

**Materials for the Annual General Meeting of Shareholders of  
KazMunaiGas Exploration Production JSC  
19 May 2015**

Pursuant to resolution passed by the Board of Directors of KazMunaiGas Exploration Production JSC (“Company”) on 30 March 2015, the annual general meeting of shareholders (“AGM”) of the Company is going to be held on 19 May 2015 at 10:00AM at: 1<sup>st</sup> floor (left wing), Tulip conference hall, Hilton Garden Inn Astana, 15 Kabanbay Batyr, 010000, Astana, Kazakhstan, with the following agenda:

- (1) approval of annual financial statements for 2014;
- (2) outlining a procedure for distribution of net income of the Company for the last financial year, and the amount of dividend per share of the Company;
- (3) approval of Company’s annual report for 2014;
- (4) review of complaints made by shareholders as to Company’s or its officers’ actions, and results of such review in 2014;
- (5) report on compensation package for members of the Board of Directors and the Management Board in 2014.

## **1. Approval of annual financial statements for 2014**

Pursuant to subclause (10) Article 11:1 of the Company's Charter, approval of annual consolidated financial statements and annual report of the Company is within the exclusive authority of the general meeting of shareholders.

In accordance with requirements of the London Stock Exchange and the Kazakhstan Stock Exchange, Ernst & Young have audited the consolidated financial statements of the Company for 2014. The Audit Committee has reviewed those financial statements pursuant to the Audit Committee Regulations on 24 February 2015.

The key figures in the Financial Statements for 2014 are as follows:

- revenue: 845,770 million tenge (~845 bn);
- share of results of associates and joint ventures: 60,191 million tenge (~60 bn);
- production expenses – 211,900 million tenge (~212 bn);
- taxes other than on income – 328,211 million tenge (~328 bn);
- property, plant and equipment impairment – 256,683 million tenge (~257 bn) including impairment charge of 255,375 million tenge (~255 bn) for Ozenmunaigas;
- depreciation, depletion and amortization – 59,485 million tenge (~59 bn);
- selling, general and administrative expenses – 102,568 million tenge (~102 bn);
- exploration expenses – 2,127 million tenge (~2 bn);
- loss on disposal of fixed assets – 4,221 million tenge (~4 bn);
- finance income less finance costs – 11,810 million tenge (~12 bn);
- foreign exchange gain – 108,997 million tenge (~109 bn);
- profit before tax – 61,573 million tenge (~61 bn);
- net profit – 47,038 million tenge (~47 bn).

The Company's annual consolidated financial statements and auditor's report are available either at [www.kmgep.kz](http://www.kmgep.kz) or provided upon request from shareholders.

### **Resolution:**

**Approve the 2014 annual financial statements of the Company.**

## **2. Outlining a procedure for distribution of net income of the Company for the last financial year, and the amount of dividend per share of the Company**

In accordance with subclause (3) Article 44:3 of Kazakhstan Stock Corporation Act (the "Act") and subclause (3) of Article 10:28 of the Company's Charter, materials for the annual general meeting of shareholders shall include recommendations of the Board of Directors on procedure for distribution of Company's net income for the past financial year and amount of dividend for the year per ordinary share and per preferred share of the Company. Pursuant to Article 8:1 of the Company's Charter, the record date of shareholders entitled to dividends may not be set less than ten (10) calendar days after the date of decision on dividend payment. The beginning of dividend payment shall commence no less than thirty (30) calendar days after the record date of the shareholders entitled to dividends.

On 7 April 2015, the Board of Directors recommended to the annual general meeting of shareholders to approve the procedure for distribution of Company's net income and amount of dividend per ordinary share and per preferred share of the Company for 2014.

Based on the aforesaid and proposal from the Company's Board of Directors, the annual general meeting of shareholders is recommended to approve the following procedure for distribution of Company's net income for 2014 and the amount of dividend per ordinary share and per preferred share of the Company for 2014:

- (1) the amount of dividend for 2014 per ordinary share of the Company is 440 tenge (including taxes payable under the laws of Kazakhstan);
- (2) the amount of dividend for 2014 per preferred share of the Company is 440 tenge (including taxes payable under the laws of Kazakhstan);
- (3) the amounts of dividends referred to in subclauses (1) and (2) hereof will be adjusted by multiplying the set amount of dividend by the ratio between the KZT/USD official exchange rate set by National Bank of Kazakhstan as at the date of payment of dividends and the KZT/USD exchange rate as at the date of adoption of resolution by the Board of Directors which is KZT185.65 per US dollar;
- (4) distribute the net income earned by the Company for the year 2014 in compliance with audited consolidated financial statements in the following manner:
  - pay the dividend in the amount that is equal to the product of the adjusted dividend amount for the year 2014 per ordinary and per preferred share by the number of relevant outstanding shares as at the record date of shareholders entitled to dividends;
  - keep the remaining cash with the Company.

