

**MINUTES**  
**from Annual General Meeting of Shareholders of**  
**KazMunaiGas Exploration Production Joint Stock Company**

The annual general meeting of shareholders (“Meeting”) of KazMunaiGas Exploration Production Joint Stock Company (“Company”) located at: 17, Kabanbay Batyr, 010000, Astana, was held on 13 May 2014 at 10:00 a.m. at: Dhall, Rixos President Hotel Astana, Astana, Kazakhstan.

Mr Abat Nurseitov, the Company’s CEO and Management Board Chair announced the opening of the Meeting, and gave the floor to Mr. Yerden Raimbekov, Chairman of the Counting Committee of the Company.

The Chair of the Counting Committee stated that, in accordance with the list of Company’s shareholders provided by the Registrar of the Company, Fondovy Tsentri JSC as at 14 April 2014, the total number of shares placed by the Company was 74,357,042 of which 4,136,107 were preferred shares, and 70,220,935 were common or ordinary shares.

Pursuant to clause (1) of article 45 of the Kazakh Stock Corporation Act, general meeting of shareholders may review and make decisions on items on agenda if shareholders or their representatives, that had been incorporated into the list of shareholders entitled to attend such meeting and cast their votes thereupon and that collectively hold fifty or more percent of company’s voting shares, have been registered prior to the end of registration of attendants of such meeting.

1. On behalf of National Company KazMunayGas: Mr Damir Teberikov, Deputy Director of Production Assets at National Company KazMunayGas (acting pursuant to power of attorney No. 3-17 dated 4 February 2014) holding 43,087,006 ordinary shares (63 percent from the total number of Company’s voting shares);
2. Deutsche Bank Trust Company Americas (a depository bank of KazMunaiGas Exploration Production JSC), a nominee holder of common shares represented by Ms Zarina Andagulova (power of attorney dated 1 May 2014), the nominee holder of 13,928,050 common shares.
3. Mr Makhambet Batyrbayev, the holder of 28 ordinary shares.
4. Mr Yerden Salgara, the holder of one share.

The quorum of the general meeting of shareholders was reached.

Mr. Nurseitov recommended appointing Mr Daniyar Berlibayev, the Deputy Chair of the Management Board of National Company KazMunayGas, as Chair of the general meeting of KMG EP shareholders.

The matter was put to a vote. The total number votes was 43,087,035 votes.

**Votes:**

**For** 43,087,035 votes;

**Against** no votes;

**Abstained** no votes.

**The decision was made by majority of votes:**

To appoint Mr Daniyar Berlibayev, as Chair of the Meeting.

Mr Nurseitov reported that in accordance with clause 10.39 of the Company's Charter, the Company Secretary shall act as Secretary of general meeting of shareholders. Therefore, it was proposed to appoint Mr Aidar Zhexenbiyev, the Company Secretary, as the Secretary of the Company's Meeting.

The matter was put to a vote. The total number votes was 43,087,035 vote.

**Votes:**

**For** 43,087,035 votes;

**Against** no votes;

**Abstained** no votes.

**The decision was made by majority of votes:**

To appoint Mr Aidar Zhexenbiyev, the Company Secretary, as the Secretary of the Company's Meeting.

Then Mr Daniyar Berlibayev, the chair of the meeting, advised the shareholders on the scheme and form of voting at the Company's Meeting. He recommended having an open voting method.

This matter was put to a vote. The total number votes was 3 votes.

**Votes:**

**For** 3 votes;

**Against** no votes;

**Abstained** no votes.

**The decision was made by majority of votes:**

To have open voting method at the Meeting.

The Chair of the Meeting Mr Berlibayev gave the floor to the Secretary of the Company's Meeting Mr Zhexenbiyev regarding the determination of the procedural regulations of the Meeting.

Mr Zhexenbiyev suggested providing up to ten minutes to each speaker on agenda items, up to five minutes to a speaker in a dispute, and up to seven minutes to the Counting Committee for counting votes.

The matter was put to a vote. The total number votes was 3 votes.

**Votes:**

**For** 3 votes;

**Against** no votes;

**Abstained** no votes.

**The decision was made by majority of votes:**

To provide up to ten minutes to each speaker on agenda items, up to five minutes to a speaker in a dispute, and up to seven minutes to the Counting Committee for counting votes.

The Chair of the Meeting Mr Berlibayev gave the floor to the Secretary of the Company's Meeting Mr Berlibayev regarding the matter on the agenda.

Mr Berlibayev informed that on 18 March 2014 the Company's Board of Directors resolved to call annual general meeting of shareholders. The notice about the calling of the Meeting was published in the newspapers *Yegemen Kazakhstan* and *Kazakhstanskaya Pravda* both dated 29 March 2014.

There were no proposed changes to the agenda.

The following agenda was proposed for approval:

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.

Since there were no comments made on the agenda, this matter was put to a vote. The total number votes was 43,087,035 votes.

**Votes:**

**For** 43,087,035 votes;

**Against** no votes;

**Abstained** no votes.

**The decision was made by majority of votes:**

To approve the following agenda:

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.

**Item 1.** Mr Benjamin Fraser, acting Deputy CEO for Economy and Finance (Chief Financial Officer), was given the floor.

