

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

The annual general meeting of the shareholders (hereinafter referred to as the Meeting) of KazMunaiGas Exploration Production Joint Stock Company (hereinafter referred to as the Company) located at: 17 Kabanbai Batyr Ave., Astana, 010000, was held on 5 May 2011 at 10:30 at: 17 Kabanbai Batyr Ave., Astana, Duman hotel facilities, Parliament hall.

Askar Balzhanov, Company CEO announced the opening of the Meeting, and gave the floor to the Chairman of the Counting Committee of the Company Rustam Nikolayevich Terekhov.

The Chairman of the Counting Committee stated that, in accordance with the list of the Company's shareholders provided by the Registrar of the Company, Fondovy Centre JSC, dated 1 April 2011, 12.00AM, the total number of the shares placed by the Company is 74,357,042, including 4,136,107 preferred shares, 70,220,935 common shares. According to sub-clause 8) of article 1 of the Joint Stock Companies Law of the Republic of Kazakhstan voting shares do not include the shares bought back by the Company, as well as the shares which are nominally held and belong to an owner without profile available in the central depository database. The number of common shares belonging to owners without profile available in the Central Depository database constitutes 26,506,401. The Meeting registered the presence of 3 shareholders who have the right to take part and vote at the Meeting and who possess 99.4% of the total number of the Company's voting shares:

1. National Company KazMunayGas Joint Stock Company represented by the proxy holder Oryn Muratovich Sultanov, director of the department of producing assets of National Company KazMunayGas Joint Stock Company, (power of attorney No. 1-90 dated 29 April 2011), the owner of 43,087,006 common shares (78% of the total number of the Company's shares);
2. The Bank of New York Mellon represented by the proxy holder Serik Zhardemovich Zhamanbalin (power of attorney, no number, dated 2 May 2011), the owner of 11,442,347 common shares (21% of the total number of the Company's shares);
3. Pension Savings Fund of Halyk Bank of Kazakhstan Joint Stock Company, a subsidiary of Halyk Bank of Kazakhstan JSC (hereinafter as Fund) represented by Zhansaya Zhenisovna Satayeva, Senior Manager of Investment Analysis Division of Asset Management Department (power of attorney, no number, dated 29 April 2011), the owner of 18,329 common shares (0,04% of the total number of the Company's shares).

Total: Present are three shareholders holding 99.4% (NC KazMunayGas JSC – 78%, The Bank of New York Mellon 21%, Halyk Bank subsidiary 0,04%) of the total number of the Company's voting shares.

Quorum of the meeting of the shareholders is reached.

The Chairman of the Counting Committee also reminded that according to the Joint Stock Companies Law of Kazakhstan and Company Charter, each person entitled to vote at general meeting of shareholders shall have one (1) vote on procedural matters relating to holding a general meeting of shareholders.

A. Balzhanov proposed to appoint Sisengali Azhigaliyevich Utegaliyev, General Manager for Production Projects of National Company KazMunayGas JSC, as the Chairman of the Meeting of the Company.

This issue was put to voting. Total number of the votes taking part in the voting was 43,105,335 votes.

Voted:

- **For** - 43,105,335 votes;
- **Against** - no votes;
- **Abstained** - no votes.

Decision is adopted by the majority of votes: to appoint Sisengali Azhigaliyevich Utegaliyev as the Chairman of the Meeting of the Company.

A. Balzhanov informed that, in accordance with clause 10.39 of the Company's Charter, the Secretary of the Company's Meeting is the Company Secretary. In this regard, it was proposed to appoint Askhat Serikovich Kasenov, the Company Secretary, as the Secretary of the Company's Meeting.

This issue was put to voting. Total number of the votes taking part in the voting was 2 votes.

Voted:

- **For** - 2 votes;
- **Against** - no votes;
- **Abstained** - no votes.

Decision is adopted by the majority of votes: to appoint Askhat Serikovich Kasenov as the Secretary of the Company's Meeting.

Further, the Chairman of the Meeting S. Utegaliyev informed the shareholders about the procedures and forms of voting at the Company's Meeting. It was proposed to determine the form of voting on all issues of the agenda as the open voting method.

This issue was put to voting. Total number of the votes taking part in the voting was 2 votes.