### **Resolution:**

**1. Approve the following procedure for distribution of net income of the Company (full name: Joint Stock Company KazMunaiGas Exploration Production; located at: Kabanbay Batyr 17, 010000, Astana, Republic of Kazakhstan; bank details: BIN 040340001283, IBAN KZ656010111000022542, SWIFT HSBKKZKX, JSC Halyk Bank of Kazakhstan, Astana Regional Branch) for 2014 and the amount of dividend for 2014 per ordinary share and per preferred share of the Company:**

- (1) the amount of dividend for 2014 per ordinary share of the Company is 440 tenge (including taxes payable under the laws of Kazakhstan);**
- (2) the amount of dividend for 2014 per preferred share of the Company is 440 tenge (including taxes payable under the laws of Kazakhstan);**

- (3) the amounts of dividends referred to in subclauses (1) and (2) hereof will be adjusted by multiplying the set amount of dividend by the ratio between the KZT/USD official exchange rate set by National Bank of Kazakhstan as at the date of payment of dividends and the KZT/USD exchange rate as at the date of adoption of resolution by the Board of Directors which is KZT185.65 per US dollar;**
- (4) distribute the net income earned by the Company for the year 2014 in compliance with audited consolidated financial statements in the following manner:
  - pay the dividend in the amount that is equal to the product of the adjusted dividend amount for the year 2014 per ordinary and per preferred share by the number of relevant outstanding shares as at the record date of shareholders entitled to dividends;**
  - keep the remaining cash with the Company.****
- (5) the list of shareholders entitled to dividends shall be fixed on 1 June 2015 at 11.59p.m. (23:59);**
- (6) the payment of dividends will start on 1 July 2015;**
- (7) the manner in which the dividends will be paid is wire transfer to bank accounts of shareholders as per the list of shareholders entitled to dividends.**
- 2. that Mr Abat Nurseitov, the Chief Executive Officer and the chair of the Management Board of the Company, shall take steps required for this resolution to be implemented.**

### **3. Approval of Company's annual report for 2014**

Pursuant to Article 10:29 and subclause (41) Article 12:2 of the Company's Charter, and in accordance with UKLA's Disclosure and Transparency Rules and corporate governance standards recommended by the Company's Code on Corporate Governance, the annual report has been prepared by the Company's Management Board and approved and presented to the general meeting of shareholders by the Company's Board of Directors. The 2014 annual report is hereby brought to the attention of shareholders. The Company's annual report for 2014 is available at [www.kmgep.kz](http://www.kmgep.kz) or provided upon request from shareholders.

**Resolution:**

**Approve the Company's annual report for 2014.**

**4. Review of complaints from shareholders against Company's and its officers' actions, and results of such review in 2014**

Pursuant to subclause (3) of Article 35:2 of the Kazakh Stock Corporation Act and Article 10:3 of the Company's Charter, the annual general meeting of shareholders shall review complaints from shareholders in relation to actions taken by the Company or its officers as well as results of such review. There were no such complaints from Company's shareholders in relation to actions taken by the Company or its officers in 2014.

**Resolution:**

**Take this information under advisement.**

## **5. Report on compensation package for the members of the Board of Directors and the Management Board in 2014**

In 2014, only the independent directors from amongst the directors were compensated for their involvement in the performance of the Board of Directors and its Committees. The total amount of compensation to the independent directors was 157,128.1 thousand (one hundred fifty-seven million one hundred twenty-eight thousand) tenge including taxes, specifically: 51,700.3 thousand (fifty one million seven hundred thousand) tenge to Edward Walshe including taxes; 53,727.5 thousand (fifty-three million seven hundred twenty-seven thousand) tenge to Philip Dayer including taxes; and 51,700.3 thousand (fifty-one million seven hundred thousand) tenge to Alastair Ferguson including taxes. The compensation for the independent directors has been determined by annual general meeting of shareholders held on 14 April 2014. This includes annual bonus, fees for attending meetings of the Board of Directors, fees for attending Board meetings via telephone or video conference, fees for attending meetings of independent directors, and compensation for chairing meetings of the Audit Committee, the Remuneration Committee and the Strategic Planning Committee of the Company's Board of Directors.

The remaining members of the Board of Directors are not compensated as members of the Board of Directors, but they are still entitled to reimbursement of costs related to such appointment.

### **Resolution:**

**Take this information under advisement.**