Mr Fraser reported that in accordance with paragraph 11.1.10 of the Company's Charter, the approval of annual financial statements of the Company was within the remit of general meeting of shareholders. Under the listing requirements of KASE and London Stock Exchange,

Ernst & Young, the independent auditor, has audited consolidated financial statements of the Company for the year ended 31 December 2013. Under the Regulations of the Audit Committee, the financial statements were reviewed by the Audit Committee on 18 February 2014.

Key financials of the Company for 2013 are:

KZT million	
- Revenue	816,712;
- Share of results of associate and joint ventures	50,866;
- Production expenses	162,035;
- Taxes other than on income	311,688;
- Impairment of property, plant and equipment the impairment test of Ozen);	60,099 (including 56,275 following
- Depreciation, depletion and amortization	47,144;
- Selling, general and administrative expenses	92,360;
- Exploration expenses	13,125;
- Loss on disposal of property, plant and equipment	4,475;
- Finance income less finance costs	12,492;
- Foreign exchange gain	11,216;
- Profit before tax	200,360;
- Net profit	141,829.

The annual consolidated financial statements are available on the Company's website ([www.kmgcp.kz](http://www.kmgcp.kz)) or upon request from a shareholder.

Shareholders were asked to approve the annual consolidated financial statements of the Company for 2013.

The matter was put to a vote. The total number votes was 57,015,085 votes.

**Votes:**

**For** 57,015,085 votes;

**Against** no votes;

**Abstained** no votes.

**The decision was made by majority of votes:**

To approve the annual consolidated financial statements of the Company for 2013.

**Item 2.** Mr Benjamin Fraser, acting Deputy CEO for Economy and Finance (Chief Financial Officer), was given the floor. He said that 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.
- (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.

This matter was put to a vote. The total number votes was 57,015,085 votes.

**Votes:**

**For** 57,015,085 votes;

**Against** no votes;

**Abstained** no votes.

**The decision was made by majority of votes:**

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 HSBKZZKX, 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.

**Item 3.** Ms Asel Kaliyeva, the Director of Investor Relations Department, was given the floor. She reported that 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](http://www.kmgep.kz) or provided upon request from shareholders.

This matter was put to a vote. The total number votes was 57,015,085 votes.

**Votes:**

**For** 57,015,085 votes;

**Against** no votes;

**Abstained** no votes.

**The decision was made by majority of votes:**

To approve the annual report for 2013.

**Item 4.** Mr Aidar Zhexenbiyev, the Company Secretary, was given the floor. He reported that 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.

This matter was put to a vote. The total number votes was 57,015,085 votes.

**Votes:**

**For** 57,015,085 votes;

**Against** no votes;

**Abstained** no votes.

**The decision was made by majority of votes:**

To take the information under advisement.

**Item 5.** The Chair of the Meeting Mr Daniyar Berlibayev spoke on the matter. He reported that 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.

This matter was put to a vote. The total number votes was 57,015,085 votes.

**Votes:**

- For** 57,015,085 votes;
- Against** no votes;
- Abstained** no votes.

**The decision was made by majority of votes:**

To take the information under advisement.

**Item 6.** The Chairman of the Meeting Mr. Kiinov spoke on the matter. He reported that the Company, together with the Association of Independent Directors and the Institute of Directors based in the UK, had made an external assessment of performance of the Company's Board of Directors. They interviewed the directors on the Board. This was followed by a report with areas specified that required improvement including strategic planning, risk management, and activity management of the Board of Directors. It is expected that the results of this performance assessment are taken under advisement to make performance in the period between 2013 and 2014 more effective and useful for the business and for shareholders. Therefore, the general meeting of shareholders was asked to approve the report on performance of the Board of Directors and the Management Board of the Company for 2013.

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](http://www.kmgep.kz) or provided upon request from shareholders.

This matter was put to a vote. The total number votes was 57,015,085 votes.

**Votes:**

- For** 57,015,085 votes;
- Against** no votes;
- Abstained** no votes.

**The decision was made by majority of votes:**

To take the information under advisement.

**Item 7.** Mr Benjamin Fraser, acting Deputy CEO for Economy and Finance (Chief Financial Officer), was given the floor. He said that

In accordance with best corporate governance practices, selection of an auditor is within the remit of company's shareholders. To select an auditor and purchase auditor's services, the Company has undertaken the following procedures:

(1) 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.

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.

Shareholders of the Company were requested to review appointment of Ernst & Young as an auditor to audit interim financial statements for the six months as at 30 June 2014, 2015, and 2016, and to 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, as well as to consider single-source procurement and signing the audit service contract with Ernst & Young.

This matter was put to a vote. The total number votes was 57,015,085 votes.

**Votes:**

**For** 56,779,843 votes;

**Against** no votes;

**Abstained** 235,242 votes.

**The decision was made by majority of votes:**

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.

There being no further business the meeting was closed. The chairman thanked the shareholders and their representatives for participation.

The Company’s Meeting was closed at 11:15AM.

Chairman of the General Meeting of Shareholders	Daniyar Berlibayev
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Secretary of the General Meeting of Shareholders	Aidar Zhexenbiyev
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Members of the Counting Committee:	Yerden Raimbekov
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	Dzhambul Alimov
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Gabiden  
Nurgaliyev

On behalf of the Shareholder  
possessing more than 10% of  
Common Shares

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Damir Teberikov

On behalf of the Shareholder  
possessing more than 10% of  
Common Shares

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Zarina Andagulova