any evidence of registration and tax residence supplied, KMG EP will then determine the applicable Kazakhstan withholding tax.

KMG EP will promptly notify a GDR Holder if the documents supplied are not deemed by it to be of a suitable quality or do not meet the above requirements with a view to the GDR Holder supplying any such further evidence as may be requested by KMG EP to remedy any defects in the required evidence.

**If such defects are not remedied by the GDR Holder or KMG EP is unable to contact the GDR Holder or a GDR Holder has not supplied any evidence as described above by the next Settlement Date after tendering their GDRs, then any GDRs validly tendered by the GDR Holder will be sold to the Company and the entire Tender Price due to such GDR Holder will be subject to a Withheld Amount in an amount determined by the Company on the basis of any evidence it has accepted.** The basis of calculation of the Kazakhstan withholding tax and therefore the Withheld Amount which the Company will apply is set out in paragraph 3 of Part VII of this document.

KMG EP will notify the Tender Agent of all amounts of Kazakhstan withholding tax that it has deducted by way of the Withheld Amount for onward communication to the GDR Holder but GDR Holders will not be notified in advance of any Withheld Amount applicable to them. If a GDR Holder has any questions regarding the quantum of a Withheld Amount, it should contact KMG EP directly.

A GDR Holder may be able to apply for a tax refund from the Kazakhstan tax authorities in respect of any Withheld Amount under an applicable double tax treaty. Such an application for a refund is the responsibility of the relevant GDR Holder and the Company is unable to provide any assistance in relation to such an application.

Any decision to accept evidence provided by a GDR Holder with a view to mitigating the amount of the Withheld Amount will be at the sole discretion of the Company acting in good faith, having regard to applicable Kazakhstan Laws, and whose decision shall be final and binding.

Although KMG EP will use its reasonable endeavours to notify a GDR Holder of any defects or irregularities in any documents or other information submitted to it, KMG EP is not nor will be under an absolute obligation to give such notice of such defects or irregularities and it will not incur any liability for failure to give such notice. KMG EP shall have no responsibility or liability to any GDR Holder for any refusal or failure by the Company to accept such evidence (either at all or in a timely manner) so as to mitigate the amount of the Withheld Amount or for any error in the calculation of the Withheld Amount.

The method of delivery of any documents to the Tender Agent on behalf of the Company is at the option and sole risk of the tendering GDR Holder. Any documents to be provided by GDR Holders to the Tender Agent on behalf of the Company pursuant to this document will be deemed delivered only when actually received by them.

Any documentation referred to in this paragraph 3.3 received in an envelope postmarked in a Restricted Jurisdiction or otherwise appearing to the Company or its agents to have been sent from any Restricted Jurisdiction may cause the relevant GDRs to be rejected as an invalid tender. For further information on Overseas GDR Holders, see paragraph 7 of this Part V.

The Tender Agent will have no duty to review any tax documentation it receives but will merely send that documentation to KMG EP for review.

If you have any questions about the procedures for providing evidence of tax residence, original purchase price, incorporation or citizenship (or the form of evidence required) to mitigate any applicable Withheld Amount, please telephone Link Asset Services on +44 371 664 0321.

Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and monitored for security and training purposes.

Link Asset Services cannot provide advice on the merits of the Tender Offer nor give any financial, legal or tax advice.

The failure by a Qualifying GDR Holder to comply with the procedures described above will result in an invalid tender of GDRs and, accordingly, such GDR Holder's tendered GDRs will not be accepted for purchase and will not be purchased.

#### **4. Procedure for tendering under the KASE Tender Offer**

##### **4.1 Tendering GDRs under the KASE Tender Offer**

If you wish to tender your GDRs to the Company under the KASE Tender Offer you should:

- (a) complete, sign, have witnessed and deliver, or cause to be delivered, to the Company's Receiving Agent, Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU an original signed KASE Tender Form in accordance with this document and the instructions on the KASE Tender Form so as to be received by 1.00 p.m. on the First Closing Date. Link Asset Services cannot accept submission of forms by email or facsimile;
- (b) if you do not have a brokerage account with a KASE Broker, immediately open a brokerage account with SkyBridge Invest in accordance with the service arranged by the Company or with any other KASE Broker;
- (c) transfer the tendered GDRs into KACD's participant account in Euroclear or Clearstream to hold on your behalf; and
- (d) instruct such KASE Broker to sell your GDRs to the Company by way of an Open Trade transaction on KASE at the earliest opportunity in time for the next Settlement Date (and at the latest by the day which is one day before the final Settlement Date).

**If you experience or envisage any difficulties in opening a brokerage account with a KASE Broker you are strongly recommended to consider tendering your GDRs in the**

**OTC Tender Offer and to telephone Link Asset Services on +44 371 664 0321 for further information.**

The procedure for tendering under the KASE Tender Offer is set out in this paragraph 4.

Further information on setting up a brokerage account with SBI and the procedure for arranging a sale of the GDRs on KASE is set out in paragraph 4.3 of this Part V and on SBI's website at <https://www.sbinvest.kz/manual/?lang=en>.

A GDR Holder who tenders GDRs in the KASE Tender Offer will irrevocably undertake in the KASE Tender Form not to withdraw their tender.

**YOUR ACCEPTANCE OF THE KASE TENDER OFFER IS AN IRREVOCABLE COMMITMENT TO SELL YOUR GDRS TO THE COMPANY, MEANING YOU MUST NOT SELL ANY OF THOSE GDRS TO ANOTHER THIRD PARTY. ANY SALE TO A THIRD PARTY OF GDRS ACCEPTED INTO THE KASE TENDER OFFER WILL BE A BREACH OF THE TERMS OF THE KASE TENDER OFFER.**

Tenders in respect of the KASE Tender Offer received after 1.00 p.m. on the Final Closing Date will be accepted only at the sole discretion of the Company.

Any KASE Tender Form received in an envelope postmarked in a Restricted Jurisdiction or otherwise appearing to the Company or its agents to have been sent from any Restricted Jurisdiction may be rejected as an invalid tender. For further information on Overseas GDR Holders, see paragraph 7 of this Part V.

#### **4.2 Rule 144A GDRs not eligible for KASE Tender Offer**

Holders of Rule 144A GDRs will not be able to tender their Rule 144A GDRs in the KASE Tender Offer as they are held in DTC and not in Euroclear or Clearstream. It is not possible therefore to sell Rule 144A GDRs on KASE.

#### **4.3 Opening a brokerage account with SBI**

A GDR Holder who wishes to open a brokerage account with SBI should go to the SBI website at <https://www.sbinvest.kz/manual/?lang=en> where they will find instructions on the brokerage account opening process depending on whether they are individuals or legal entities.

GDR Holders will need to download the required documentation from the SBI website including an order form to open an account and all the required KYC application forms, complete them, have the required supporting documents notarised and apostilled and send them by email to [sales@sbinvest.kz](mailto:sales@sbinvest.kz) together with scans of any required supporting documents.

After reviewing the documentation, SBI will either send a confirmation message to the GDR Holder by email that the documentation is in order or it will request any further documents and information required to open the account.

In the confirmation message, SBI will ask the GDR Holder to send the signed order form to open an account, the signed KYC application forms and any original supporting documents (notarised and apostilled) via courier to its address in Kazakhstan. GDR Holders will also need to send a scan of the courier receipt with a tracking number to [sales@sbinvest.kz](mailto:sales@sbinvest.kz).

SBI will send by e-mail the notification to GDR Holder that the brokerage account has been opened as soon as the scan of the courier receipt with a tracking number is received by SBI.

Once the brokerage account has been opened, the GDR Holder must send to SBI by email at [sales@sbinvest.kz](mailto:sales@sbinvest.kz) the following orders:

- (a) to transfer the tendered GDRs into KACD's participant account in Euroclear/Clearstream to hold on the GDR Holder's behalf and simultaneously the GDR Holder must give (or must instruct the direct participant of Euroclear or Clearstream, as the case may be, holding on behalf of such holder to give) a counter-order to transfer the tendered GDRs into KACD's participant account in Euroclear/Clearstream to hold on the GDR Holder's behalf;
- (b) to sell as the GDR Holder's agent the tendered GDRs by way of an Open Trade on KASE; and
- (c) to remit the entire Tender Price for the tendered GDRs to the GDR Holder's international bank, the details of which the GDR Holder has notified to SBI.

The orders may be sent together in a single email.

After SBI reviews the documentation and confirms that the orders are correct, the GDR Holders will need to send all the originals of such orders to SBI via courier to its address in Kazakhstan. The orders may be sent together in a single pack.

Samples of these orders and instructions on how to complete them can be found on the SBI website at <https://www.sbinvest.kz/manual/?lang=en>.

A GDR Holder who has validly tendered GDRs under the KASE Tender Offer and who opts to open a brokerage account with SBI must:

- (a) complete the documentation, and provide the KYC and other information to SBI, in the form required by and to the satisfaction of SBI before the next SBI Document Collection Date following the date the GDR Holder validly tenders its GDRs (and at the latest by the last SBI Document Collection Date before the last Settlement Date); and
- (b) give the orders referred to above at the earliest opportunity in time for the next Settlement Date (and at the latest by the day which is one day before the final Settlement Date).

**If you experience or envisage any difficulties in opening a brokerage account with a KASE Broker you are strongly recommended to consider tendering your GDRs in the OTC Tender Offer and to telephone Link Asset Services on +44 371 664 0321 for further information.**

It is the sole responsibility of a GDR Holder who decides to tender GDRs under the KASE Tender Offer and to open a brokerage account with SBI to ensure that it completes all the documentation and procedures necessary to open such account and to send SBI the orders referred to in this paragraph 4.3.

SBI will use its reasonable endeavours to notify a GDR Holder of any defects or irregularities in any documents or other information submitted to it but any decision on whether or not to open a brokerage account with a GDR Holder will be at the sole discretion of SBI.

None of KMG EP or SBI shall have any responsibility or liability to any GDR Holder for the failure to give such notice or for any refusal or failure by SBI to set up a brokerage account or for any failure by the GDR Holder to complete all the documentation and procedures necessary to open such account or to send SBI the orders referred to in this paragraph 4.3 (either at all or in a timely manner) so as to enable the entire Tender Price to be paid to such GDR Holder free of any Withheld Amount.

#### **4.4 Opening a brokerage account with another KASE Broker**

GDR Holders are free to open a brokerage account with and instruct another KASE Broker to sell at the earliest opportunity on the next Settlement Date after they tender their GDRs (and at the latest by the day before the final Settlement Date).

**If you experience or envisage any difficulties in opening a brokerage account with a KASE Broker you are strongly recommended to consider tendering your GDRs in the OTC Tender Offer and to telephone Link Asset Services on +44 371 664 0321 for further information.**

It is the sole responsibility of a GDR Holder who decides to tender GDRs under the KASE Tender Offer and to open a brokerage account with a KASE Broker to ensure that it completes all the documentation and procedures necessary to open such account and to send the KASE Broker the orders necessary to effect the sale referred to in paragraph 4.1 of this Part V.

KMG EP shall have no responsibility or liability to any GDR Holder for any failure by the GDR Holder to complete all the documentation and procedures necessary to open an account with a KASE Broker or to send the KASE Broker the orders necessary to effect the sale referred to in paragraph 4.1 of this Part V so as to enable the entire Tender Price to be paid to such GDR Holder free of any Withheld Amount.

#### **4.5 Validity of tenders under the KASE Tender Offer**

The Company reserves the right to treat as valid only KASE Tender Forms which are received entirely in order by 1.00 p.m. on the Final Closing Date.

GDR Holders are solely responsible for ensuring their GDRs are validly tendered under the KASE Tender Offer and for the timely delivery of all other documents required under the procedures for tendering GDRs under the Tender Offer in this document (including the opening of any brokerage account with a KASE Broker).

**Please ensure that you have sufficient time to prepare and submit to the KASE Broker you choose all documentation and information required to enable the brokerage account to be opened and the appropriate sell instructions to be given by you to the KASE Broker at the latest by the day before the final Settlement Date.**

Notwithstanding the submission of a KASE Tender Form, the Tender Offer may lapse in accordance with the Tender Conditions.

#### 4.6 Procedure for tendering - general

The input of an instruction or the delivery to the Tender Agent on behalf of the Company in accordance with paragraph 3.1 of this Part V or the delivery of a KASE Tender Form to the Receiving Agent on behalf of the Company shall constitute an offer to KMG EP to sell to it the number of GDRs on the terms of the Tender Offer.

**The failure by a Qualifying GDR Holder to comply with the procedures described above will result in an invalid tender of GDRs and, accordingly, such GDR Holder's tendered GDRs will not be accepted for purchase and will not be purchased.**

The method of delivery of any documents to the Receiving Agent on behalf of the Company or to SBI is at the option and sole risk of the tendering GDR Holder. Any documents to be provided by GDR Holders to the Receiving Agent on behalf of the Company or to SBI pursuant to this document will be deemed delivered only when actually received by them.

