

**Materials for the Extraordinary General Meeting of Shareholders of
KazMunaiGas Exploration Production Joint Stock Company
to be held on 11 July 2018 at 10:00AM**

Agenda of the meeting:

- 1) Amendments to the Charter of KazMunaiGas E&P;
- 2) Board of Directors of KazMunaiGas E&P;
- 3) KazMunaiGas E&P Share Valuation Method for the period when those Shares are to be bought back by KazMunaiGas E&P.

1. Amendments to the Charter of KazMunaiGas E&P

Pursuant to subclause 1) of Article 36 of the Kazakh Stock Corporation Act and subclause 1) of clause 103) of the Company's Charter, amendments to the Charter of KazMunaiGas E&P fall under the sole responsibility of general meeting of shareholders.

As part of the integration of KMG EP into National Company KazMunaiGas ("KMG") and to implement a new operating management model within the KMG Group; to have a top-down approach when it comes to making managerial decisions; to harmonize constitutional documents of the KMG Group; and to cut costs of the management body to improve performance of KMG EP, amendments need to be made to the Charter of KMG EP.

The key amendments are to do with regulations for approval by KMG of transactions/investment projects that cost over 8 bn tenge; setting the limit of 20 bn tenge for a major transaction; reducing the overall number of members of the Board of Directors (up to four people). It is also proposed that the Internal Audit Team is discontinued as the staff of the Internal Audit Team is moving to KMG as part of the integration of KMG EP into KMG.

The matter has been endorsed by the Company's Board of Directors (Minutes No. 19 dated 22 May 2018).

The following resolution is proposed to shareholders:

to make amendments to the Company's Charter;

Amendments to the Charter of KazMunaiGas E&P
approved by general meeting of shareholders on 12 March 2018, Minutes No. 2

1. In subclause 26) of clause 12 the wording “(“Samruk” or “Fund”)” shall be added after the words “within the Samruk Kazyna Group”;

2. Subclause 4) of clause 46 shall be removed;

3. Subclause 21) of clause 103 shall be amended to read as follows:

“21) decision-making on closure of a major transaction by the Company that would/may result in alienation of property that costs fifty (50) or more percent of the total value of the Company’s assets as at the date of decision on the transaction resulting in alienation of fifty or more percent; and

However, a transaction resulting in acquisition or disposal of a property that costs more than eight billion tenge (KZT8,000,000,000) should be closed subject to approval by NC KazMunaiGas;”

4. Subclause 12) of clause 108 shall be amended to read as follows:

12) establishing of Company’s internal controls and their compliance monitoring;

5. Subclause 13) of clause 108 shall be removed;

6. Subclause 23) of clause 108 shall be amended to read as follows:

“23) making a decision on closing a major transaction by the Company under Kazakh laws with the exception of a major transaction which is subject to decision by general meeting of shareholders pursuant to subclause 21) of clause 103) of the Charter. Unless the Act stipulates otherwise, a major transaction is a transaction or a series of interrelated transactions resulting in acquisition or disposal by the Company of a property that costs more than the threshold of twenty billion tenge (KZT20,000,000,000). However, a transaction resulting in acquisition or disposal of a property that costs more than eight billion tenge (KZT8,000,000,000) should be closed subject to approval by NC KazMunaiGas;

7. Subclause 41) and the last paragraph of clause 108 shall be amended to read as follows:

“41) other matters stipulated by Laws and/or the Charter that are not within the exclusive competence of general meeting of shareholders including matters that are within the competence of the Company’s Board of Directors as specified by documents approved by the Company’s Board of Directors or by Samruk under Laws.

Any matter that is going to be presented to Board of Directors or to general meeting of shareholders for consideration is subject to preliminary approval by the Management Board of the Company.”

8. Clause 114 shall be amended to read as follows:

“114. The number of members of the Board of Directors shall (in the absence of casual vacancies) include at least four (4) people, including independent directors and Chief Executive Officer (Chair of the Management Board).”

