

**Materials for the Annual General Meeting of Shareholders of
KazMunaiGas Exploration Production JSC
13 May 2014**

The annual general meeting of shareholders (“AGM”) of KazMunaiGas Exploration Production JSC (the “Company”) is to be held on 13 May 2014 at 10:00a.m. at: Dhall, Rixos President Hotel Astana, 7, Kunayev, Astana, Kazakhstan, pursuant to a resolution adopted on 18 March 2014 by the Company’s Board of Directors. The agenda is as follows:

1. Approval of 2013 annual consolidated financial statements;
2. Approval of procedure for distribution of Company’s net income for 2013 and amount of dividend per ordinary share and per preferred share of the Company for 2013;
3. Approval of annual report of the Company for 2013;
4. Review of complaints from shareholders against Company’s and its officers’ actions, and results of such review in 2013;
5. Report on compensation package for the members of the Board of Directors and the Management Board in 2013;
6. Approval of the report on performance of the Board of Directors and the Management Board in 2013;
7. Selection of an auditor.

1. Approval of the 2012 annual consolidated financial statements

Pursuant to subclause (10) Article 11:1 of the Company's Charter, approval of annual financial statements 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, the Company must disclose information about itself and its activities and announce consolidated financial statements following year-end results.

In accordance with International Standards on Auditing, Ernst & Young have audited the consolidated financial statements of the Company for 2013 and prepared their opinion based on the audit.

The key figures in the Financial Statements for 2013 are as follows:

- revenue – 816,712 million tenge;
- share of results of associates and joint ventures – 50,866 million tenge;
- production expenses – 162,035 million tenge;
- taxes other than on income – 311,688 million tenge;
- property, plant and equipment impairment – 60,099 million tenge;
- depreciation, depletion and amortization – 47,144 million tenge;
- selling, general and administrative expenses – 92,360 million tenge;
- exploration expenses – 13,125 million tenge;
- loss on disposal of fixed assets – 4,475 million tenge;
- finance income less finance costs – 12,492 million tenge;
- foreign exchange gain – 11,216 million tenge;
- profit before tax – 200,360 million tenge;
- net profit – 141,829 million tenge.

The Company's annual consolidated financial statements are available either at www.kmgep.kz or provided upon request from shareholders.

Resolution:

Approve the 2013 annual consolidated financial statements of the Company.

2. Approval of procedure for distribution of Company's net income for 2012 and amount of dividend per ordinary share and per preferred share of the Company for 2012

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 18 March 2014, 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 2013.

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 2013 and amount of dividend per ordinary share and per preferred share of the Company for 2013:

- 1) the amount of dividend for 2013 per one ordinary share of the Company is 1,976 tenge (including taxes payable under the laws of Kazakhstan);
- 2) the amount of dividend for 2013 per one preferred share of the Company is 1,976 tenge (including taxes payable under the laws of Kazakhstan);
- 3) to distribute the Company's net income for the reported financial year in the amount of 141,829 million tenge pursuant to the audited consolidated financial statements for 2013 in the following manner:
 - to distribute as dividends the amount equal to the product of the amount of dividend for 2013 per one ordinary share and one preferred share and the number of outstanding shares as of the record date of shareholders entitled to dividends; and
 - to leave the balance at the disposal of the Company.

Resolution:

1. Approve the following procedure for distribution of net income of the Company (full name: Joint-stock Company KazMunaiGas Exploration Production; location: 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 2012 and the amount of dividend for 2013 per one ordinary share and per one preferred share of the Company:

- 1) the amount of dividend for 2013 per one ordinary share of the Company is 1,976 tenge (including taxes payable under the laws of Kazakhstan);**
 - 2) the amount of dividend for 2013 per one preferred share of the Company is 1,976 tenge (including taxes payable under the laws of Kazakhstan);**
 - 3) to distribute the Company's net income for the reported financial year in the amount of 141,829 million tenge pursuant to the audited consolidated financial statements for 2013 in the following manner:**
 - to distribute as dividends the amount equal to the product of the amount of dividend for 2013 per one ordinary share and one preferred share and the number of outstanding shares as of the record date of shareholders entitled to dividends; and**
 - to leave the balance at the disposal of the Company;**
 - 4) the list of shareholders entitled to dividends shall be fixed on 23 May 2014 at 11.59p.m. (23:59);**
 - 5) the payment of dividends will start on 24 June 2014;**
 - 6) the procedure for and the form in which the dividends will be paid is by money transfer to bank accounts of shareholders according to the list of shareholders entitled to dividends.**
- 2. Abat Nurseitov, CEO and Chairman of the Management Board, shall take all necessary actions arising from this resolution in accordance with the laws of the Republic of Kazakhstan.**

3. Approval of the annual report of the Company for 2013

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 2013 annual report is hereby brought to the attention of shareholders. The Company's annual report for 2013 is available at www.kmgep.kz or provided upon request from shareholders.

Resolution:

Approve the annual report of the Company for 2013.

4. Review of complaints from shareholders against Company's and its officers' actions, and results of such review in 2013

Pursuant to clause 2) of Article 35 of the 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 2013.

Resolution:

Take this information under advisement.

5. Report on compensation package for the members of the Board of Directors and the Management Board in 2013

In 2013, 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 109,354 thousand (one hundred and nine million three hundred fifty-four thousand) tenge inclusive of taxes, including: 47,418 thousand (forty seven million four hundred eighteen thousand) tenge to Edward Walshe including taxes; 52,365 thousand (fifty-two million three hundred sixty-five thousand) tenge to Philip Dayer, including taxes; and 9,570 thousand (nine million five hundred and seventy) tenge to Alastair Ferguson including taxes. The compensation for the independent directors has been determined by annual general meeting of shareholders held on 25 May 2010. It includes the annual compensation, compensation for attending a meeting of the Board of Directors, compensation for attending Board meetings via telephone and video conference, compensation for attending meetings of independent directors, and compensation for chairing the audit committee, remuneration committee and 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 entitled to reimbursement of costs related to such appointment.