Voted:

- **For** - 2 votes;
- **Against** - no votes;
- **Abstained** - no votes.

Decision is adopted by the majority of votes: to determine the form of voting on all issues of the agenda at the Company's Meeting as the open voting method.

Chairman of the Meeting S. Utegaliyev gave the floor to the Secretary of the Company's Meeting A.S. Kasenov regarding the determination of the procedural regulations of the Meeting. A.S. Kasenov proposed to provide speakers on the agenda issues with the time of up to ten minutes, speakers in debates with up to five minutes, and the Counting Committee for counting votes with up to seven minutes.

As there were no other proposals on this issue, the issue was put to voting. Total number of the votes taking part in the voting was 2 votes.

Voted:

- **For** - 2 votes;
- **Against** - no votes;
- **Abstained** - no votes.

Decision is adopted by the majority of votes: to approve the following procedural regulations of the Company's Meeting: speakers on the agenda issues will be provided with up to ten minutes, speakers in debates – up to five minutes, the Counting Committee for counting votes – up to seven minutes.

Chairman of the Meeting S. Utegaliyev gave the floor to the Secretary of the Company's Meeting A.S. Kasenov regarding the issue of the agenda. A.S. Kasenov informed that on 1 March 2011 the Company's Board of Directors took the decision to call for the annual General Meeting of the Shareholders. The message about the calling of the Meeting was published in the newspapers *Yegemen Kazakhstan* and *Kazakhstanskaya Pravda* dated 29 March 2011.

In accordance with clause 1 of article 43 of the Joint Stock Companies Law of Kazakhstan, National Company KazMunayGas JSC as a major shareholder of the Company proposed to include an item on appointment of a member of Company's Board of Directors into the agenda of the general meeting (letter No. 123 For Official Use dated 15 April 2011).

Therefore, information about introduction of amendments to the agenda of the Meeting was published in the newspapers *Yegemen Kazakhstan* and *Kazakhstanskaya Pravda* dated 19 April 2011.

Thus, it was proposed to approve the following agenda:

1. Approval of annual consolidated financial statements for 2010.
2. Approval of procedure for distribution of net income of the Company for 2010 and amount of dividend per common share and per preferred share of the Company for 2010.
3. Approval of annual report of the Company for 2010.
4. Review of appeals from shareholders against Company's and its officers' actions, and results of their review in 2010.
5. Report on compensation package for members of the Board of Directors and the Management Board in 2010.
6. Approval of report on performance of the Board of Directors and the Management Board in 2010.
7. Appointment of a member of Company's Board of Directors.

As there were no other proposals on this issue, the issue was put to voting. Total number of the votes taking part in the voting was 43,105,335 votes.

Voted:

- **For** - 43,105,335 votes;
- **Against** - no votes;
- **Abstained** - no votes.

Decision is adopted by the majority of votes: to approve the following agenda of the Meeting:

1. Approval of annual consolidated financial statements for 2010.
2. Approval of procedure for distribution of net income of the Company for 2010 and amount of dividend per common share and per preferred share of the Company for 2010.
3. Approval of annual report of the Company for 2010.
4. Review of appeals from shareholders against Company's and its officers' actions, and results of their review in 2010.
5. Report on compensation package for members of the Board of Directors and the Management Board in 2010.
6. Approval of report on performance of the Board of Directors and the Management Board in 2010.
7. Appointment of a member of Company's Board of Directors.

On item one of the agenda the Chairman of the Meeting S. Utegaliyev gave the floor to Zh. Bekezhanova, Chief Financial Officer (Deputy CEO for Economics and Finance). Madame Bekezhanova said that in accordance with para 11.1.10 of the Company Charter, approval of annual financial statements of the Company falls within the exclusive competence of general meeting of shareholders. In accordance with LSE and KASE requirements the Company shall disclose information about itself and its activities, and announce consolidated financial statements by year-end.

In accordance with International Auditing Standards, Ernst & Young have audited consolidated financial statements of the Company for 2010 ("Financial Statements") and prepared their opinion based on the audit.