#### 5. Effect of tender

##### 5.1 OTC Tender Offer

By tendering their GDRs through the submission of an electronic instruction in accordance with the requirements of the voluntary tender offer procedures operated by DTC or the requirements of Euroclear or Clearstream, as applicable, each Qualifying GDR Holder by whom, or on whose behalf, such submission which is treated by KMG EP as valid is made irrevocably undertakes, covenants, represents and warrants to and with KMG EP (so as to bind him, his personal representatives, heirs, successors and assigns) that:

- 5.1.1 the input of instructions to the relevant Clearing System shall constitute an irrevocable offer to sell to KMG EP, and the acceptance for purchase by KMG EP will constitute a binding agreement between the Qualifying GDR Holder and KMG EP for the sale of such number of GDRs as are specified in the instructions, on and subject to the terms and conditions set out or referred to in this document;
- 5.1.2 such GDR Holder has full power and authority to tender, sell, assign or transfer the GDRs in respect of which the OTC Tender Offer is accepted (together with all rights attaching thereto) and when the same are purchased by KMG EP, KMG EP will acquire such GDRs with full title guarantee and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching to the same, including the right to receive all dividends and other distributions declared, paid or made after that date;
- 5.1.3 the input of the instructions to the relevant Clearing System to tender GDRs, will, subject to the Tender Offer becoming unconditional, constitute the irrevocable appointment of the Tender Agent as such GDR Holder's agent, with full powers of substitution and revocation, ("**Agent**") and an irrevocable instruction and authority to the Agent:
  - (a) to present such GDRs and all evidence of transfer and authenticity to, or transfer ownership of, such GDRs on the account books maintained by the Clearing Systems or the Depository to, or upon the order of, KMG EP within six months of the Tender Offer becoming unconditional and to do all such other acts and things as may in the opinion of such Agent be necessary or expedient for the purpose of, or in connection with, the Tender Offer and to vest in KMG EP or its nominee(s) or such other person(s) as KMG EP may direct, such GDRs; and

- (b) to receive all benefits and otherwise exercise all rights of beneficial ownership of such GDRs (including the Common Shares and other property represented by such GDRs and any and all distributions) on behalf of KMG EP,

all in accordance with the terms and conditions of the Tender Offer;

5.1.4 the input of the instructions to the relevant Clearing System to tender GDRs, will constitute an irrevocable undertaking by such GDR Holder to vote in favour of the resolution at EGM 1;

5.1.5 the input of the instructions to the relevant Clearing System to tender GDRs, will constitute the irrevocable appointment, with effect from settlement of the tendered GDRs, of the Agent as such GDR Holder's agent and proxy, and an irrevocable instruction and authority to the Agent:

- (a) to give voting instructions with respect to any other annual or extraordinary meeting of GDR Holders or any adjournment or postponement thereof or otherwise; or

- (b) to execute any written consent concerning any matter,

or otherwise to act, at the Agent's discretion, on behalf of the GDR Holders with respect to such GDRs (including the Common Shares and other property represented by such GDRs and any and all distributions);

5.1.6 unless and until the Tender Offer lapses, he will not:

- (a) give any voting instructions in respect of either EGM or otherwise exercise the voting rights attaching to the tendered GDRs in any manner which frustrates any of the Proposals or prevents the Tender Offer becoming or being declared unconditional in all respects;

- (b) without the prior written consent of the Company, requisition or join in the requisitioning of any other general or class meeting of the Company or the proposal of any resolution at any such meeting; or

- (c) enter into any agreement or arrangement with any person, whether conditional or unconditional, to do all or any of the acts referred to in this paragraph 5.1.6;

5.1.7 the input of the instructions to the relevant Clearing System to tender GDRs, will, subject to the Tender Offer becoming unconditional, constitute the irrevocable instruction and authority to the Company:

- (a) to withhold any Withheld Amount determined in its sole discretion by the Company from the entire Tender Price due to such GDR Holder; and

- (b) as such GDR Holder's agent, with full powers of substitution and revocation, to request from the Kazakhstan tax authorities evidence of any Kazakhstan tax withheld by the Company in respect of any tendered GDRs by way of any Withheld Amount;

5.1.8 such GDR Holder agrees to ratify and confirm each and every act or thing which may be done or effected by KMG EP and/or the Tender Agent or any of their respective directors or officers or any person nominated by KMG EP or the Tender Agent or any of their respective directors or officers in the proper exercise of their respective powers and/or authorities hereunder;

- 5.1.9 if, for any reason, any GDRs in respect of which instructions have been given to the relevant Clearing System to accept the OTC Tender Offer are, prior to the relevant Settlement Date, surrendered in exchange for Common Shares, the tender in respect of such GDRs shall cease to be valid;
- 5.1.10 such GDR Holder shall do all such acts and things as shall be necessary or expedient and execute and deliver any additional documents deemed by the Tender Agent or KMG EP to be necessary or desirable, in each case in order to complete the purchase of the GDRs and/or to perfect any of the authorities expressed to be given under this document;
- 5.1.11 such GDR Holder has observed the laws of all relevant jurisdictions, obtained any requisite consents, complied with all applicable formalities, that the invitation under the OTC Tender Offer may be made to him under the laws of the relevant jurisdictions, and has not taken or omitted to take any action which would otherwise result in KMG EP acting in breach of any applicable legal or regulatory requirement in respect of the purchase by KMG EP of the GDRs tendered by him under the OTC Tender Offer;
- 5.1.12 his offer to sell GDRs to KMG EP and any acceptance thereof will not be unlawful under the laws of any jurisdiction;
- 5.1.13 such GDR Holder has not received or sent copies or originals of this document or any related documents in, into or from a Restricted Jurisdiction and has not otherwise utilised in connection with the OTC Tender Offer, directly or indirectly, the mails or any means or instrumentality (including, without limitation, facsimile transmission, telephone and email) of interstate or foreign commerce of, or of any facility of a national securities exchange of, a Restricted Jurisdiction at the time of the input of and settlement of the relevant instruction to the relevant Clearing System;
- 5.1.14 the instructions given to the relevant Clearing System to accept the OTC Tender Offer have not been sent from a Restricted Jurisdiction and such GDR Holder is accepting the OTC Tender Offer from outside a Restricted Jurisdiction;
- 5.1.15 the remittance by KMG EP of the entire Tender Price to the Tender Agent in accordance with paragraph 6.1 of this Part V will discharge fully any obligation of KMG EP to pay to such GDR Holder the consideration to which he is entitled under the OTC Tender Offer;
- 5.1.16 he will indemnify and hold harmless KMG EP, the Tender Agent, the Depositary and each of their affiliates, employees, directors and officers and each person, if any, who controls KMG EP, the Tender Agent, and the Depositary within the meaning of section 15 of the US Securities Act or section 20 of the US Exchange Act, from and against any and all losses, claims, damages and liabilities (including, without limitation, legal fees and other expenses incurred by any of them in connection with any suit, action or proceeding or any claim asserted, as such fees and expenses are incurred), joint or several, incurred by them in connection with any action or omission of such Qualifying GDR Holder;
- 5.1.17 he is not a Sanctioned Person (other than solely by virtue of his or his controlling persons' inclusion in:
- (a) the SSI List;
  - (b) the EU Annexes; or
  - (c) any other list maintained by a Sanctions Authority, with similar effect to the SSI List or the EU Annexes);

- 5.1.18 he is not acting on behalf, or for the benefit, of a Sanctioned Person;
- 5.1.19 he will not use, directly or indirectly, the proceeds received by him from the sale of his GDRs pursuant to the OTC Tender Offer for the purpose of financing or making funds available directly or indirectly to or for the benefit of any Sanctioned Person, to the extent such financing or provision of funds would be prohibited by Sanctions.
- 5.1.20 the input of the instructions to the relevant Clearing System constitutes such GDR Holder's submission to the jurisdiction of the courts of England and Wales in relation to all matters arising out of or in connection with the OTC Tender Offer; and
- 5.1.21 if the appointment of agent provision under either paragraph 5.1.3 or 5.1.5 of this Part V shall be unenforceable or invalid or shall not operate so as to afford the Agent the benefit or authority expressed to be given in either such paragraph, such GDR Holder shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable KMG EP to secure the full benefits of either paragraph 5.1.3 or 5.1.5 of this Part V.

Each Qualifying GDR Holder hereby consents to the assignment by KMG EP of all such benefits as KMG EP may have in any undertakings, covenants, representations and warranties in respect of the GDRs which are successfully tendered under the OTC Tender Offer.

## **5.2 KASE Tender Offer**

Each GDR Holder by whom or, as applicable, on whose behalf, a KASE Tender Form is executed and lodged, including a KASE Tender Form which is treated by the Company as valid, irrevocably undertakes, represents, warrants and agrees to and with the Company (so as to bind the GDR Holder, its personal representatives, heirs, successors and assigns) that:

- 5.2.1 the execution of the KASE Tender Form shall constitute an offer to sell to the Company by way of an Open Trade transaction on KASE the number of GDRs comprised in the KASE Tender Form on and subject to the terms and conditions set out or referred to in this document and the KASE Tender Form, as applicable and that, once lodged, such tender shall become irrevocable and cannot be withdrawn;
- 5.2.2 such GDR Holder has full power and authority to tender, sell, assign or transfer the GDRs in respect of which such offer is accepted (together with all rights attaching thereto) and, when the same are purchased by the Company, the Company will acquire such GDRs with full title guarantee and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto, including the right to receive all dividends and other distributions declared, paid or made after that date;
- 5.2.3 the provisions of the KASE Tender Form shall be deemed to be incorporated into the terms and conditions of the KASE Tender Offer;
- 5.2.4 if the GDR Holder has an existing brokerage account with a KASE Broker or the GDR Holder intends to set up a brokerage account with a KASE Broker other than SBI, the GDR Holder has completed in the KASE Tender Form the details of the KASE Broker;
- 5.2.5 unless the GDR Holder has indicated in the KASE Tender Form either that the GDR Holder has an existing brokerage account with a KASE Broker or that the GDR Holder will set up a brokerage account with a KASE Broker other than SBI, the GDR Holder will immediately take

such steps and complete, sign, have witnessed and deliver such documents as are required to open a brokerage account with SBI as are set out in paragraph 4.3 of this Part V;

- 5.2.6 if the GDR Holder has indicated in the KASE Tender Form that the GDR Holder will set up a brokerage account with a KASE Broker other than SBI, the GDR Holder will immediately take such steps and complete, sign, have witnessed and deliver such documents to open a brokerage account with such KASE Broker;
- 5.2.7 subject to having an existing brokerage account, or having a new brokerage account opened, the GDR Holder will immediately send to its KASE Broker (and, if the KASE Broker is SBI, send to SBI by email at [sales@sbinvest.kz](mailto:sales@sbinvest.kz)) the following orders:
- (a) to transfer the tendered GDRs into KACD's participant account in Euroclear/Clearstream to hold on the GDR Holder's behalf and simultaneously the GDR Holder will give (or instruct the direct participant of Euroclear or Clearstream, as the case may be, holding on the GDR Holder's behalf such tendered GDRs to give) a counter-order to transfer the tendered GDRs into KACD's participant account in Euroclear/Clearstream to hold on the GDR Holder's behalf;
  - (b) to sell as the GDR Holder's agent the tendered GDRs by way of an Open Trade on KASE; and
  - (c) to remit the entire Tender Price for the tendered GDRs to the GDR Holder's bank, the details of which the GDR Holder has notified to SBI,

at the earliest opportunity in time for the next Settlement Date (and at the latest by the day before the final Settlement Date).

**If you experience or envisage any difficulties in opening a brokerage account with a KASE Broker you are strongly recommended to consider tendering your GDRs in the OTC Tender Offer and to telephone Link Asset Services on +44 371 664 0321 for further information;**

- 5.2.8 the execution of the KASE Tender Form, will constitute an irrevocable undertaking by such GDR Holder to vote in favour of the resolution at EGM 1;
- 5.2.9 the execution of the KASE Tender Form will, with effect from settlement of the tendered GDRs, constitute the irrevocable appointment of the Company and an irrevocable instruction and authority to the Company:
- (a) to give voting instructions with respect to any other annual or extraordinary meeting of GDR Holders or any adjournment or postponement thereof or otherwise; or
  - (b) to execute any written consent concerning any matter,
- or otherwise to act, at the Company's discretion, on behalf of the GDR Holder with respect to such GDRs (including the Common Shares and other property represented by such GDRs and any and all distributions);
- 5.2.10 unless and until the Tender Offer lapses, he will not:
- (a) other than to the Company, sell, transfer or otherwise dispose of or grant any option or create any encumbrance over all or any of the tendered GDRs or any interest therein or enter into any agreement or arrangement in respect of the tendered

GDRs which might restrict a disposal of the tendered GDRs to the Company pursuant to the KASE Tender Offer;

- (b) accept or directly or indirectly solicit any other offer in respect of all or any of the tendered GDRs, whether conditionally or unconditionally (by whatever means the same is to be implemented) or enter into any negotiation to such effect;
- (c) take any action to withdraw any Common Shares attributable to the tendered GDRs;
- (d) give any voting instructions in respect of either EGM or otherwise exercise the voting rights attaching to the tendered GDRs in any manner which frustrates any of the Proposals or prevents the Tender Offer becoming or being declared unconditional in all respects;
- (e) without the prior written consent of the Company, requisition or join in the requisitioning of any other general or class meeting of the Company or the proposal of any resolution at any such meeting; or
- (f) enter into any agreement or arrangement with any person, whether conditional or unconditional, to do all or any of the acts referred to in this paragraph 5.2.10;

5.2.11 such GDR Holder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by the Company to be desirable, in each case in order to complete the purchase of the GDRs pursuant to the KASE Tender Offer and/or to perfect any of the authorities expressed to be given hereunder;

5.2.12 if such GDR Holder opts to open a brokerage account with SBI, it authorises the Receiving Agent to disclose its identity, holdings and account details to SBI;

5.2.13 such GDR Holder has observed the laws of all relevant jurisdictions, obtained any requisite consents and complied with all applicable formalities, that the invitation under the KASE Tender Offer may be made to him under the laws of the relevant jurisdictions, and has not taken or omitted to take any action which would otherwise result in the Company acting in breach of any applicable legal or regulatory requirement in respect of the purchase by the Company of the GDRs tendered by him under the KASE Tender Offer;

5.2.14 such GDR Holder has not received or sent copies or originals of this document, the KASE Tender Form or any related documents in, into or from a Restricted Jurisdiction and has not otherwise utilised in connection with the KASE Tender Offer, directly or indirectly, the mails or any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone and email) of interstate or foreign commerce of, or of any facility of a national securities exchange of, a Restricted Jurisdiction;

5.2.15 that neither this document nor the KASE Tender Form has been mailed or otherwise sent in, into or from a Restricted Jurisdiction and such GDR Holder is accepting the KASE Tender Offer from outside a Restricted Jurisdiction;

5.2.16 its offer to sell GDRs to the Company and any acceptance thereof will not be unlawful under the laws of any jurisdiction;