Resolution:

Take this information under advisement.

6. Approval of the report on performance of the Board of Directors and the Management Board in 2013

Pursuant to Article 9.1 of the Provisions on the Company's Board of Directors, together with the annual report and consolidated financial statements of the Company, the Board of Directors submits a report on performance of the Board of Directors and the Management Board.

Detailed information on the Board of Directors and the Management Board report for 2013 is provided in the Company's annual report for 2013. The Company's annual report for 2013 is available at www.kmgep.kz or provided upon request from shareholders.

Resolution:

Approve the report on performance of the Board of Directors and the Management Board of the Company for 2013.

7. Selection of an auditor

In accordance with best corporate governance practices, selection of an auditor is within the remit of company's shareholders. With this in mind, according to the audit policy of LSE, the Audit Committee shall make their recommendations to the Board of Directors for further submittal of the item on selection of an auditor to the general meeting of shareholders.

To select an auditor and purchase auditor's services, the Company has undertaken the following procedures:

- (1) Pursuant to Article 8.5.2 of the Audit Committee Provisions, the Audit Committee shall have primary responsibility to make recommendations on appointment, reappointment and removal of external auditors. On 28 January 2013, three companies from the Big Four (Ernst & Young, PWC, and KPMG. Deloitte backed out) made their presentations to the Audit Committee. Following those presentations the Audit Committee has resolved to appoint Ernst & Young as an auditor for the Company for the period between 2014 and 2016.

Ernst & Young had previously audited the Company in a good and timely fashion. To retain the independence, and pursuant to International Standards on Auditing, Ernst & Young is going to change its partner to supervise the audit of financial statements of the Company which has been taken under advisement by the Committee members when making recommendations on selection of an external auditor.

Apart from that, in May 2013 Ernst & Young was selected as an auditor for NC KMG for the period between 2013 and 2015. According to International Standards on Auditing (ISA 600), if the Company selects an auditor other than that selected by NC KMG, then the auditor of NC KMG shall undertake audit procedures required under ISA 600 toward the Company. This may result in increased fee for the auditor of NC KMG, and might likely extend the timing required to audit consolidated financial statements of both the Company and NC KMG.

- (2) according to the regulations to select an auditor for Samruk Kazyna and companies with fifty or more percent of voting shares directly or indirectly held by Samruk Kazyna subject to an ownership or trust management title, the Company's CEO ordered that a commission shall be established to select an auditor that would be auditing the Company for the period between 2014 and 2016 ("Commission") involving representatives from NC KMG and the Company. According to the minutes #1 from the meeting of the Commission held on 4 March 2014, the Commission made the same decision as the Audit Committee did.
- (3) taking the recommendations made by the Audit Committee under advisement, pursuant to Article 12.2.12 of the Company's Charter, on 21 September 2010 as well as those made by the Commission, according to the regulations to select an auditor for Samruk Kazyna and companies with fifty or more percent of voting shares directly or indirectly held by Samruk Kazyna subject to an ownership or trust management title, the Board of Directors has resolved to set the fees for the auditor, Ernst & Young, that would be auditing the Company for the period between 2014 and 2016 of three hundred and seven million three hundred forty-five thousand tenge (KZT307,345,000) net of VAT.
- (4) according to clause 136 of the Regulations for Procurement of Goods, Works and Services by Samruk Kazyna and companies with fifty or more percent of voting shares directly or indirectly held by Samruk Kazyna subject to an ownership or trust management title, the Client may procure auditor's services from a single source pursuant

to resolution of an authorized body of the Client that is authorized to make a decision on selection of an auditor under the Client's Charter.

- (5) Pursuant to Article 11.1.9 of the Company's Charter, selection of an auditor for the Company is within the remit of general meeting of shareholders. On 18 March 2014 the Board of Directors has resolved to submit the item on selection of an auditor for the Company to the general meeting of Company's shareholders for consideration.

Therefore, the selection of an auditor for the Company for the period between 2014 and 2016 is in line with best practices; it meets the LSE requirements for listed companies; and it is in line with all the aforementioned requirements and procedures.

Based on recommendation of the Audit Committee, the Board of Directors has resolved to set the fees of three hundred and seven million three hundred forty-five thousand tenge (KZT307,345,000) net of VAT for the auditor, Ernst & Young, that would be auditing interim financial statements for the six months as at 30 June 2014, 2015, and 2016, and audit Company's annual financial statements and reporting package for consolidation with National Company KazMunayGas for the years ended 31 December 2014, 2015, and 2016, respectively.

Resolution:

1. appoint Ernst & Young as an auditor for the Company that would audit interim financial statements for the six months as at 30 June 2014, 2015, and 2016, and audit Company's annual financial statements and reporting package for consolidation with National Company KazMunayGas for the years ended 31 December 2014, 2015, and 2016, respectively.
2. Procure services, as a single-source procurement, from Ernst & Young as an auditor that would be auditing the Company for the period between 2014 and 2016 for the amount of three hundred forty-four million two hundred twenty-six thousand four hundred tenge (KZT344,226,400) including VAT.
3. Mr. Benjamin Fraser, the Finance Director and Finance Controller of the Company, shall sign the contract with Ernst & Young as per terms and conditions of the draft of contract enclosed hereto.