The key Financial Statements indicators for 2010 are as follows:

income is KZT 609,242,398 thousand;

operating expenses are KZT 422,493,059 thousand;

operating profit is KZT 186,749,339 thousand;

financial income less financial expenses is KZT 30,544,230 thousand;

foreign exchange loss is KZT 3,459,449 thousand;

other income is KZT 21,471,195 thousand;

share in income of associates and joint ventures is KZT 56,641,838 thousand;

profit before tax is KZT 291,947,153 thousand;

net profit is KZT 234,501,890 thousand.

The issue was put to voting. Total number of the votes taking part in the voting was 54,547,682 votes.

Voted:

- **For** - 54,522,322 votes;
- **Against** - no votes;
- **Abstained** - 25,360 votes.

Decision is adopted by the majority of votes:

To approve annual consolidated financial statements for 2010.

On item two of the agenda the Chairman of the Meeting S. Utegaliyev gave the floor to Zh. Bekezhanova, Chief Financial Officer (Deputy CEO for Economics and Finance). Madame Bekezhanova said that in accordance with subparagraph 3) of paragraph 3 of Article 44 of the Joint Stock Companies Law of the Republic of Kazakhstan as well as subparagraph 3) of paragraph 10.28 of the Charter of KazMunaiGas EP JSC (hereinafter referred to as “Company” or “KMG EP”) the materials for agenda of the annual general shareholders meeting shall include proposals of the Board of Directors on the procedure for distribution of net profit of the company for the past financial year and the amount of dividend for the year per common share and per preferred share of the company.

At the meeting of the Board of Directors held on 1 March 2011 the annual general shareholders meeting was recommended by the Board to have the following procedure of distributing the Company’s net profit and the amount of dividend per one common share and per one preferred share of the Company for the year 2010:

- 1) the amount of dividend for the year 2010 per common share of the Company is 800.00 tenge (including amount of tax payable in the manner prescribed by the legislation of the Republic of Kazakhstan);
- 2) the amount of dividend for the year 2010 per preferred share of the Company is 800.00 tenge (including amount of tax payable in the manner prescribed by the legislation of the Republic of Kazakhstan);
- 3) to distribute the net profit for the reporting financial year in the amount of 234,501,890 thousand tenge as reported in the audited consolidated financial statements for 2010 in the following manner:
 - to distribute as dividends the amount equal to the product of the dividend amount for the year 2010 per common share and per preferred share and the number of corresponding outstanding shares as of the record date of a list of shareholders entitled to receive dividends;
 - to leave the balance at the disposal of the Company.

In accordance with para 8.1 of the Company Charter, the record date of this list may not be fixed earlier than 10 (ten) calendar days after the date of decision on dividend payment. The beginning of dividend payment shall be decided on the date at least 30 (thirty) calendar days after the record date of the shareholders entitled for dividends.

In view of the aforesaid, and given the recommendations of the Company's Board, the annual general meeting of shareholders is recommended to approve the following procedure for distribution of net income of the Company for 2010 and amount of dividend per common share and per preferred share of the Company for 2010:

1) the amount of dividend for the year 2010 per common share of the Company is 800.00 tenge (including amount of tax payable in the manner prescribed by the legislation of the Republic of Kazakhstan);

2) the amount of dividend for the year 2010 per preferred share of the Company is 800.00 tenge (including amount of tax payable in the manner prescribed by the legislation of the Republic of Kazakhstan);

3) to distribute the net profit for the reporting financial year in the amount of 234,501,890 thousand tenge as reported in the audited consolidated financial statements for 2010 in the following manner:

- to distribute as dividends the amount equal to the product of the dividend amount for the year 2010 per common share and per preferred share and the number of corresponding outstanding shares as of the record date of a list of shareholders entitled to receive dividends;

- to leave the balance at the disposal of the Company.

4) the date and the time of fixing the list of shareholders entitled to dividends is 16 May 2011 at 12.00AM;

5) the date the dividends will start to be paid is 20 June 2011;

6) the procedure for and the form of dividends payment is according to the list of shareholders entitled to dividends by money transfer to bank accounts of the shareholders.

The issue was put to voting. Total number of the votes taking part in the voting was 54,547,682 votes.

Voted:

- **For** - 54,528,747 votes;
- **Against** - no votes;
- **Abstained** - 18,935 votes.