5.2.17 the GDR Holder will indemnify and hold harmless KMG EP, the Tender Agent, the Depositary and each of their affiliates, employees, directors and officers and each person, if any, who controls KMG EP, the Tender Agent, and the Depositary within the meaning of

section 15 of the US Securities Act or section 20 of the US Exchange Act, from and against any and all losses, claims, damages and liabilities (including, without limitation, legal fees and other expenses incurred by any of them in connection with any suit, action or proceeding or any claim asserted, as such fees and expenses are incurred), joint or several, incurred by them in connection with any action or omission of such GDR Holder;

- 5.2.18 the GDR Holder is not a Sanctioned Person (other than solely by virtue of his or his controlling persons' inclusion in:
- (a) the SSI List;
  - (b) the EU Annexes; or
  - (c) any other list maintained by a Sanctions Authority, with similar effect to the SSI List or the EU Annexes);
- 5.2.19 the GDR Holder is not acting on behalf, or for the benefit, of a Sanctioned Person;
- 5.2.20 the GDR Holder will not use, directly or indirectly, the proceeds received by him from the sale of his GDRs pursuant to the KASE Tender Offer for the purpose of financing or making funds available directly or indirectly to or for the benefit of any Sanctioned Person, to the extent such financing or provision of funds would be prohibited by Sanctions.
- 5.2.21 the execution of a KASE Tender Form constitutes such GDR Holder's submission to the jurisdiction of the courts of England and Wales in relation to all matters arising out of or in connection with the KASE Tender Offer or the KASE Tender Form;
- 5.2.22 the execution of the KASE Tender Form constitutes a warranty by such GDR Holder that the information given by or on behalf of the GDR Holder in the KASE Tender Form will be true in all respects at the time the Company purchases the GDRs referred to in paragraph 5.2.1 of this Part V as if it had been given afresh at such time and shall not be extinguished by such purchase;
- 5.2.23 time shall be of the essence as regards the undertakings, representations, warranties and agreements in this paragraph 5.2 and the KASE Tender Form;
- 5.2.24 the Company shall be entitled to rely upon and enforce its appointment as Company and the rights and authorities granted to it in this paragraph 5.2 and the KASE Tender Form but otherwise the Contracts (Rights of Third Parties) Act 1999 shall not apply to this paragraph 5.2 and the KASE Tender Form and no rights or benefits expressly or impliedly conferred by it shall be enforceable under that Act against the parties to it by any other person;
- 5.2.25 any dispute arising out of or in connection with this paragraph 5.2 and the KASE Tender Form (including a dispute relating to the existence, validity or termination of this paragraph 5.2 and the KASE Tender Form or any non-contractual obligation arising out of in connection with this KASE Tender Form) shall be referred to and finally resolved by arbitration under the Arbitration Rules of the London Court of International Arbitration (the "**LCIA Rules**"). The number of arbitrators shall be three and the seat or legal place of arbitration shall be London. The language of the arbitration shall be English;
- 5.2.26 notwithstanding paragraph 5.2.25 of this Part V, the GDR Holder recognises and acknowledges that if the GDR Holder should otherwise be in breach of (or would appear to be intending to breach) any of his obligations under this KASE Tender Form, damages in the form of a liquidated sum would not be an adequate remedy and that, subject to article 25.3 of

the LCIA Rules, a decree of specific performance would be the only adequate remedy for such failure or breach and specific performance or other interlocutory relief the only appropriate means of restraining any intended breach.

Each GDR Holder to which this paragraph 5.2 applies hereby consents to the assignment by the Company of all such benefit as the Company may have in any covenants, representations and warranties in respect of the GDRs which are successfully tendered under the KASE Tender Offer.

A reference in this paragraph 5.2 to a GDR Holder includes a reference to the person or persons executing a KASE Tender Form and, in the event of more than one person executing a KASE Tender Form, the provisions of this paragraph 5.2 will apply to them jointly and severally.

## **6. Settlement**

### **6.1 OTC Tender Offer**

Settlement of the consideration to which any Qualifying GDR Holder is entitled pursuant to valid tenders accepted by KMG EP will be made as follows:

- (a) subject to the Tender Offer becoming or being declared unconditional in all respects, KMG EP will remit the relevant entire Tender Price in US dollars to the Tender Agent, subject to any Withheld Amount and any other applicable taxes and other governmental charges:
  - (i) in the case of all valid acceptances received by the date on which the Tender Offer becomes or is declared unconditional in all respects, on the first Settlement Date;
  - (ii) in the case of all valid acceptances received after the date on which the Tender Offer becomes or is declared unconditional in all respects but while the Tender Offer remains open for acceptance, on the final Settlement Date;
- (b) the Tender Agent will, as soon as practicable, pay the net amount received by it to the Clearing Systems for further distribution to GDR Holders who have validly tendered in the OTC Tender Offer and whose GDRs have been accepted for purchase in the OTC Tender Offer, subject to any Withheld Amount and any other applicable taxes and other governmental charges;
- (c) the net amounts shall be paid to tendering GDR Holders through the procedures of the relevant Clearing System; and
- (d) tendering GDR Holders will not receive any accrued or other interest with respect to the entire Tender Price under any circumstances. Tendering Qualifying GDR Holders will not receive any other form of compensation during this period of time or in the event of a delay in the delivery of the entire Tender Price to the tendering Qualifying GDR Holders.

### **6.2 KASE Tender Offer**

Subject to the Tender Offer becoming or being declared unconditional in all respects and the relevant GDR Holders selling their tendered GDRs on KASE on the relevant Settlement

Date, the Company will pay the entire Tender Price in US dollars to the relevant KASE Brokers free of any Kazakhstan withholding tax but subject to any other applicable taxes and other governmental charges on that Settlement Date.

Tendering GDR Holders will not receive any accrued or other interest with respect to the entire Tender Price under any circumstances.

## **7. Overseas GDR Holders**

### **7.1 Overseas GDR Holders should inform themselves about and observe any applicable or legal regulatory requirements. If you are in any doubt about your position, you should consult your independent professional adviser in the relevant jurisdiction.**

7.2 The making of the Tender Offer in, or to persons who are citizens or nationals of, or resident in, jurisdictions outside the United Kingdom, the United States or Kazakhstan or to custodians, nominees or trustees for citizens, residents or nationals of other countries may be prohibited or affected by the laws of the relevant jurisdiction.

7.3 GDR Holders who are not citizens or nationals of, or resident in, the United Kingdom, the United States or Kazakhstan, or who are custodians, nominees or trustees for citizens, residents or nationals of countries outside the United Kingdom, the United States or Kazakhstan, should inform themselves about and observe any applicable legal requirements. It is the responsibility of any Overseas GDR Holder wishing to take up the Tender Offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any transfer or other taxes or other requisite payments due in such jurisdiction. Any Overseas GDR Holder will be responsible for any such transfer or other taxes or other requisite payments by whomsoever payable and the Tender Agent and KMG EP and any person acting on their behalf shall be fully indemnified and held harmless by such GDR Holder on an after-tax basis for any such transfer or other taxes or other requisite payments such person may be required to pay.

7.4 No authorisations have been obtained or filings made in relation to the Tender Offer in any territory outside Kazakhstan.

7.5 In particular, the Tender Offer is not being made directly or indirectly in, into or from or by use of the mail or by any means or instrumentality (including, without limitation, facsimile transmission, telephone and email) of interstate or foreign commerce of, or of any facility of a national securities exchange of, a Restricted Jurisdiction, and the Tender Offer cannot be accepted by any such use, means, instrumentality or facility or from within a Restricted Jurisdiction.

7.6 Accordingly, copies of this document and any related documents are not being and must not be mailed or otherwise distributed or sent in, into, or from a Restricted Jurisdiction, including to GDR Holders with registered addresses in a Restricted Jurisdiction, or to persons who are custodians, nominees or trustees holding GDRs for persons in a Restricted Jurisdiction.

7.7 Persons receiving such documents (including, without limitation, custodians, nominees and trustees) should not distribute, send or mail them in, into or from a Restricted Jurisdiction or use such mails or any such means, instrumentality or facility in connection with the Tender Offer, and doing so will render invalid any related purported acceptance of the Tender Offer. Persons wishing to accept the Tender Offer should not use such mails or any such means,

instrumentality or facility for any purpose, directly or indirectly, relating to acceptance of the Tender Offer.

7.8 If, in connection with making the Tender Offer, notwithstanding the restrictions described above, any person (including, without limitation, custodians, nominees and trustees), whether pursuant to a contractual or legal obligation or otherwise, forwards this document or any related documents in, into or from a Restricted Jurisdiction or uses the mails of, or any means or instrumentality (including, without limitation, facsimile transmission, telephone and email) of interstate or foreign commerce of, or any facility of a national securities exchange of, a Restricted Jurisdiction in connection with such forwarding, such persons should:

- (a) inform the recipient of such fact;
- (b) explain to the recipient that such action may invalidate any purported acceptance by the recipient; and
- (c) draw the attention of the recipient to this section of this document.

7.9 The provisions of this paragraph 7 and/or any other terms of the Tender Offer relating to Overseas GDR Holders may be waived, varied or modified as regards specific GDR Holders or on a general basis by KMG EP in its sole discretion, but only if KMG EP is satisfied that such waiver, variation or modification will not constitute or give rise to a breach of applicable securities or other law. Subject to this, the provisions of this paragraph 7 supersede any terms of the Tender Offer inconsistent therewith.

## **8. Questions**

If you have any questions about the Tender Offer (including the procedures for accepting the OTC Tender Offer, for providing evidence to the Company to mitigate any applicable Withheld Amount, for accepting the KASE Tender Offer and for opening a brokerage account with SBI), please telephone Link Asset Services on +44 371 664 0321.

Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and monitored for security and training purposes.

Link Asset Services cannot provide advice on the merits of the Tender Offer nor give any financial, legal or tax advice.

## PART VI

### FINANCIAL AND OTHER INFORMATION RELATING TO KMG EP

The following table sets out certain financial and other information in respect of KMG EP.

The documents referred to in the table are incorporated by reference in this document and can be downloaded and printed from the websites referenced in the table.

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<b>Information</b>	<b>Source of Information</b>
<b>Condensed consolidated interim financial statements (unaudited) for the nine months ended 30 September 2017</b>	<a href="https://kmgep.kz/eng/investor_relations/financial_information">https://kmgep.kz/eng/investor_relations/financial_information</a>
<b>Annual Report and Financial Statements for the year ended 31 December 2016</b>	<a href="https://kmgep.kz/eng/investor_relations/financial_information">https://kmgep.kz/eng/investor_relations/financial_information</a>
<b>Annual Report and Financial Statements for the year ended 31 December 2015</b>	<a href="https://kmgep.kz/eng/investor_relations/financial_information">https://kmgep.kz/eng/investor_relations/financial_information</a>
<b>Reserves assessment as at 31 December 2016 by DeGolyer and MacNaughton</b>	<a href="https://kmgep.kz/eng/investor_relations/other_reports/">https://kmgep.kz/eng/investor_relations/other_reports/</a>

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#### **No incorporation of website information**

Save as expressly referred to in this document, neither the content of KMG EP's website, nor the content of any website accessible from hyperlinks on KMG EP's website, is incorporated by reference into, or forms part of, this document.

## **PART VII**

### **TAXATION**

**IN VIEW OF THE NUMBER OF DIFFERENT JURISDICTIONS WHERE TAX LAWS MAY APPLY TO A GDR HOLDER, THIS DOCUMENT DOES NOT DISCUSS ANY TAX CONSEQUENCES FOR GDR HOLDERS WHO SELL GDRS IN THE TENDER OFFER OTHER THAN THE CONSEQUENCES WITH REGARDS TO TAXATION IN THE UK, THE US OR KAZAKHSTAN AS SET OUT IN THIS PART VII. GDR HOLDERS ARE ADVISED TO CONSULT THEIR OWN INDEPENDENT PROFESSIONAL ADVISERS REGARDING POSSIBLE TAX CONSEQUENCES UNDER THE LAWS OF THE JURISDICTIONS THAT APPLY TO THEM OR TO THE SALE OF THEIR GDRS AND THEIR RECEIPT OF THE CONSIDERATION FOR THE GDRS. GDR HOLDERS ARE LIABLE FOR THEIR OWN TAXES AND HAVE NO RECOURSE TO THE COMPANY OR THE TENDER AGENT WITH RESPECT TO TAXES ARISING IN CONNECTION WITH THE TENDER OFFER.**

#### **1. United Kingdom**

**The following comments do not constitute tax advice and are intended only as a general guide to current UK law and H.M. Revenue & Customs' published practice (which are both subject to change at any time, possibly with retroactive effect). They relate only to certain limited aspects of the UK taxation treatment of GDR Holders who are resident and, if individuals, domiciled in (and only in) the UK for UK tax purposes who are, and will be, the beneficial owners of their GDRs and who hold, and will hold, their GDRs as investments (and not as assets to be realised in the course of a trade, profession or vocation). They may not relate to certain GDR Holders, such as dealers in securities or GDR Holders who have (or are deemed to have) acquired their GDRs by virtue of an office or employment. GDR Holders are advised to take independent advice in relation to the tax implications for them of selling GDRs pursuant to the Tender Offer.**

The discussion below assumes, as is intended to be the case, that the Company is not resident for tax purposes in the UK.

The tax treatment of any Tender Offer proceeds received by UK resident and domiciled GDR Holders will depend on whether the amount is treated as "capital" or as "income" for UK tax purposes. The determination is based on case law principles in the UK and on the form of the payment under company law in Kazakhstan. Subject to paragraph 1.3 of this Part VII on the "transactions in securities" rules, the following discussion assumes that Tender Offer proceeds are treated for UK tax purposes as "capital" for UK resident and domiciled GDR Holders.

#### **1.1 Taxation of income**

The sale by an individual GDR Holder pursuant to the Tender Offer should not constitute a distribution and instead the treatment discussed in paragraph 1.2 of this Part VII should apply.

In respect of a sale by a corporate GDR Holder pursuant to the Tender Offer, to the extent that the amount received exceeds the capital originally subscribed, such amount may be treated as an income distribution. However, generally any such distribution should be exempt from a charge to corporation tax and the tax treatment will be as set out in paragraph 1.2 of this Part VII.