9. Subclause 2) of clause 124 shall be removed;

10. Subclause 1) of clause 139 shall be amended to read as follows:

“1) making a decision on closure of transactions by the Company except for those transactions that are within the competence of other bodies and the Company’s Chief Executive Officer (Chair of the Management Board) under Laws and/or the Charter. However, a transaction resulting in acquisition or disposal of a property that costs more than eight billion tenge (KZT8,000,000,000) should be closed subject to approval by NC KazMunaiGas;

11. Subclause 16) of clause 139 shall be amended to read as follows:

“16) making a decision on implementation of investment projects by the Company. However, a transaction resulting in acquisition or disposal of a property that costs more than eight billion tenge (KZT8,000,000,000) should be closed subject to approval by NC KazMunaiGas; and”

12. Subclause 5) of clause 145 shall be amended to read as follows:

“5) hire, transfer or terminate employment with employees of the Company, save as otherwise provided by the Act, incentive them and impose disciplinary punishment on employees, determine amounts of salaries for employees of the Company and personal additions to salaries in accordance with staff schedule of the Company, determine the amount of bonuses to employees of the Company except for employees which are members of the Management Board and the Company Secretary;”

13. Subclause 9) of clause 145 shall be amended to read as follows:

“9) on behalf of the Company conclude transactions for amounts up to 5 (five) percent of the equity capital of the Company. However, a transaction resulting in acquisition or disposal of a property that costs more than eight billion tenge (KZT8,000,000,000) should be closed subject to approval by NC KazMunaiGas;”

2. Board of Directors of KazMunaiGas E&P

Pursuant to subclause 5) of clause 1 of Article 36 of the Kazakh Stock Corporation Act and subclause 10) of clause 103 of the Company's Charter, the following fall under the sole responsibility of general meeting of shareholders: determination of the number of members and terms of office of the Board of Directors, election of its members and their removal, approval of the Terms of Reference for the Board of Directors as well as determining the amount and terms of remuneration of and reimbursement of members of the Board of Directors for any expenses they may bear while discharging their duties.

On 22 May 2018, general meeting of shareholders resolved that the Board of Directors comprises eight people and elected the following people to the Board of Directors for the period from 22 May 2018 through 22 May 2019: Dauren Karabayev, the Chair; Kurmangazy Iskazyev; Zhannat Yertlesova; Baltabek Kuandykov; Geroy Zholtayev; Oleg Karpushin; Ardak Mukushov; and Asiya Syrgabekova.

To cut costs associated with the Board of Directors, we would recommend that the Board of Directors comprises four members, and that some members are removed before the end of their term of powers. We are also recommending making respective amendments to the Company's Charter.

Therefore, once general meeting of shareholders adopts the resolution, the following people will remain with the Board: Dauren Karabayev, the Chair; Kurmangazy Iskazyev; Zhannat Yertlesova, the independent director; and Baltabek Kuandykov, the independent director.

it is recommended that the general meeting of Company's shareholders resolves that the Board of Directors comprises four people and removes the following members from the Company's Board of Directors:

1. Geroy Zholtayev, independent non-executive director;
2. Oleg Karpushin, representative of NC KazMunaiGas;
3. Ardak Mukushev, representative of NC KazMunaiGas;
4. Asiya Syrgabekova, representative of NC KazMunaiGas.

It is recommended that the general meeting of Company's shareholders resolves that:

1. the Board of Directors comprises four people; and
2. the following members from the Company's Board of Directors be removed:
 1. Geroy Zholtayev, independent non-executive director;
 2. Oleg Karpushin, representative of NC KazMunaiGas;
 3. Ardak Mukushev, representative of NC KazMunaiGas;
 4. Asiya Syrgabekova, representative of NC KazMunaiGas.

3. KazMunaiGas E&P Share Valuation Method for the period when those Shares are to be bought back by KazMunaiGas E&P

Pursuant to subclause 17) of Article 103 of the Charter of KazMunaiGas E&P (the "Company"), general meeting of shareholders is solely authorized to approve share valuation method for the period when shares are to be bought back by the Company on an over-the-counter market and any amendments thereto.