The decision is taken by cumulative voting:

1. To approve the following procedure for distribution of Company's net profit: name: Kabanbay Batyr Ave. 17, 010000, Astana, KazMunaiGas Exploration Production JSC; bank details: Tax Registration Number 62100210124, IBAN KZ656010111000022542, SWIFT HSBKKZKX, Halyk Bank of Kazakhstan, Astana regional branch - for 2010 and the amount of dividend for 2010 per common share and per preferred share of the Company:

1) the amount of dividend for the year 2010 per common share of the Company is 800,00 tenge (including amount of tax payable in the manner prescribed by the legislation of the Republic of Kazakhstan);

2) the amount of dividend for the year 2010 per preferred share of the Company is 800,00 tenge (including amount of tax payable in the manner prescribed by the legislation of the Republic of Kazakhstan);

3) net profit reported for the reporting financial year in the amount of 234,501,890 thousand tenge in compliance with audited consolidated financial statement for the year 2010 distribute in the following manner:

- allocate amount for the dividend payment equal to product of the dividend amount for the year 2010 per common and per preferred share and the number of corresponding outstanding shares as for the record date of a list of shareholders authorized to receive dividends;

- to leave the balance at the disposal of the Company.

4) the date and the time of fixing the list of shareholders entitled to dividends is 16 May 2011 at 12.00AM;

5) the date the dividends will start to be paid is 20 June 2011;

6) the procedure for and the form of dividends payment is according to the list of shareholders entitled to dividends by money transfer to bank accounts of the shareholders.

2. Mr. A. Balzhanov, Company CEO (Management Board chairman) shall take all reasonable efforts required for implementation of this resolution in accordance with laws of the Republic of Kazakhstan.

On item three of the agenda the Chairman of the Meeting S. Utegaliyev gave the floor to A. Gladyshev, Managing Director for Information Policy and Investor Relations. Mr. Gladyshev said that in accordance with para 10.29, and para 12.2.41 of section 12 of the Company Charter, and in compliance with UKLA's Disclosure and Transparency Rules, and to adhere to the corporate governance standards recommended by KMG EP's Code on Corporate Governance, annual report shall be prepared by the Company's Management Board, shall be approved and submitted to general meeting of shareholders for consideration by the Company's Board of Directors.

2010 Annual Report is hereby brought to the attention of shareholders for approval.

The main sections of the 2010 Draft Annual Report include:

- The Company's key financial and operating performance indicators in 2010;
- The Company's Profile;
- Report of the Board's Chairman;
- Report of CEO;
- Board of Directors;
- 2010 events;
- KMG EP performance review by independent experts;

- Core business description (operating activities);
- Company's development;
- Social programmes and personnel development;
- Environmental management;
- Corporate Governance report;
- Review of financial standing and financial and economic performance in 2010;
- The Company's consolidated financial statements for the year ended 31 December 2010.

The annual report of the Company for 2010 can be found on the Company's website and is available upon request of shareholders.

The issue was put to voting. Total number of the votes taking part in the voting was 54,547,682 votes.

Voted:

- **For** - 54,522,322 votes;
- **Against** - no votes;
- **Abstained** - 25,360 votes.

The decision is taken by cumulative voting:

To approve annual report of the Company for 2010.

On **item four** of the agenda the Chairman of the Meeting S. Utegaliyev gave the floor to A. Kasenov, Company Secretary. Mr. Kasenov said that in accordance with para 2 of article 35 of the Joint Stock Companies Law of the Republic of Kazakhstan and para 10.3 of the Charter of KazMunaiGas E&P ("Company"), consideration of applications of the shareholders in relation to activities of the Company and its officials, and results of consideration of such applications shall fall within competence of the annual general meeting of shareholders. There were no such applications from Company's shareholders in relation to activities of the Company or its officials in 2010.

The issue was put to voting. Total number of the votes taking part in the voting was 54,547,682 votes.

Voted:

- **For** - 54,522,322 votes;
- **Against** - no votes;
- **Abstained** - 25,360 votes.

The decision is taken by cumulative voting:

To take the information into consideration.