## **1.2 Taxation of chargeable gains**

A GDR Holder who sells GDRs in the Tender Offer should be treated as making a disposal of their GDRs for the purposes of UK taxation, which may give rise to a chargeable gain (or to an allowable loss).

Accordingly, any such GDR Holder who is resident for tax purposes in the UK (or who is not so resident but who carries on a trade, profession or vocation in the UK through a branch, agency or permanent establishment in the UK) may, depending on that GDR Holder's personal circumstances and subject to any available exemption or relief, be subject to capital gains tax (or, in the case of a corporate GDR Holder, corporation tax on chargeable gains) in respect of a chargeable gain arising on such disposal.

In respect of a sale by a corporate GDR Holder pursuant to the Tender Offer, where an amount treated as a distribution (see paragraph 1.1 of this Part VII) is taxable, this amount should be excluded from the computation of the chargeable gain, and where it is exempt such amount should be included in the disposal proceeds for the purpose of computing the chargeable gain.

A GDR Holder who is not resident for tax purposes in the UK (and who does not hold their GDRs for the purposes of a trade, profession or vocation carried on by them in the UK through a branch, agency or permanent establishment in the UK) will not normally be liable to UK taxation on chargeable gains in respect of any disposal of their GDRs.

Individual GDR Holders who are temporarily non-resident in the UK for tax purposes may be liable to capital gains tax under anti-avoidance legislation when they resume UK residence.

## **1.3 Transactions in securities**

H.M. Revenue & Customs can in certain circumstances counteract tax advantages arising in relation to a transaction or transactions in securities, under the provisions of Chapter 1, Part 13 of the Income Tax Act 2007 (for persons subject to UK income tax) or under the provisions of Part 15 of the Corporation Tax Act 2010 (for companies subject to UK corporation tax). If these provisions were to be applied by H.M. Revenue & Customs to the Tender Offer, GDR Holders might be treated as if they had received an income amount rather than a capital amount, and accordingly liable to income tax or corporation tax (as appropriate).

No application has been made to H.M. Revenue & Customs for clearance in respect of any potential application of Chapter 1, Part 13 of the Income Tax Act 2007 or of Part 15 of the Corporation Tax Act 2010 to the Tender Offer. GDR Holders are advised to take independent tax advice as to the potential application of the above provisions in light of their own particular motives and circumstances.

## **1.4 Stamp duty and SDRT**

The sale of GDRs pursuant to the Tender Offer will not give rise to any liability to stamp duty or SDRT for the selling GDR Holder.

**The information relating to taxation set out above is based on the law and practice currently in force in the UK and is subject to changes in such law and practice.**

## **2. United States**

### **2.1 United States federal income taxation**

The following is a general discussion of certain US federal income and other tax considerations related to the disposition of the GDRs by a US Holder pursuant to the Tender Offer. This discussion is based upon the US Internal Revenue Code of 1986 (the “**Code**”), as amended, US treasury regulations promulgated under such Code, judicial authorities, published positions of the US Internal Revenue Service and other applicable authorities, and the income tax treaty between the United States and Kazakhstan, all as in effect on the date of this document and all of which are subject to change (including in connection with any US federal income tax reform legislation that is enacted) or differing interpretations (possibly with retroactive effect). This discussion is limited to GDR Holders that hold GDRs as capital assets. Furthermore, this discussion does not address all of the tax consequences that may be relevant to a particular GDR Holder in light of the GDR Holder’s specific circumstances or to certain categories of GDR Holders subject to special treatment under US federal income tax laws, such as banks, insurance companies or certain other financial institutions, tax-exempt organisations, real estate investment trusts, regulated investment companies, entities that are treated as partnerships for US federal income tax purposes or partners therein, dealers in securities or currencies, certain US expatriates, persons that have a functional currency that is not the US dollar, persons that have elected “mark-to-market” accounting (except as described below), persons that have made “pedigreed qualified electing fund” elections (except as described below) and persons that hold their GDRs as part of a straddle, hedge, conversion transaction or other integrated investment. In addition, this discussion does not address the Medicare tax on net investment income or any state, local or foreign tax implications, or, except as otherwise provided in this Part VII, any aspect of US federal tax law other than income taxation.

**The information relating to US federal income tax set out in this Part VII is included for general information only and may not be applicable depending upon a GDR Holder’s particular situation. Holders of GDRs should consult their tax advisers regarding the US federal income and other tax consequences of the disposition of the GDRs pursuant to the Tender Offer based on their particular circumstances, including any consequences arising under applicable state, local and non-US tax laws.**

### **2.2 Non-participation in the Tender Offer**

GDR Holders who do not participate in the Tender Offer will not incur any US federal income tax liability as a result of the consummation of the Tender Offer. However, US Holders should consult their professional tax adviser as to the tax consequences to them of holding stock in a company that may qualify as a PFIC.

### **2.3 Disposition of GDRs pursuant to the Tender Offer**

#### ***In general***

A US Holder’s accepted tender of GDRs pursuant to the Tender Offer should be treated as a redemption of those shares by the Company for US federal income tax purposes.

A redemption of shares by the issuer is treated for US federal income tax purposes as either: (i) a sale of the shares; or (ii) a distribution with respect to the shares.

#### ***Sale treatment***

Under Section 302 of the Code, a US Holder whose GDRs are purchased under the Tender Offer will be treated as having sold those GDRs if the purchase:

- (a) is “not essentially equivalent to a dividend” with respect to the US Holder;
- (b) results in a “complete termination” of the US Holder’s equity interest in the Company; or
- (c) results in a “substantially disproportionate” redemption with respect to the US Holder.

Each of these tests (collectively referred to as the “**Section 302 tests**”), and the consequences of satisfying any of them, is explained in more detail below. If a US Holder satisfies any of the Section 302 tests explained below, the US Holder will be treated as if it sold its GDRs and will recognise capital gain or loss equal to the difference between the amount of cash received under the Tender Offer and the US Holder’s adjusted tax basis in the GDRs surrendered in exchange therefor. This gain or loss should be long-term capital gain or loss if the US Holder’s holding period for the GDRs that were sold exceeds one year as of the date of purchase under the Tender Offer. Significant limitations apply to the deductibility of capital losses by US Holders. However, regardless of the holding period of a US Holder that is an individual, trust or estate, any loss may be long-term capital loss to the extent such US Holder received “qualified dividend income” (dividends taxable at the special reduced rate normally applicable to long-term capital gains pursuant to section 1(h)(11) of the Code) with respect to any dividend which exceeded 10 per cent. of the US Holder’s basis in its GDRs (for this purpose, dividends which have ex-dividend dates during the same 85-day period are treated as one dividend) or with respect to any dividends on GDRs which have ex-dividend dates during the same consecutive 365-day period which in the aggregate exceeded 20 per cent of the US Holder’s basis in its GDRs. Gain or loss must be determined separately for each block of GDRs (GDRs acquired at the same cost in a single transaction) that is purchased from a US Holder under the Tender Offer. A US Holder may be able to designate, generally through its broker, which blocks of GDRs it wishes to tender under the Tender Offer if fewer than all of its GDRs are tendered under the Tender Offer, and the order in which different blocks will be purchased in the event of a proration under the Tender Offer. US Holders should consult their tax advisers concerning the mechanics, desirability and consequences to them of that designation.

A US Holder’s gain or loss on its GDRs that are tendered under the Tender Offer will generally be treated as US source income and as “passive income” or, in the case of certain US Holders, “financial services income” for the purposes of computing allowable foreign tax credits for US federal income tax purposes. Foreign tax credits allowable with respect to each category of income cannot exceed US federal income tax otherwise payable with respect to such income. The consequences of the separate limitation calculation will depend on the nature and sources of each US Holder’s income and the deductions allocable thereto. The rules governing the foreign tax credit are complex. Investors are urged to consult their professional tax advisers regarding the availability of the foreign tax credit under their particular circumstances.

### ***Distribution treatment***

If a US Holder does not satisfy any of the Section 302 tests explained below, the purchase of a US Holder’s GDRs under the Tender Offer will not be treated as a sale. Instead, the entire amount received by a US Holder with respect to the purchase of its GDRs under the Tender Offer will generally be taxable to a US Holder as ordinary dividend income to the extent of the US Holder’s share of the available current or accumulated earnings and profits (as determined for US federal income tax purposes) of the Company. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the US Holder’s basis in the GDRs and thereafter as capital gain. To the extent that a purchase of a US Holder’s GDRs under the Tender Offer is treated as the receipt by the US Holder of a dividend, the US Holder’s remaining adjusted tax basis in the purchased GDRs will be added to the basis of any GDRs retained by the US Holder.

Distributions treated as dividends paid by the Company may be taxable to a US Holder that is an individual, trust, or estate at the special reduced rate normally applicable to long-term capital gains in whole or in part. A US Holder will be eligible for this reduced rate only if it has held the GDRs for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and if the US Holder is not under any obligation (whether pursuant to a short sale or otherwise) to make related payments with respect to positions in substantially similar or related property. Furthermore, this reduced rate will not apply to amounts that the US Holder takes into account as “investment income” under the Code. US Holders should consult their professional tax advisers regarding the application of the relevant rules to their particular circumstances.

Distributions treated as dividends will not be eligible for the dividends-received deduction generally allowed to US corporations under the Code. Such dividends will generally be treated as foreign source income and as “passive income” or, in the case of certain US Holders, “financial services income”, for the purposes of computing allowable foreign tax credits for US federal income tax purposes.

Amounts treated as dividends paid pursuant to the Tender Offer in Tenge should be included in a US Holder’s income in a US dollar amount calculated by reference to the exchange rate in effect on the date the amounts are received by such US Holder, regardless of whether the payment is in fact converted into US dollars. If the amounts treated as dividends are converted into US dollars on the date of receipt, a US Holder generally should not be required to recognise foreign currency gain or loss in respect of the dividend income.

### ***Constructive ownership of stock***

In applying each of the Section 302 tests explained below, US Holders must take into account not only GDRs that they actually own but also GDRs they are treated as owning under the constructive ownership rules of the Code. Under the constructive ownership rules, a US Holder is treated as owning any GDRs that are owned (actually and in some cases constructively) by certain related individuals and entities as well as GDRs that the US Holder has the right to acquire by exercise of an option or by conversion or exchange of a security. US Holders should consult their professional tax advisers with respect to the operation of these constructive ownership rules.

### ***Section 302 Tests***

One of the following tests must be satisfied in order for the purchase of GDRs under the Tender Offer to be treated as a sale for US federal income tax purposes:

- (a) Not essentially equivalent to a dividend test

The purchase of a US Holder’s GDRs under the Tender Offer will be treated as “not essentially equivalent to a dividend” if the purchase in the Tender Offer results in a “meaningful reduction” of the shareholder’s proportionate interest in the corporation. Whether the receipt of cash by a US Holder who sells GDRs under the Tender Offer will be “not essentially equivalent to a dividend” will depend upon the US Holder’s particular facts and circumstances. The Internal Revenue Service has indicated in a published revenue ruling that even a small reduction in the percentage interest of a stockholder whose relative stock interest in a publicly held corporation is minimal (for example, an interest that represents a small fraction of 1 per cent.) and who exercises no control over corporate affairs should constitute a “meaningful reduction”. US Holders should consult their professional tax advisers as to the application of this test in their particular circumstances.

(b) Complete termination test

The purchase of a US Holder's GDRs under the Tender Offer will result in a "complete termination" of the US Holder's equity interest in the Company if all of the GDRs that are actually or constructively owned by the US Holder are sold under the Tender Offer. The US Holder may also satisfy the "complete termination" test if, in the same transaction, some of its GDRs are redeemed and all of the remainder of its GDRs are sold or otherwise transferred to a third party, so that after the transaction the US Holder no longer owns (actually or constructively) any GDRs. In the case of an individual US Holder who disposes of all of his or her GDRs but continues to own constructively GDRs that are actually owned by certain related individuals, the US Holder may be able to satisfy the "complete termination" test by waiving attribution of the GDRs which otherwise would be considered as constructively owned by the US Holder. US Holders wishing to satisfy the "complete termination" test through waiver of the constructive ownership rules should consult their professional tax advisers.

(c) Substantially disproportionate test

Generally, the purchase of a US Holder's GDRs under the Tender Offer will result in a "substantially disproportionate" redemption with respect to the US Holder if the percentage of the then outstanding GDRs actually and constructively owned by the US Holder immediately after the purchase is less than 80 per cent. of the percentage of the GDRs actually and constructively owned by the US Holder immediately before the purchase (treating as outstanding before the purchase all GDRs purchased under the Tender Offer).

Due to the factual nature of the Section 302 tests explained above, US Holders should consult their tax advisers to determine whether the purchase of their GDRs under the Tender Offer qualifies for sale treatment in their particular circumstances.

***Passive Foreign Investment Company Rules***

Special adverse US federal income tax rules and reporting requirements apply to US investors that own shares of a PFIC. The Company will be classified as a PFIC in a particular taxable year if either: (i) 75 per cent. or more of the Company's gross income for the taxable year is passive income; or (ii) the quarterly average percentage of the value of the Company's assets that produce or are held for the production of passive income is at least 50 per cent. The Company has not attempted to ascertain whether the Company would be treated as a PFIC. You should consult your professional tax adviser regarding the possible consequences for you if the Company was or is a PFIC.

The remainder of this paragraph 2.3 describes certain consequences if the Company constituted a PFIC. US Holders should consult their professional tax advisers with respect to these determinations.

If the Company is a PFIC for any taxable year during which a US Holder owns GDRs, the US Holder generally will be subject to special adverse rules with respect to any gain realised on the sale of such GDRs or amounts treated as distributed on such GDRs. Under these rules (i) the gain or distribution will be allocated ratably over the US Holder's holding period, (ii) the amount allocated to the current taxable year will be taxed as ordinary income, (iii) the amount allocated to any taxable year prior to the first taxable year in which the Company was a PFIC will also be taxed as ordinary income, and (iv) the amount allocated to each of the other taxable years (that is, prior years during the US Holder's holding period after the Company became a PFIC) will be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed deferral benefit will be imposed on the resulting tax attributable to each such taxable year.