General meeting of Company's shareholders by its resolution that was adopted on 23 January 2008 approved the share valuation method for the period when shares are to be bought back by the Company (the "Method") that covers valuation of shares for the period when shares are to be bought back by the Company both on an over-the-counter market and on a formal market. The general meeting of the Company's shareholders by its resolution that was adopted on 22 January 2018 made amendments to the Method as regards valuation of ordinary shares when bought back by the Company on a formal market.

For the Method to be interpreted consistently, to have a single approach to valuation of ordinary and preferred shares of the Company, and to vest the Board of Directors with the authority to approve the buyback price with due account being made for the market value of the shares, the Company's growth prospects and other factors, it is recommended that the following amendments be made to the Method:

Clauses 8, 9, and 11 of the Method are amended to read as follows:

"8. Shares that are being traded on an Organized Securities Market upon Company's initiative must be bought back at current market price quoted on the Organized Securities Market where the Company's Shares are being traded or at any other price set by the Board of Directors with due account being made for the market value of the Shares, the Company's equity capital, its potential change as per Company's growth plan and/or any other factor.

9. Shares that are not being traded on an Organized Securities Market upon Company's initiative may be bought back upon consent from a shareholder at a price determined by a third party assessor at a date at least 30 calendar days prior to decision made by the Company's Board of Directors to buy back the Shares, or at any other price set by the Board of Directors with due account being made for the Company's equity capital, its potential change as per Company's growth plan and/or any other factor.

11. Shares that are not being traded on an Organized Securities Market upon Company's initiative may be bought back at book value of the Shares less 50 percent discount from the amount received.

The book value of Shares must be calculated by reference to the latest Company's consolidated financial statements prepared in accordance with the IFRS as at the date of registration with the Company's document control office of the statement from a shareholder to repurchase Shares owned by the shareholder, and must be calculated in accordance with the following formula:

$P=E/Q$, where:

P means the book value of shares;

E means the book value of Company's equity as at the date of reporting;

Q means the number of outstanding Shares (with due account for respective depositary receipt to a share ratio) as at the reporting date."

The following resolution has been brought before the general meeting of shareholders:

To make the attached amendments to the KazMunaiGas E&P share valuation method for the period when those shares are to be bought back by the company that was approved by general meeting of shareholders of KazMunaiGas E&P on 23 January 2008.

**Amendments to the KazMunaiGas E&P Share Valuation Method for the period when
those Shares are to be bought back by KazMunaiGas E&P**

Clauses 8, 9, and 11 of the Method shall be amended to read as follows:

“8. Shares that are being traded on an Organized Securities Market upon Company’s initiative must be bought back at current market price quoted on the Organized Securities Market where the Company’s Shares are being traded or at any other price set by the Board of Directors with due account being made for the market value of the Shares, the Company’s equity capital, its potential change as per Company’s growth plan and/or any other factor.

9. Shares that are not being traded on an Organized Securities Market upon Company’s initiative may be bought back upon consent from a shareholder at a price determined by a third party assessor at a date at least 30 calendar days prior to decision made by the Company’s Board of Directors to buy back the Shares, or at any other price set by the Board of Directors with due account being made for the Company’s equity capital, its potential change as per Company’s growth plan and/or any other factor.

11. Shares that are not being traded on an Organized Securities Market upon Company’s initiative may be bought back at book value of the Shares less 50 percent discount from the amount received.

The book value of Shares must be calculated by reference to the latest Company’s consolidated financial statements prepared in accordance with the IFRS as at the date of registration with the Company’s document control office of the statement from a shareholder to repurchase Shares owned by the shareholder, and must be calculated in accordance with the following formula:

$P=E/Q$, where:

P means the book value of shares;

E means the book value of Company’s equity as at the date of reporting;

Q means the number of outstanding Shares (with due account for respective depositary receipt to a share ratio) as at the reporting date.”

End of resolutions.

For more details please visit the office of KazMunaiGas Exploration & Production at: office 1202, Kabanbay Batyr, 17, Astana, from 9.00AM through 6.30PM or Company’s website: www.kmgp.kz.