On **item five** of the agenda the Chairman of the Meeting S. Utegaliyev spoke on the issue. He said that in 2010, only three independent directors from amongst the Board of Directors were compensated for their work in the Board of Directors and committees under the Board. The total compensation to the independent directors was KZT 115,197,000 (less \$704,000 taxes),

including Christopher Mackenzie KZT 7,968,000 (less \$49,000 taxes), Paul Manduca KZT 41,478,000 (less \$ 253,000 taxes), Edward Thomas Walshe KZT 39,840,000 (less \$243,000 taxes), Philip Dayer KZT 25,911,000 (less \$158,000).

The independent directors' compensation has been determined by annual general meeting of shareholders on 25 May 2010. It includes the annual compensation, compensation for attending regular meetings of the Board of Directors, compensation for attending Board meetings by telephone and video conference calls, 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 shall not be compensated as members but have the right to the reimbursement of the costs related to such appointment.

The total management board compensation in 2010 was KZT 325,066,000 (US\$2,206,000). Individual compensations, including salaries and bonuses were: K.N. Ibrashev KZT 57,268,000 (US\$389,000), A.K. Balzhanov KZT 5,491,000 (US\$37,000), V.Y. Miroshnikov KZT 66,562,000 (US\$452,000), Z.D. Bekezhanova KZT 45,684,000 (US\$310,000), A.A. Aubakirov KZT 30,155,000 (US\$205,000), K.Z. Yerezhepov KZT 15,568,000 (US\$106,000), T.K. Khituov KZT 6,928,000 (US\$47,000), Zh.K. Zhamaurov KZT 1,663,000 (US\$11,000), B. Biseken KZT 55,840,000 (US\$379,000), K. Yeshmanov KZT 12,147,000 (US\$82,000), I. Baimukhanov KZT 26,412,000 (US\$179,000), K. Yeleusinov KZT 1,348,000 (US\$9,000).

In addition, according to the Company's Option Plan, last year the Management Board members were awarded with options for the Company's global depository receipts (GDR): Kenzhebek Ibrashev was awarded with option on 1 January 2010 for 18,034 GDRs at the US\$24.90 strike price with the vesting date of 1 January 2013, and 20 July 2010 for 17,813 GDRs at the US\$19.05 strike price with the vesting date of 20 July 2013; Vladimir Miroshnikov was awarded with option on 20 July 2010 for 14,250 GDRs at the US\$19.05 strike price with the vesting date of 20 July 2013; Zhanneta Bekezhanova was awarded with option on 20 July 2010 for 12,667 GDRs at the US\$19.05 strike price with the vesting date of 20 July 2013; Askar Aubakirov was awarded with option on 20 July 2010 for 11,875 GDRs at the US\$19.05 strike price with the vesting date of 20 July 2013; I. Baimukhanov was awarded with option on 29 June 2010 for 9,480 GDRs at the US\$19.09 strike price with the vesting date of 29 June 2013 and 20 July 2010 for 9,500 GDRs at the US\$19.05 strike price with the vesting date of 20 July 2013; T. Khituov was awarded with option on 19 October 2010 for 9,835 GDRs at the US\$18.05 strike price with the vesting date of 19 October 2013; B. Biseken was awarded with option on 29 June 2010 for 8,623 GDRs at the US\$19.09 strike price with the vesting date of 29 June 2013; K. Yeshmanov was awarded with option on 29 June 2010 for 9,480 GDRs at the US\$19.09 strike price with the vesting date of 29 June 2013 and on 20 July 2010 for 9,500 GDRs at the US\$19.05 strike price with the vesting date of 20 July 2013.

The issue was put to voting. Total number of the votes taking part in the voting was 54,547,682 votes.

Voted:

- **For** - 54,522,322 votes;
- **Against** - no votes;
- **Abstained** - 25,360 votes.

The decision is taken by cumulative voting:

To take the information into consideration.

On **item six** of the agenda the Board member S. Utegaliyev acting as the Chairman of the Meeting spoke on the issue. He said that in accordance with paragraph 9.1. (Board of Directors Performance Appraisal) of Regulation of Company's Board of Directors, the Board of Directors

submits to annual general meeting of shareholders the Board of Directors' and Management Board's performance report including full information on the matters that are to be decided by Board of Directors or Management Board along with annual report and consolidated financial statements of the Company.