A loss on the sale of GDRs generally will be a capital loss, and generally will constitute a long-term capital loss if the US Holder's holding period for the GDRs is more than one year at the time of the disposition. The deductibility of capital losses is subject to certain limitations.

If a US Holder has made an election to mark the GDRs to market, under a special rule for PFIC shares that qualify as "marketable" shares, then any gains from the sale of the GDRs pursuant to the Tender Offer will be treated as ordinary income, and any losses incurred on the sale will be treated as an ordinary loss to the extent of any net mark-to-market gains for prior years and thereafter as a capital loss as described in the prior paragraph. If a US Holder has made a "pedigreed qualified electing fund" election with respect to the GDRs, any gains or losses from the sale of the GDRs pursuant to the Tender Offer will be treated as capital gains or capital losses and generally will constitute long-term capital gains or long-term capital losses if the US Holder's holding period for the GDRs is more than one year at the time of the disposal.

## **2.4 Backup withholding and information reporting**

Proceeds from the disposition of and amounts treated as dividend payments on GDRs pursuant to the Tender Offer to a US Holder will generally be subject to information reporting unless the US Holder is treated as an exempt recipient. The proceeds and dividends may be subject to backup withholding unless the US Holder (i) is treated as an exempt recipient, (ii) timely provides a taxpayer identification number and certifies that no loss of exemption from backup withholding has occurred, or (iii) is otherwise exempt. Backup withholding is not an additional tax. The amount of any backup withholding collected from a payment to a US Holder will be allowed as a credit against the US Holder's US federal income tax liability and may entitle the US Holder to a refund, so long as the required information is properly furnished to the US Internal Revenue Service.

**The information set out above is included for general information only. US Holders are urged to consult their professional tax advisers to determine the particular tax consequences to them of the Tender Offer, including the applicability and effect of US state, local and non-US tax laws.**

## **3. Kazakhstan**

**The following summary of certain Kazakhstan taxation matters is based on the laws and practice in force as of the date of this document and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to dispose of the GDRs, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules. Save as otherwise indicated, this summary only addresses the position of investors who do not have any connection with Kazakhstan other than the holding of GDRs. Investors should consult their professional advisers on the tax consequences of their disposing of GDRs, including their eligibility for the benefits of double tax treaties, under the laws of their country of citizenship, residence, domicile or incorporation, and seek specialist Kazakh tax advice as necessary.**

**This summary discusses the Kazakhstan tax consequences of disposal of GDRs. In general, Kazakhstan tax legislation with respect to the taxation of securities and financial instruments is not well developed, and in many cases the exact scope of Kazakh tax, compliance rules and enforcement mechanism is unclear or open to different interpretations.**

### **3.1 Income tax**

Subject to the above, the taxation in Kazakhstan of the disposal of GDRs should be limited to income tax which may apply in certain circumstances. No other taxes or duties should be charged in Kazakhstan with respect to the above transactions. For all relevant purposes of this summary legal entities and individuals are subject to similar income tax treatment.

## 3.2 Tax residence

Non-resident persons should not become resident in Kazakhstan for Kazakhstan tax purposes by reason only of the ownership or disposal of GDRs. Therefore, under Kazakhstan tax law, non-resident holders of GDRs should only be taxed on their income earned from sources in Kazakhstan, rather than their worldwide income.

Kazakhstan tax legislation does not contain clear rules on attribution of gains from sale of securities to a permanent establishment, and does not clearly describe the taxation mechanism of such gains if they are attributable to a permanent establishment nor does it clearly address whether there are any other implications that the existence of a permanent establishment may give rise to in the case of such disposals that are not attributed to the permanent establishment. Any Non-Kazakhstan Holders having a permanent establishment in Kazakhstan should consult their professional tax advisers regarding taxation of gains from the sale of GDRs.

## 3.3 Kazakhstan withholding tax

### (a) Overview

**Current Kazakhstan tax legislation provides that any capital gain made by a GDR Holder from the sale of GDRs to the Company represents Kazakhstan-sourced income.** The Company, acting as tax agent, is required to apply withholding tax against the gains to the GDR Holders represented by the proceeds of the Tender Offer, unless certain exemptions apply.

There are certain exemptions to the obligation on the Company to withhold Kazakhstan withholding tax, of which those most likely to apply to the Tender Offer are (i) an exemption for any GDR Holder which is a Kazakhstan Holder or (ii) an exemption for any GDRs listed in Kazakhstan and sold by way of an Open Trade transaction on KASE.

A sale of GDRs by way of a tender through the Clearing Systems is treated for the purposes of Kazakhstan tax legislation as an over-the-counter transaction to which any applicable Kazakhstan withholding tax must be applied.

Gains realised by Kazakhstan Holders in relation to the disposal of GDRs are not subject to withholding tax but should generally be subject to Kazakhstan income tax via self-assessment (and, in case of tax non-residents who maintain a permanent establishment in Kazakhstan, additional income tax on net income of the permanent establishment).

However, unless a GDR Holder tendering GDRs through the Clearing Systems is able to provide evidence as referred to in paragraph 3.3(b) of Part V to the satisfaction of the Company that it is a Kazakhstan Holder, the Company will be required to apply withholding tax to the capital gain made by the GDR Holder on the sale of the GDRs at a rate of 20 per cent. (or, if the Non-Kazakhstan Holder is both (i) a tax resident of, and (ii) either incorporated in, or a citizen of, a Non-Preferential Tax Regime Country, 15 per cent.) and to deduct the same by way of a Withheld Amount from the gains represented by the entire Tender Price payable to the GDR Holder.

### (b) OTC Tender Offer

#### *Withholding tax*

In the absence of evidence to the satisfaction of the Company of the tax residence of a GDR Holder together with, for a Non-Kazakhstan Holder only, evidence of the original purchase price for tendered GDRs and the incorporation or citizenship (as applicable) of that GDR Holder, the Company will, by

way of the Withheld Amount, withhold from the sum payable by it to the Tender Agent, an amount equal to 20 per cent. of the entire Tender Price otherwise due to a GDR Holder.

GDR Holders accepting the OTC Tender Offer should provide evidence to the Company regarding their tax residence and (in the case of Non-Kazakhstan Holders) regarding the original purchase price of the GDRs they tender and of their incorporation or citizenship (as set out in more detail in paragraph 3.3 of Part V of this document).

**GDR Holders are solely responsible for ensuring their GDRs are validly tendered and for the timely delivery of all other documents required under the procedures for tendering GDRs under the Tender Offer in this document (including the provision of evidence to the Tender Agent so as to mitigate the amount of the Withheld Amount).**

#### *Evidence of Kazakhstan tax residence*

The Company will not apply a Withheld Amount to the Tender Price due to a GDR Holder in connection with the OTC Tender Offer if the GDR Holder provides, to the satisfaction of the Company, the evidence referred to in paragraph 3.3(b) of Part V of this document that it is a Kazakhstan Holder.

#### *Evidence of original purchase price*

If the GDR Holder provides, to the satisfaction of the Company, the evidence referred to in paragraph 3.3(c) of Part V of this document of the original purchase price of the validly tendered GDRs, the gains made by the GDR Holder on the disposal of such GDRs in connection with the OTC Tender Offer shall be determined by the Company as any excess of the Tender Price over such original purchase price of such GDRs (i.e. the historical purchase price paid by the GDR Holder for such GDRs).

#### *Evidence of tax residence and registration*

If the GDR Holder provides, to the satisfaction of the Company, the evidence referred to in paragraph 3.3(d) of Part V of this document showing that the GDR Holder is both a tax resident of a Non-Preferential Tax Regime Country (other than Kazakhstan) and either (in the case of a legal entity) incorporated in, or (in the case of an individual) a citizen of, a Non-Preferential Tax Regime Country, the Company will calculate the Withheld Amount using a rate of 15 per cent. of the Tender Price, or any excess of the Tender Price over such original purchase price of such GDRs (as the case may be).

#### *Further information*

GDR Holders must provide the OTC Tax Declaration Form as a cover document to any evidence provided pursuant to paragraph 3.3 of Part V of this document, to enable the Company and the Tender Agent to process the other evidence provided, and to ensure the Company is able to contact the GDR Holder to remedy any defects in the required evidence.

**Paragraph 3.3 of Part V of this document contains further details of the evidence the Company will accept in relation to tax residence, original purchase price and incorporation or citizenship (as applicable) and the procedure for providing it to the Tender Agent on behalf of the Company.**

**We recommend that GDR Holders wishing to accept the OTC Tender Offer provide evidence of their tax residence and, in the case of Non-Kazakhstan Holders, of the original purchase price for their GDRs and of their incorporation or citizenship so as to be received by the Tender Agent at The Bank of New York Mellon, Depositary Receipts, 101 Barclay Street, 22nd Floor,**

New York, New York 10286, USA (attention: Agness Moskovits) and queries to have been resolved at least two weeks before the Settlement Date falling after the date on which they accept the OTC Tender Offer. The Bank of New York Mellon can be contacted at DRProjectAspan@bnymellon.com. If a GDR Holder accepts the Tender Offer prior to the first Settlement Date but the evidence as to tax residence, original purchase price and incorporation or citizenship is not received or outstanding queries are not resolved by the first Settlement Date, that GDR Holder's proceeds of the Tender Offer may be subject to a higher Withheld Amount than would otherwise be the case.

(c) KASE Tender Offer

Under the KASE Tender Offer GDR Holders may tender their GDRs to the Company on the terms and conditions of this document by way of an Open Trade transaction on KASE.

Provided they have opened a brokerage account with SBI (or another KASE registered broker) and that broker sells the GDRs tendered under the KASE Tender Offer to the Company on KASE via an Open Trade transaction, the Company will not withhold any amount from the sum payable by it to the KASE Broker and will pay the entire Tender Price free of withholding tax.

Paragraph 4 of Part V of this document contains further details on how GDR Holders may tender and sell their GDRs on KASE (including how to set up a brokerage account with SBI).

GDR Holders should read the description of Kazakhstan tax set out in paragraph 3 of Part VII of this document. Please ensure that you have sufficient time to prepare and submit to the KASE Broker you choose all documentation and information required to enable the brokerage account to be opened and the appropriate sell instructions to be given by you to the KASE Broker at the latest by the day before the final Settlement Date.

**If you experience or envisage any difficulties in opening a brokerage account with a KASE Broker you are strongly recommended to consider tendering your GDRs in the OTC Tender Offer and to telephone Link Asset Services on +44 371 664 0321 for further information.**

### 3.4 Proof of tax withheld

Where GDR Holders are entitled to offset the amount of tax withheld by KMG EP against tax liabilities in their countries of residence, GDR Holders, according to the Kazakhstan Laws, can obtain evidence of withholding tax from the Kazakhstan tax authorities. GDR Holders, as stipulated in the Kazakhstan Laws, are required to request such evidence directly from the Kazakhstan tax authorities. Information on, and contact details for, the tax authorities can be found on the website of the Ministry of Finance of Kazakhstan: <http://kgd.gov.kz/en>

The Kazakhstan tax authorities should issue the certificate within 15 calendar days of either (i) submission of the application by the Non-Kazakhstan Holder or (ii) the filing of the withholding tax return by KMG EP (whichever is the later to occur).

If the Kazakhstan tax authorities find any discrepancies between the information in the application and the withholding tax return submitted by KMG EP, or if KMG EP has not accounted for withholding tax or has underpaid any withholding tax due, the tax authorities may refuse to issue the certificate to the Non-Kazakhstan Holder.

### **3.5 Insufficient withholding of tax by the Company**

The Company is responsible under Kazakhstan Laws as tax agent for the calculation and withholding of Kazakhstan withholding tax. GDR Holders are not responsible for the payment of withholding tax although the tax is assessed upon them.

If the Kazakhstan tax authorities successfully assess that an additional “under-withheld” tax amount is due from the Company in respect of a disposal by a GDR Holder, then the relevant GDR Holder may be considered as having received an unjustified enrichment in the form of such “under-withheld” tax.

While this would give grounds for the Company to claim the amount of the assessed “under-withheld” from the GDR Holder, the Company will not pursue any such claim against GDR Holders should it arise.

### **3.6 Double tax treaties**

A limited number of double tax treaties may provide relief from Kazakhstan withholding tax. However, such relief may only be applied via a tax refund mechanism, where withholding tax should first be paid to the Kazakhstan tax authorities. In practice, obtaining a tax refund may be an onerous process with an uncertain outcome. GDR Holders who seek to apply the double tax treaty relief should consult their professional advisers for each specific case.

**The above summary is intended only as a general guide to the taxation position under Kazakhstan tax legislation and does not constitute tax or legal advice. Any holders who are in doubt as to their taxation position or who require more detailed information should consult their professional tax advisers.**

## PART VIII

### ADDITIONAL INFORMATION

#### 1. The Company

- 1.1 The Company was incorporated in Kazakhstan under the JSC Law with registered number 15971-1901-AO.
- 1.2 On 31 December 2004, KASE admitted the Common Shares to Category "A" of the Official List of KASE.
- 1.3 On 8 September 2006, the Company entered into the Relationship Agreement and on 5 October 2006 the GDRs were admitted to the Official List of the UK Listing Authority and to trading on the LSE. The GDRs are admitted to the standard segment of the Official List.
- 1.4 As at 30 November 2017 (the latest practicable date prior to the publication of this document), the issued share capital of the Company was as follows:

Common Shares: 70,220,935 shares

Preference Shares: 4,136,107 shares

- 1.5 The head and registered office of the Company is at Kabanbai Batyr avenue, 17, Astana, 010000, Kazakhstan. The telephone number of the registered office is +7 (7172) 97 74 27.
- 1.6 The principal activity of the KMG EP Group is oil & gas exploration and production.
- 1.7 The Company is domiciled in Kazakhstan. The Company operates under Kazakhstan Laws.

#### 2. Directors

The names and principal functions of the Directors are as follows:

<i>Name</i>	<i>Position</i>
Dauren Karabayev	Chairman of the Board of Directors
Kurmangazy Iskaziyeu	Member of the Board of Directors and Chief Executive Officer
Oleg Karpushin	Member of the Board of Directors
Ardak Mukushov	Member of the Board of Directors
Gustave van Meerbeke	Member of the Board of Directors
Philip Dayer	Independent Non-Executive Director
Alastair Ferguson	Independent Non-Executive Director
Francis Sommer	Independent Non-Executive Director

### 3. Market quotations

Set out below are the closing prices of the GDRs and Common Shares on:

- (a) the first dealing day in each of the six months immediately prior to the Possible Offer Announcement; and
- (b) 1 December 2017 (the latest practicable date prior to the Possible Offer Announcement).

<i>Date</i>	<i>GDR closing price (US\$)</i>	<i>Common Share closing price (KZT)</i>
1 June 2017	9.51	17,342
1 July 2017	9.43	-
3 July 2017	-	18,399
1 August 2017	9.75	19,300
1 September 2017	10.35	-
4 September 2017	-	20,698
2 October 2017	9.84	20,600
1 November 2017	10.25	20,850
1 December 2017	11.80	-

### 4. Directors' interests

As at 30 November 2017 (being the latest practicable date prior to the publication of this document), none of the Directors (or their associated persons) had any interest (including any Options) in the issued share capital of the Company, save for the Company's Chief Executive Officer, Kurmangazy Iskazyev, who holds 131,297 GDRs.

### 5. Options

As at 30 November 2017 (being the latest practicable date prior to the publication of this document), the total number of outstanding Options to acquire GDRs and their respective exercise prices are set out in the table below:

<i>Number of options equivalent over GDRs</i>	<i>Exercise price (US\$)</i>
17,867	19.05
9,322	26.10
9,835	18.05
674,036	19.09
<b>711,060</b>	<b>19.05</b>

## 6. Major interests in Common Shares

As at 30 November 2017 (being the latest practicable date prior to the publication of this document), the total number of Common Shares (including Common Shares represented by GDRs but excluding Common Shares held in treasury and GDRs held by the Company) was 70,220,935. So far as the Company is aware, the following persons were interested, directly or indirectly, in 5 per cent. or more of the Common Shares (including Common Shares represented by GDRs) in issue as at 30 November 2017 (being the latest practicable date prior to the publication of this document):

<i>Name<sup>1</sup></i>	<i>Equivalent number of Common Shares</i>	<i>Percentage of Common Shares (including Common Shares represented by GDRs) in issue</i>
NC KMG	43,087,006	61.4%
China Investment Corporation	7,753,213	11.0%
The Company (Common Shares held in treasury, GDRs held by the Company and GDRs in trust reserved for stock options)	5,978,502	8.5%

<sup>1</sup> The owners of Common Shares (including Common Shares represented by GDRs) in which these holders have an interest may be subsidiaries and associated companies and/or pension funds, unit trusts or investment trusts under that holder's management.

Save as disclosed above, the Company is not aware of any person who is interested, whether directly or indirectly, in 5 per cent. or more of the Common Shares (including Common Shares represented by GDRs) in issue.

## 7. The Charter

The principal amendments to the Charter, which are in line with Kazakhstan Laws, to be proposed at EGM 2 are as follows:

- (a) to change the required majority to pass resolutions of the Shareholders on the delisting of the Company's securities and amendments to the Charter from a qualified majority (i.e. 75 per cent.) of the total number of voting Shares in issue to a simple majority of votes exercised at the meeting;
- (b) to change the requirement for resolutions of the Board on certain matters specified in the Charter to be adopted by a majority vote of the Directors (including a majority vote of the INEDs) present at the relevant meeting to a simple majority vote of the Directors present at the meeting;
- (c) to remove the express right of the INEDs to engage professional consultants to advise them at the expense of the Company (without prejudice to any engagement entered into prior to EGM 2);

- (d) to change the requirement for the agenda of all Board meetings to be approved by the majority of the INEDs present at the relevant meeting to a simple majority of vote of all the Directors present at the meeting;
- (e) to change the quorum required for a duly authorised meeting of the Board from two thirds to one half of all the Directors; and
- (f) to change the requirement that two-thirds of the INEDs be present for a Board meeting to be quorate.

The provisions in the Charter requiring not less than 30 per cent. of the Board to be INEDs will be retained, as will the requirement that the quorum for a Board meeting considering a related party transaction consist of least 2 Directors not related to (or deemed to be related to) such transaction.

Notwithstanding the proposed amendments to the Charter, the Board of KMG EP is expected to remain unchanged immediately following Delisting, and no changes to the remuneration of the INEDs or the terms of appointment of the INEDs will be made as a consequence of the Proposals.

## **8. The Relationship Agreement**

The Relationship Agreement was entered into between the Company and NC KMG on 8 September 2006 and regulates, in part, the degree of control that NC KMG may exercise over the management of the Company. The Relationship Agreement is regulated by Kazakhstan Laws. Under the Relationship Agreement:

- (a) subject to Kazakhstan Laws and the terms of existing agreements between NC KMG and the Company (or their respective affiliates), NC KMG undertakes that:
  - (i) the Company shall be operated in the best interests of its shareholders as a whole and, subject to the provisions of the Charter, in accordance with the Corporate Governance Code;
  - (ii) it will allow the Company at all times to carry on its business as a self-dependent and free-standing business from NC KMG and the NC KMG Group; and
  - (iii) it shall use its reasonable endeavours to procure that no member of the NC KMG Group shall act in any way or omit to act in any way which shall prejudice the ability of the Company to carry on its business independently of the NC KMG Group (or render it unsuitable for continued listing by any relevant competent listing authority or on any relevant stock exchange by reason of any act or omission on the part of any member of the NC KMG Group);
- (b) both NC KMG and the Company undertake that they shall (and shall procure that the relevant members of their respective groups shall), subject to Kazakhstan Laws and the terms of existing agreements between NC KMG and the Company (or their respective affiliates), with effect from the date of the Relationship Agreement, conduct any transactions and relationships (whether contractual or otherwise, including any subsequent amendment thereof or variation thereto, including the implementation or enforcement thereof) between any member of the NC KMG

Group, on the one hand, and any member of the Company, on the other, on arm's length terms and on a normal commercial basis;

- (c) subject to the JSC Law and the terms of existing agreements between NC KMG and the Company (or their respective affiliates), NC KMG undertakes that any voting rights in the Company's share capital held by members of the NC KMG Group and any voting rights that it might control on the Board (whether as a shareholder or through its representation on the Board) shall:
  - (i) not be exercised in respect of any resolution which relates to a transaction between the Company and NC KMG or any member of the NC KMG Group; and
  - (ii) not be exercised at meetings of the Board on matters in which they have an interest as a result of being a director or officer in NC KMG or any member of the NC KMG Group;
- (d) NC KMG undertakes that it shall not separately propose, at a general meeting of Shareholders, any matter contemplated by the provisions of Article 12.5 of the Charter (relating to the requirement to obtain the approval of a majority of the INEDs at the relevant Board meeting before proceeding with such matter) where such matter has not been previously approved in accordance with the provisions of Article 12.5 of the Charter by a majority of the INEDs acting in good faith, reasonably, and justly in compliance with applicable legislative requirements, moral principles and the rules of business ethics;
- (e) NC KMG undertakes that it shall not require the Company to increase the amount of financial contribution to assist in implementing social projects in the regions and cities in which members of the Company operate, save as:
  - (i) required by the terms of the existing social programmes undertaken by members of the Company as at the date of the Relationship Agreement;
  - (ii) required by the terms of the exploration and/or production licences and contracts held by members of the Company from time to time;
  - (iii) required by Kazakhstan Laws; or
  - (iv) otherwise approved by the Board in accordance with the Charter;
- (f) NC KMG undertakes that it shall not vote on any resolution of the Shareholders (or any resolution of the Board) to appoint or remove any INED unless:
  - (i) the term of appointment of such INED has expired and such INED is seeking re-election at a general meeting of Shareholders;
  - (ii) such removal has been recommended by the nominations committee of the Board; or
  - (iii) the Board has determined that the INED is no longer independent (as reasonably determined by the Board and taking into consideration the factors referred to in the Corporate Governance Code), provided that any such determination by the Board shall require the affirmative vote of the Director General of the Company and at least one other INED.

## 9. Material contracts

No contracts have been entered into by KMG EP otherwise than in the ordinary course of business since 8 December 2015 (the date two years prior to the date of this document) which are or may be material.

## 10. Bases and sources of information

Unless otherwise stated, the following constitute the bases and sources of information referred to in this document:

- (a) the financial information relating to KMG EP is extracted (without adjustment) from the condensed consolidated interim financial statements (unaudited) of KMG EP for the nine months ended 30 September 2017;
- (b) the value attributed to KMG EP's entire issued Common Share capital as stated in paragraph 2 of Part I of this document is based on 66,315,580 Common Shares (including Common Shares represented by GDRs, but excluding Common Shares held in treasury and GDRs held by the Company) in issue as at 30 November 2017 (being the latest practicable date prior to the publication of this document) and the Tender Price of US\$14.00 per GDR;
- (c) all closing prices for the Common Shares are closing middle market prices derived from Bloomberg;
- (d) all closing prices for the GDRs are closing middle market prices derived from Bloomberg;
- (e) the volume weighted average closing prices for the GDRs are derived from Bloomberg;
- (f) the following table provides information with respect to the Common Shares:

ISIN: KZ000A0KEZQ2

KASE trading symbol: RDGZ

- (g) the following table provides information with respect to the GDRs:

Regulation S GDRs:	CUSIP: 48666V204
	ISIN: US48666V2043
	Common Code: 02661130
Rule 144A GDRs:	CUSIP: 48666V105
	ISIN: US48666V1052
	Common Code: 026611059
LSE trading symbol:	KMG
PORTAL RULE 144A GDR trading symbol:	JSCKFPC5

## **11. Consents**

### **11.1 J.P. Morgan**

J.P. Morgan has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.

### **11.2 Rothschild**

Rothschild has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.

### **11.3 HSBC**

HSBC has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.

## **12. Documents available for inspection**

Copies of the following documents will be made available on KMG EP's website at [http://kmgep.kz/eng/investor\\_relations/tender\\_offer](http://kmgep.kz/eng/investor_relations/tender_offer) while the Tender Offer remains open for acceptance:

- (a) this document;
- (b) the Share Valuation Methodology, and a draft incorporating the proposed amendments to the Share Valuation Methodology;
- (c) the Charter, and a draft incorporating the proposed amendments to the Charter; and
- (d) the Amended Deposit Agreement, and a document showing the changes made since the Deposit Agreement.

## PART IX

### DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

<b>"Acceptance Condition"</b>	the Tender Condition set out in paragraph 2.1(b) of Part V of this document;
<b>"Admission and Disclosure Standards"</b>	the LSE's admission and disclosure standards for securities admitted or seeking to be admitted to trading, as amended from time to time;
<b>"Agent's Message"</b>	a message transmitted by DTC to and received by the Tender Agent and forming part of a Book-Entry Confirmation, that states that DTC has received an express acknowledgement from the participant in DTC tendering the Rule 144A GDRs that such participant has received and agrees to be bound by the terms of the Tender Offer set out in this document and that KMG EP may enforce such agreement against the participant;
<b>"Amended Deposit Agreement"</b>	the amended and restated deposit agreement dated 7 December 2017 between KMG EP and the Depositary in its capacity as depositary for the GDRs;
<b>"Amended Share Valuation Methodology"</b>	the amended Methodology for Determining the Share Price in Case of their Repurchase by the Company, proposed to be approved at EGM 1;
<b>"Board" or "Directors"</b>	the directors of KMG EP;
<b>"Book-Entry Confirmation"</b>	a confirmation of a book-entry transfer of the tendered Rule 144A GDRs into the specified account at DTC;
<b>"Business Day"</b>	any day other than a Saturday, Sunday or a day which is a federal holiday in the United States or a public holiday in Kazakhstan or the United Kingdom;
<b>"Charter"</b>	the charter of the Company, as amended from time to time;
<b>"China"</b>	the People's Republic of China, excluding Hong Kong;
<b>"Clearing Systems"</b>	Euroclear, Clearstream and DTC;
<b>"Clearstream"</b>	Clearstream Banking, Société Anonyme;
<b>"Common Shareholders"</b>	holders of Common Shares from time to time excluding those in a Restricted Jurisdiction;
<b>"Common Shares"</b>	common shares in the capital of the Company admitted to the "Premium" category of the official list of KASE;
<b>"Company" or "KMG EP"</b>	JSC KazMunaiGas Exploration Production, a company registered in accordance with Kazakhstan Laws;
<b>"Corporate Governance Code"</b>	the code of corporate governance adopted by the Company, as amended from time to time;
<b>"Delisting"</b>	the LSE Delisting and the KASE Delisting;
<b>"Deposit Agreement"</b>	the amended and restated deposit agreement dated 24 January 2014 between KMG EP and the Depositary in its

	capacity as depositary for the GDRs;
<b>"Depositary"</b>	Deutsche Bank Trust Company Americas;
<b>"Deposited Property"</b>	the Common Shares deposited with the custodian appointed by the Depositary and all and any rights, interests and other securities, property and cash for the time being held by such custodian or the Depositary or their respective agents and attributable to the Deposited Shares pursuant to the provisions of the Amended Deposit Agreement;
<b>"Disclosure Guidance and Transparency Rules"</b>	the Disclosure Guidance and Transparency Rules of the FCA;
<b>"DTC"</b>	The Depository Trust Company;
<b>"EGM 1"</b>	the extraordinary general meeting of the Company convened for 22 January 2018 to consider and, if thought appropriate, to adopt the Amended Share Valuation Methodology;
<b>"EGM 1 Condition"</b>	the Tender Condition set out in paragraph 2.1(c) of Part V of this document;
<b>"EGM 2"</b>	the extraordinary general meeting of the Company to be convened to consider and, if thought appropriate, to approve the Delisting and to make certain amendments to the Charter;
<b>"EU Annexes"</b>	Annexes III, IV, V and VI of Council Regulation No.833/2014, as amended by Council Regulation No.960/2014;
<b>"Euro"</b>	the lawful currency of the Eurozone;
<b>"Euroclear"</b>	Euroclear Bank S.A./N.V., as operator of the Euroclear System;
<b>"FCA"</b>	the UK Financial Conduct Authority in its capacity as the competent authority for the purposes of Part VI of FSMA, including its successor(s) from time to time;
<b>"Final Closing Date"</b>	8 March 2018;
<b>"First Closing Date"</b>	22 January 2018;
<b>"FSMA"</b>	the UK Financial Services and Markets Act 2000, as amended from time to time;
<b>"GDR"</b>	a global depositary receipt (representing one sixth of one Common Share) created pursuant to the Deposit Agreement or the Amended Deposit Agreement (as the case may be);
<b>"GDR Holders"</b>	holders of GDRs from time to time;
<b>"Hong Kong"</b>	the Hong Kong Special Administrative Region of the People's Republic of China;
<b>"HSBC"</b>	HSBC Bank plc;
<b>"INEDs"</b>	the independent non-executive directors of the Company;
<b>"IPO"</b>	the initial public offering of the GDRs by the Company and the admission of the GDRs to the Official List and to trading on the LSE;
<b>"J.P. Morgan"</b>	J.P. Morgan Securities plc;