Due to expiration of the term of office, the extraordinary general meeting on 26 March 2010 appointed new Board of Directors. Mr. Kaigeldy Kabyldin, chairman of the Board of Directors, and Mr. Christopher Mackenzie, independent director, opted not to stand as candidates for the new Board of Directors. Based on proposal made by NC KMG, major shareholder, regarding appointments to the Board of Directors, Madam Assiya Syrgabekova was appointed a member of the Board of Directors. Chairman of the Board of Directors shall be appointed from amongst its members by majority of votes of the total members of the Board of Directors through open voting. Therefore, on 30 March 2010 Mr. Askar Balzhanov was appointed chairman of the Company's Board of Directors. According to the resolution of annual general meeting of shareholders on 25 May 2010 Mr. Philip Dayer was appointed to the Board of Directors as an independent director.

Therefore, as of 31 December 2010 the Board of Director comprised of the following eight members:

Askar Balzhanov	Chairman of the Board of Directors;
Tolegen Bozzhanov	Member of the Board of Directors;
Philip Dayer	Independent Director;
Yerzhan Zhangaulov	Member of the Board of Directors;
Kenzhebek Ibrashev	Member of the Board of Directors (CEO);
Paul Manduca	Independent Director;
Assiya Syrgabekova	Member of the Board of Directors;
Edward Walshe	Independent Director.

During 2010 the Board of Directors held 21 meetings including seven meetings by voting in person and 14 meetings by absent voting. During 2010 the Board of Directors reviewed in particular the following issues:

- Approval of Company's development strategy for 2010-2020;
- Acquisition of oil and gas assets by the Company: 51% share in Kazakhturkmunai LLP; 50% share in Kazakhoil Aktobe LLP; 50% share in Mangistau Investments B.V.; 100% share in NBK LLP; 100% share in SapaBarlauService LLP; 50% share in Ural Group Limited; 100% subsoil use rights under subsoil use contracts for exploration of hydrocarbons in Mangistau and Atyrau oblasts;
- Company's involvement in the North Sea project, in the third licensing round in Iraq;
- Review of future development plans for fields which belong to Ozenmunaigas and Embamunaigas, the production branches of the Company;
- Acquisition of bonds of NC KMG;
- Share buyback program;
- Compliance with the Company's Treasury Policy;
- Preliminary approval of the consolidated financial statements of the Company for the last year,
- Interaction with affiliates the subsidiaries of NC KMG;
- The Board of Directors and Management Board performance report in 2009;

- The Board of Directors performance report in 2009;
- Review of plans and reports made by Internal Audit team, the progress made in implementing the recommendations given by the Internal Audit team;
- Entering into related party transactions;
- Issues pertaining to the competence of superior bodies of subsidiaries;
- Appointment of chairman of the Board of Directors;
- Establishing committees under the Board of Directors;
- Labour collective issues;
- Summarizing results of the key performance indicators (KPI) of the Management Board members, the head of Internal Audit team and the Company Secretary,
- Appointment of Management Board members;
- Awarding options according to the Option Plan;
- Determining remuneration for Management Board members;
- Personnel-related issues of Internal Audit team and Company Secretary.

In 2010 the Board of Directors approved the following documents:

- Company's development strategy for 2010-2020;
- Future development plans for fields which belong to Ozenmunaigas and Embamunaigas, the production branches of the Company;
- Cost Management Policy;
- Cost Management Program;
- Regulations for Employee Remuneration;
- Amendments to the Audit Committee Regulations;
- Amendments to the Treasury Policy and Budgeting provisions;
- Appendix to accounting policy Procedure for Allocation of Common Costs for Separate Tax Accounting;
- Regulations for branches of Company's subsidiaries.

Also, the Board of Directors reviewed and recommended to general meeting of shareholders to introduce amendments to the Company Charter.

In 2010 a comprehensive review of the Board of Directors performance as well as of all its committees was made. The appraisal process included analysis of agendas and records of meetings of the Board of Directors for 12 months, detailed questionnaire, individual interviews with the directors and top managers. The procedures within such a survey included: priority targets assessment, analysis of the balance of the Board of Directors in terms of professional qualification and independence, its interaction with the Company management, quality of key activities of the Board of Directors. The independent adviser's report includes the finding that the Chairman of the Board of Directors duly administers the

Board, standards of management and performance comply with common business practices. The trends of improvement and optimization of activities of the Board were indicated and discussed at the Board meeting. The recommendations included continued quality improvement of information provided to the Board, as well as review of agendas in order to spare more time for consideration of important business issues and less for administering. Also a series of comments was provided as to improving processes of risk assessment and management, planning succession at the level of the Board of Directors and top management of the Company. An action plan was developed to reflect these trends of optimization, for subsequent implementation.