"JSC Law"	the Kazakhstan Law "On Joint-Stock Companies" dated 13 May 2003, as amended from time to time;
"KACD"	the Kazakhstan Central Securities Depository;
"KASE"	Joint-Stock Company Kazakhstan Stock Exchange;
"KASE Broker"	SBI or any other KASE registered broker;
"KASE Delisting"	the cancellation of the admission of the Common Shares and the GDRs to the official list of KASE;
"KASE Tender Form"	the form set out in Appendix A to this document for use by GDR Holders who wish to accept the KASE Tender Offer;
"KASE Tender Offer"	the invitation to GDR Holders to tender GDRs as an Open Trade transaction on KASE on the terms and conditions set out in this document;
"Kazakhstan"	the Republic of Kazakhstan;
"Kazakhstan Holder"	a GDR Holder who is a resident of Kazakhstan or a tax non-resident who maintains a permanent establishment in Kazakhstan and the gain from the sale of their GDRs is attributable to such permanent establishment;
"Kazakhstan Laws"	the constitution and all laws, edicts, decrees, regulations, instructions, orders and other legal acts of Kazakhstan, as amended from time to time;
"kbopd"	thousands of barrels of oil per day;
"KMG EP Group"	KMG EP and its subsidiaries from time to time;
"KYC"	"know your client", the process of SBI identifying and verifying the identity of its clients;
"KZT" or "Tenge"	Tenge, the lawful currency of Kazakhstan;
"Listing Condition"	the Tender Condition set out in paragraph 2.1(a) of Part V of this document;
"Listing Rules"	the listing rules made by the FCA for the purposes of Part VI of FSMA, as amended from time to time;
"LSE" or "London Stock Exchange"	London Stock Exchange plc;
"LSE Delisting"	the cancellation of the admission of the GDRs to the Official List and to trading on the LSE;
"MAR"	the Market Abuse Regulation (EU No. 596/2014) and relevant technical standards relating to such Regulation;
"NC KMG"	JSC National Company KazMunayGas, a company registered in accordance with Kazakhstan Laws;
"NC KMG Group"	NC KMG and its subsidiaries from time to time;
"Non-Kazakhstan Holder"	a GDR Holder who is an individual who is a tax non-resident of Kazakhstan or a legal entity that is neither established in accordance with the legislation of Kazakhstan, nor has its actual governing body (place of effective management) in, nor maintains a permanent establishment in, or otherwise has any

	legal taxable presence in Kazakhstan;
<b>“Non-Preferential Tax Regime Country”</b>	a country that is not a Preferential Tax Regime Country;
<b>"Official List"</b>	the Official List of the FCA;
<b>"Open Trade"</b>	a sale and purchase of the GDRs on KASE as a "specialised trade" (as defined under Kazakhstan Laws) which meets the requirements for an "open trade" method under Kazakhstan Laws;
<b>"Options"</b>	the options over GDRs representing 118,510 Common Shares which are outstanding at 30 November 2017 (being the latest practicable date prior to the publication of this document);
<b>"Order"</b>	the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended from time to time;
<b>“OTC Tax Declaration Form”</b>	the form set out in Appendix B to this document for use by GDR Holders who wish to accept the OTC Tender Offer and to mitigate any Kazakhstan withholding tax that may be deducted as a Withheld Amount;
<b>"OTC Tender Offer"</b>	the invitation to GDR Holders to tender GDRs over-the-counter on the terms and conditions set out in this document;
<b>“Overseas GDR Holders”</b>	GDR Holders who are resident in, or nationals or citizens of, jurisdictions outside the UK or the United States who are nominees of, or custodians, or trustees for, GDR Holders who are citizens, residents or nationals of countries other than the UK or the United States;
<b>"PFIC"</b>	passive foreign investment company;
<b>“Possible Offer Announcement”</b>	the announcement made by KMG EP on 4 December 2012 in regarding the Intention to Repurchase its GDRs and delist from the London Stock Exchange and Kazakhstan Stock Exchange;
<b>“PRA”</b>	the Prudential Regulation Authority;
<b>“Preference Shareholders”</b>	holders of Preference Shares from time to time;
<b>"Preference Shares"</b>	non-redeemable preference shares in the capital of the Company admitted to the first category of the official list of KASE;
<b>"Preferential Tax Regime Country"</b>	a country with preferential tax regime in accordance with Order No.595 dated 29 December 2014 of Kazakhstan;
<b>"Proposals"</b>	the proposals including the Tender Offer, EGM 1, the Share Offer, EGM 2 and the Delisting described in paragraph 4 of Part I of this document;
<b>“Put Option Period”</b>	the time in which relevant Shareholders may exercise the Put Option Right;
<b>"Put Option Right"</b>	the Shareholders' right to require the Company to purchase the Common Shares and the GDRs in case of the occurrence of certain events in accordance with the JSC Law;
<b>"Qualifying GDR Holders"</b>	GDR Holders excluding those in a Restricted Jurisdiction;

<b>"Receiving Agent"</b>	Link Asset Services whose address is Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU in its capacity as receiving agent in connection with the KASE Tender Offer;
<b>"Regulation S GDRs"</b>	the GDRs sold outside of the United States in off-shore transactions in reliance on Regulation S under the US Securities Act;
<b>"Regulatory Information Service"</b>	any information service authorised from time to time by the FCA for the purpose of disseminating regulatory announcements;
<b>"Relationship Agreement"</b>	the relationship agreement between the Company and NC KMG dated 8 September 2006;
<b>"Restricted Jurisdiction"</b>	any jurisdiction where the extension or availability of the Tender Offer would breach any applicable law or regulation or would result in a requirement to comply with any governmental or other consent or any registration, filing or other formality which KMG EP regards as unduly onerous;
<b>"Rothschild"</b>	N.M. Rothschild & Sons Limited;
<b>"Rule 144A GDRs"</b>	the GDRs offered and sold in the United States in accordance with Rule 144A under the US Securities Act;
<b>"Sanctioned Person"</b>	<p>any person:</p> <p>(a) that is or (to the extent ownership or control subjects it to the relevant sanctions under applicable law or regulatory guidance) is owned or controlled by a person that is described or designated in:</p> <p style="margin-left: 40px;">(i) the most current "Specially Designated Nationals and Blocked Persons" list (which as of the date of this document can be found at: <a href="https://www.treasury.gov/ofac/downloads/sdnlist.pdf">https://www.treasury.gov/ofac/downloads/sdnlist.pdf</a>); or</p> <p style="margin-left: 40px;">(ii) the most current "Consolidated list of persons, groups and entities subject to EU financial sanctions" (which as of the date of this document can be found at: <a href="http://eeas.europa.eu/cfsp/sanctions/consolidated/index_en.htm">http://eeas.europa.eu/cfsp/sanctions/consolidated/index_en.htm</a>); or</p> <p>(b) that is otherwise the subject of any Sanctions;</p>
<b>"Sanctions"</b>	any economic, financial or trade sanctions, laws, regulations or restrictive measures (including, for the avoidance of doubt, any sanctions or measures relating to any particular embargo or asset freezing) enacted, administered, imposed or enforced from time to time by the US, including the OFAC Regulations, the United Nations, the European Union, each Member State of the European Union, Switzerland, the United Kingdom or the

	competent governmental agencies or official institutions of any of these countries and organisations, each as amended, supplemented or substituted from time to time;
<b>"Sanctions Authority"</b>	any of the following: <ul style="list-style-type: none"> <li>(a) the Security Council of the United Nations;</li> <li>(b) the respective governmental institutions and agencies of the US, the United Kingdom, the European Union or a Member State of the European Union including, without limitation, the Office of Foreign Assets Control of the US Department of the Treasury, the United States Department of State, the United States Department of Commerce and Her Majesty's Treasury; and</li> <li>(c) any other equivalent governmental or regulatory authority, institution or agency which administers economic, financial or trade sanctions;</li> </ul>
<b>"SBI" or "SkyBridge Invest"</b>	JSC SkyBridge Invest, a broker licensed in Kazakhstan;
<b>"SBI Document Collection Date"</b>	the date on which the Tender Offer becomes or is declared unconditional in all respects and the date which is 90 days after the date of this document, each being the date by which SBI must receive to its satisfaction the documents required for it to open a brokerage account for a GDR Holder wishing to settle its GDRs validly tendered before that date by way of an Open Trade transaction on KASE;
<b>"SDRT"</b>	stamp duty reserve tax;
<b>"Settlement Date"</b>	each date which is 28 days after each SBI Document Collection Date;
<b>"Shareholders"</b>	holders of the Common Shares and Preference Shares;
<b>"Shares"</b>	Common Shares and Preference Shares;
<b>"Share Offer"</b>	the offer to be made by the Company for its Common Shares as described in paragraph 4.7 of Part I of this document;
<b>"Share Price"</b>	a price per Common Share in US dollars equivalent to six times the Tender Price (or, if such Tender Price is increased pursuant to paragraph 2.27 of Part V of this document, equivalent to six times such increased price);
<b>"Share Valuation Methodology"</b>	the Methodology for Determining the Share Price in Case of their Repurchase by the Company, which was approved by a general meeting of Shareholders of 23 January 2008 and by the Board of Directors resolution of 4 December 2007;
<b>"SSI List"</b>	the most current "Sectoral Sanctions Identifications" list (which as of the date of this document can be found at: <a href="http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/ssi_list.aspx">http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/ssi_list.aspx</a> );
<b>"Takeover Code"</b>	the UK City Code on Takeovers and Mergers;

<b>"Tender Agent"</b>	The Bank of New York Mellon of 101 Barclay Street, 22nd Floor, New York, New York 10286, USA, in its capacity as tender agent in connection with the OTC Tender Offer;
<b>"Tender Conditions"</b>	the conditions to which the Tender Offer is subject as set out in paragraph 2.1 of Part V of this document;
<b>"Tender Offer"</b>	the invitation to GDR Holders to tender GDRs under either the OTC Tender Offer or the KASE Tender Offer on the terms and conditions set out in this document;
<b>"Tender Price"</b>	US\$14.00 in cash per GDR;
<b>"United Kingdom" or "UK"</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>"United States" or "US"</b>	the United States of America;
<b>"US dollar" or "US\$"</b>	the lawful currency of the United States of America;
<b>"US Exchange Act"</b>	the United States Securities Exchange Act of 1934, as amended from time to time;
<b>"US Holder"</b>	a beneficial owner of GDRs that, for US federal income tax purposes, is an individual who is a citizen or resident of the United States, a US domestic corporation, or an entity that is otherwise subject to United States federal income taxation on a net income basis with respect of the GDRs;
<b>"US Securities Act"</b>	the United States Securities Act of 1933, as amended from time to time; and
<b>"Withheld Amount"</b>	the amount withheld by the Company from the entire Tender Price due to Non-Kazakhstan Holders on account of Kazakhstan withholding tax in respect of any capital gain made on tendered GDRs.

**APPENDIX**  
**KASE TENDER FORM**

**THIS TENDER FORM IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this Tender Form or as to what action you should take, you are recommended to seek your own personal independent financial and taxation advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser who, if you are taking advice in the United Kingdom, is duly authorised under the Financial Services and Markets Act 2000 (as amended), or, if you are taking advice in a territory outside the United Kingdom, is an appropriately authorised independent financial adviser in the relevant jurisdiction.

This Tender Form should be read in conjunction with the tender offer document relating to the tender offer sent to GDR holders of the Company dated 8 December 2017 (the "**Tender Offer Document**"). Unless the context otherwise requires, the definitions used in the Tender Offer Document apply to this Tender Form.

The release, publication or distribution of this Tender Form and the Tender Offer Document in, into or from jurisdictions other than the United Kingdom, the US or Kazakhstan may be restricted by the laws of those jurisdictions and therefore persons into whose possession this Tender Form or the Tender Offer Document comes should inform themselves about, and observe, such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. This Tender Form and the Tender Offer Document do not constitute an offer to sell or issue, nor the solicitation of an offer to buy or subscribe for, shares in any jurisdiction in which such offer or solicitation is unlawful.

## **JSC KAZMUNAIGAS EXPLORATION PRODUCTION**

*(a joint stock company incorporated in Kazakhstan with number 15971-1901-AO)*

### **KASE TENDER FORM**

#### **for use in respect of the Tender Offer by KMG EP to repurchase GDRs at a price of US14.00 per GDR**

**THIS TENDER FORM IS FOR USE IF YOU WISH TO TENDER YOUR GDRS UNDER THE KASE TENDER OFFER**

**DO NOT COMPLETE OR RETURN THIS TENDER FORM IF YOU DO NOT WISH TO TENDER ANY OF YOUR GDRs IN THE KASE TENDER OFFER**

**IF YOU WISH TO TENDER YOUR GDRS UNDER THE OTC TENDER OFFER, YOU SHOULD INSTEAD FOLLOW THE INSTRUCTIONS SET OUT IN PARAGRAPH 18.1 OF PART I OF THE TENDER OFFER DOCUMENT**

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#### **ACTIONS TO BE TAKEN**

- To tender GDRs for purchase under this Tender Form you should complete Boxes 1A, 1B, 1C, 1D and 1E (on page 3) of this Tender Form
- Complete Boxes 2A, 2B or 2C, as appropriate (on page 3)
- Sign Box 3 (on page 3) in the presence of a witness, who must be over 18 years of age and who must also sign and give his/her name and address
- If GDRs tendered are held jointly with others, all joint holders must sign
- Deliver this Tender Form, duly completed, signed and witnessed, to the Company's Receiving Agent, Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to be received by 1.00 p.m. on 8 March 2018.
- If you do not have a brokerage account with a KASE Broker, immediately open a brokerage account with SkyBridge Invest in accordance with the service arranged by the Company or with any other KASE Broker;
- Transfer the tendered GDRs into KACD's participant account in Euroclear or Clearstream to hold on your behalf; and
- Instruct such KASE Broker to sell your GDRs to the Company by way of an Open Trade transaction on KASE at the earliest opportunity in time for the next Settlement Date (and at the latest by the day which is one day before the final Settlement Date).

**The procedure for tendering under the KASE Tender Offer is set out in paragraph 4 of Part V of the Tender Offer Document.**

**Further information on setting up a brokerage account with SBI and the procedure for arranging a sale of the GDRs on KASE is set out in paragraph 4.3 of Part V of the Tender Offer Document and on SBI's website at <https://www.sbinvest.kz/manual/?lang=en>.**

#### **NOTES**

**Please read Part V of the Tender Offer Document, which sets out the terms and conditions of the Tender Offer which are deemed to be incorporated in, and form part of, this Tender Form. The use and submission of this Tender Form are subject to such terms and conditions.**

**All references to time in this Tender Form and the Tender Offer Document are to London time (unless otherwise stated).**

**Please ensure that you have sufficient time to prepare all documents required to be submitted to the Tender Agent or the Receiving Agent, and SBI as the case may be.**

If you have any questions relating to this Tender Form or the Tender Offer Document, please contact Link Asset Services on +44 371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and monitored for security and training purposes. Link Asset Services cannot provide advice on the merits of the Tender Offer nor give any financial, legal or tax advice.

## TERMS AND CONDITIONS

### To the Company:

I/We, having received and read the Tender Offer Document, by signing Box 3, I/we irrevocably undertake, represent, warrant and agree to and with the Company as provided in paragraph 5.2 of Part V of the Tender Offer Document and (without prejudice to such paragraph 5.2) in particular:

1. to sell to the Company by way of an Open Trade transaction on KASE the number of GDRs comprised in Box 1C and subject to the terms and conditions set out or referred to in the Tender Offer Document, as applicable and that, once lodged, the tender of such GDRs shall become irrevocable and cannot be withdrawn;
2. I/we have full power and authority to tender, sell, assign or transfer the GDRs comprised in Box 1C (together with all rights attaching thereto) and, when the same are purchased by the Company, the Company will acquire such GDRs with full title guarantee and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto, including the right to receive all dividends and other distributions declared, paid or made after that date;
3. if I/we have ticked Box 2A, I/we will immediately take such steps and complete, sign, have witnessed and deliver such documents as are required to open a brokerage account with SBI as are set out in paragraph 4.3 of Part V of the Tender Offer Document;
4. if I/we have indicated in Box 2C that I/we will set up a brokerage account with a KASE Broker other than SBI, I/we will immediately take such steps and complete, sign, have witnessed and deliver such documents to open a brokerage account with such KASE Broker;
5. subject to having an existing brokerage account, or having a new brokerage account opened, I/we will immediately send to my/our KASE Broker (and, if the KASE Broker is SBI, send to SBI by email the following orders):
  - a) to transfer the tendered GDRs into KACD's participant account in Euroclear/Clearstream to hold on our behalf and simultaneously I/we will give (or instruct the direct participant of Euroclear or Clearstream, as the case may be, holding on our behalf such tendered GDRs to give) a counter-order to transfer the tendered GDRs into KACD's participant account in Euroclear/Clearstream to hold on my/our behalf;
  - b) to sell as my/our agent the tendered GDRs by way of an Open Trade on KASE; and
  - c) to remit the entire Tender Price for the tendered GDRs to my/our bank, the details of which I/we have notified to SBI,

at the earliest opportunity in time for the next Settlement Date (and at the latest by the day before the final Settlement Date)

**I/We acknowledge and agree that if I/we do not specify a number of GDRs, the Company may deem this Tender Form to be invalid without further reference to me/us.**

### IMPORTANT INFORMATION

**YOUR ACCEPTANCE OF THE KASE TENDER OFFER IS AN IRREVOCABLE COMMITMENT TO SELL YOUR GDRS TO THE COMPANY, MEANING YOU MUST NOT SELL ANY OF THOSE GDRS TO ANOTHER THIRD PARTY. ANY SALE TO A THIRD PARTY OF GDRS ACCEPTED INTO THE KASE TENDER OFFER WILL BE A BREACH OF THE TERMS OF THE KASE TENDER OFFER.**

If you decide to set up a brokerage account with SBI, SBI will need to receive by the SBI Document Collection Dates signed client documentation and KYC and other information in time for it to be able to conduct Open Trade transactions on KASE for tendering GDR Holders on the following Settlement Date (and at the latest by the last SBI Document Collection Date before the last Settlement Date).

**Please read paragraph 4 of Part V of the Tender Offer Document carefully. Please ensure that you have sufficient time to prepare and submit to the KASE Broker you choose all documentation and information required to enable the brokerage account to be opened and the appropriate sell instructions to be given by you to the KASE Broker at the latest by the day before the final Settlement Date. If you experience or envisage any difficulties in opening a brokerage account with a KASE Broker you are strongly recommended to consider tendering your GDRs in the OTC Tender Offer and to telephone Link Asset Services on +44 371 664 0321. See page 1 of this Tender Form for further details on how to contact Link Asset Services.**

The failure by a GDR Holder to comply with the procedures described above will result in an invalid tender of GDRs and, accordingly, such GDR Holder's tendered GDRs will not be accepted for purchase and will not be purchased.

**1. ELECTION TO PARTICIPATE IN THE KASE TENDER OFFER)**

<p><b>1A</b> Please enter here your full name and postal address (including country and postcode/zip code):</p>	<p><b>1B</b> Please enter here a daytime telephone number (including international dialling code) and email address for use in the event of a query:</p>
<p>If you wish to tender GDRs under the KASE Tender Offer, subject to the terms and conditions set out in the Tender Offer Document and this Tender Form, you should insert the number of GDRs you wish to tender in Box 1C</p>	<p><b>1C</b> Please enter here the number of GDRs you wish to tender:</p>
<p><b>1D</b> Name and telephone number of the contact person at your Clearing System participant:</p>	<p><b>1E</b> Name and number of your Clearing System participant:</p>

**2. YOUR CHOSEN KASE BROKER**

<p>Please tick Box 2A if you intend to set up a brokerage account with SkyBridge Invest in order to sell your tendered GDRs under the KASE Tender Offer</p>	<p><b>2A</b> <input type="checkbox"/></p>
<p>Please complete Box 2B with the name and address of your existing KASE Broker who you intend to instruct to sell your tendered GDRs under the KASE Tender Offer</p>	<p><b>2B</b></p>
<p>Please complete Box 2C with the name and address of the KASE Broker with whom you intend to set up a brokerage account in order to sell your tendered GDRs under the KASE Tender Offer</p>	<p><b>2C</b></p>

**3. SIGN HERE TO PARTICIPATE IN THE TENDER OFFER**

**(a) Signature by (an) individual(s) – Executed and delivered as a deed by:**

First Holder and Date:	Witnessed by	Witness Address
1. <input type="text"/>	1. Name <input type="text"/> Signature <input type="text"/>	Address <input type="text"/>
Joint Holders and Date: 2. <input type="text"/>	2. Name <input type="text"/> Signature <input type="text"/>	Address <input type="text"/>
3. <input type="text"/>	3. Name <input type="text"/> Signature <input type="text"/>	Address <input type="text"/>
4. <input type="text"/>	4. Name <input type="text"/> Signature <input type="text"/>	Address <input type="text"/>

**Note:** The witness must be over 18 years of age and should not be one of the registered holders or otherwise have any financial interest in the GDRs.

**(b) Execution by a company – Executed and delivered as a deed by:**

<input type="text"/>	<input type="text"/>	<input type="text"/>	
Company Name	Signature of director	Name of director	
<input type="text"/>	<input type="text"/>	<input type="text"/>	<b>Affix company seal here if</b>
Date	Signature of second director, secretary or witness (add address below if witness)	Name of second director, secretary or witness	

## HOW TO COMPLETE THE TENDER FORM ON PAGE 3

If you are in any doubt as to how to complete this Tender Form, please contact Link Asset Services on the telephone number listed above. For legal reasons, Link Asset Services cannot provide advice on the merits of the Tender Offer nor give any financial, legal or tax advice.

In order to be effective, this Tender Form must, except as mentioned below, be signed by the registered holder or, in the case of a joint holding, by ALL the joint holders or under a power of attorney. A body corporate incorporated in England and Wales may execute this Tender Form under its common seal, the seal being affixed and witnessed in accordance with its articles of association or other regulations.

Alternatively, a company to which the Companies Act 2006 applies may execute this Tender Form by a director and the company secretary or by two directors signing this Tender Form and inserting the name of the company above their signatures. Each such person signing this Tender Form should state the office which he/she holds in the relevant company.

In order to avoid inconvenience and delay, the following points may assist you:

### 1. Witnessing signature:

Each individual signing must do so in the presence of an independent witness, who must be over 18 years of age and should not be one of the joint registered holders or otherwise have any financial interest in the relevant GDRs or in the proceeds resulting from the execution of this Tender Form. The witness should state his or her name and address and sign where indicated. The same person may witness each signature of joint holders.

### 2. If a holder is away from home (e.g. abroad or on holiday):

Send this Tender Form by the quickest means (e.g. airmail) to the holder (but not in or into a Restricted Jurisdiction) for execution or, if he has executed a power of attorney, have this Tender Form signed by the attorney in the presence of a witness who must also sign this Tender Form. In the latter case, the original power of attorney (or a copy thereof duly certified in accordance with the Powers of Attorney Act 1971 by, for example, a solicitor) must be lodged with this Tender Form. **No other signatures are acceptable.**

### 3. If you have sold or transferred all, or wish to sell or transfer part, of your holding of GDRs:

If you have sold or transferred all of your GDRs, you should contact at once the purchaser or transferee, or the stockbroker, bank or other agent through whom the sale or transfer was effected.

### 4. If the Tender Form is signed under a power of attorney:

The completed Tender Form should be lodged with Link Asset Services at the address set out on the cover page of this Tender Form, accompanied by the original power of attorney (or a copy thereof duly certified in accordance with the Powers of Attorney Act 1971 by, for example, a solicitor). The power of attorney will be duly noted by Link Asset Services and returned as directed.

### 5. If you are outside the United Kingdom:

The attention of Overseas GDR Holders is drawn to paragraph 7 of Part V of the Tender Offer Document. Without prejudice to paragraph 7.9 of Part V of the Tender Offer Document, the Company and/or its agents reserve the right to treat as valid any Tender Form which is not entirely in order.

## APPENDIX B

### OTC TAX DECLARATION FORM

The undersigned beneficial owner of Global Depositary Receipts ("GDRs") representing ordinary shares ("Shares") of JSC "Kazmunaigas Exploration Production" (the "Company") has tendered, or instructed its broker or other securities intermediary to tender, GDRs into the Company's cash tender offer for GDRs (the "Offer") and is seeking elimination or reduction of withholding in respect of Kazakhstani capital gains taxation on the ground that *(please check the applicable ground)*:

the undersigned is tax resident in Kazakhstan, as evidenced by the enclosed original signed certificate of tax residency.

the undersigned is not tax resident in Kazakhstan and is a tax resident of a country that is not a Preferential Tax Regime Country and is (in the case of a legal entity) incorporated in, or (in the case of an individual) a citizen of a country that is not a Preferential Tax Regime Country, as evidenced by the enclosed original notarised or apostilled signed certificate of tax residency and notarised copy of certificate of incorporation (for legal entities) or notarised copy of passport (for individuals).

the undersigned's gain on its sale of the tendered GDRs is less than the full purchase price to be paid by the Company, as evidenced by the enclosed documents showing the price paid by the undersigned for the tendered GDRs or the Shares that the undersigned deposited for delivery of the tendered GDRs, as follows:

*[insert description of documentation submitted]*

*[Consult the Company's offer document dated 8 December 2017 for a description of certain capitalized terms used in this declaration form and the types of documentation that are acceptable to be submitted with this declaration and requirements for execution and authentication of those documents.]*

The undersigned understands that The Bank of New York Mellon as GDR Tender Agent (the "Tender Agent") for the Offer will forward this declaration and the enclosed documentation to the Company and that the Company will have the sole responsibility to determine the sufficiency of that documentation and the amount, if any, that will be withheld from the cash consideration that will be paid to the undersigned if the tendered GDRs are purchased in the Offer.

The following information is provided to identify the tender of GDRs to which this declaration relates:

GDRs tendered through:  Euroclear;  Clearstream;  DTC [*check one*]

Name and number of Clearing System participant: \_\_\_\_\_

Name and telephone number of contact person at Clearing System participant:

\_\_\_\_\_

Date of tender through Clearing System: \_\_\_\_\_

Number of GDRs tendered: \_\_\_\_\_

VOI or transaction identification number for the tender: \_\_\_\_\_

The undersigned understands that the GDR Tender Agent will submit this declaration and the enclosed documentation to the Company for processing only if it is able to match this form with a tender of GDRs identified above that it has received.

Name of tendering beneficial owner: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_ Email: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_