The Board of Directors' Audit Committee, Remuneration Committee, Nominations Committee and Strategic Planning Committee acted in compliance with their regulations.

In 2010 the Audit Committee comprised independent directors only, in particular they were Paul Manduca (the Chairman of the Committee), Christopher Mackenzie (up to March 26, 2010), Philip Dayer (since June 29, 2010) and Edward Walshe. Paul Manduca is the Chairman of the Committee. The Audit Committee bears responsibility, inter alia, for any reports containing Company's financial information, monitoring of the risk management system and internal controls as well as for involvement of the Company's auditors into this process. It also receives information from the Company's internal audit service which observes compliance with internal control procedures. In particular, the Committee reviews issues of compliance with laws, accounting standards, applicable rules of UK Listing Agency (UKLA) and Kazakhstan Stock Exchange (KASE), providing for effective internal controls.

During 2010 the Audit Committee held 5 meetings.

In 2010 the Remuneration Committee comprised independent directors only, in particular they were Christopher Mackenzie (the Chairman of the Committee), up to March 26, 2010), Philip Dayer (the Chairman of the Committee, since June 29, 2010), Paul Manduca and Edward Walshe. The Remuneration Committee is responsible for monitoring of the existing Company's remuneration system for the Board of Directors members, CEO, Management Board members and other Company's employees, including analysis of remuneration policy as compared with other companies. Also the Remuneration Committee is responsible for development and provision of recommendations to the Board of Directors as per the principles and criteria for determining amount and conditions of remuneration and compensation payments to the Board of Directors' members, CEO and Company's Management Board members and also as per approval of conditions for of Company's option plans and other long term motivation programs for directors and employees of the Company. The Remuneration Committee supervises coordination of the Company's remuneration policy and the existing Company's remuneration system with the Company's strategy and the situation at the labour market. The Remuneration Committee supervises due disclose of information in relation to remunerations and compensations to the members of the Management Board and Board of Directors of the Company in accordance with legislation of Kazakhstan, Listing Rules and internal documents of the Company. Besides, the Remuneration Committee monitors implementation of decisions of general meeting of shareholders in terms of determining the amount and order of remuneration payment to the members of the Board of Directors of the Company.

In 2010 the Remuneration Committee held 7 meetings.

In 2010 the Nominations Committee comprised the Chairman of the Board of Directors Kaigeldy Kabyldin (the Chairman of the Committee, up to March 26, 2010), Askar Balzhanov (the Chairman of the Nomination, since March 30, 2010, Christopher Mackenzie (up to March 26, 2010), Edward Walshe, Paul Manduca and Philip Dayer (since June 29, 2010).

The Nominations Committee bears responsibility for increase in effectiveness and quality of performance of the Board of Directors when selecting professionals for substitution of position in the bodies of the Company, as well as for provision of succession when replacing officials of the Company, determination of criteria for selecting members of the Board of Directors, CEO, members of the Management Board and company secretary of the Company. The Nominations Committee deals with the following issues: changing the composition of the Board of Directors and Management Board; termination of powers of and appointment of the company secretary, retirement and appointment of additional and substituting directors.

During 2010 the Committee held 2 meetings.

In 2010 the Strategic Planning Committee comprised Edward Walshe (the Chairman of the Committee), Askar Balzhanov (up to March 26, 2010), Tolegen Bozzhanov (since March 30, 2010), Kenzhebek Ibrashev. The Strategic Planning Committee bears responsibility for development and provision of recommendations to the Board of Directors of the Company on the issues regarding determination of priority trends of activities of the Company and its development strategy.

During 2010 the Strategic Planning Committee held 2 meetings. The Strategic Planning Committee reviewed the following issues:

- Company's development strategy
- Future plans for development of fields of production branches Ozenmunaigas and Embamunaigas
- Acquisition of oil-and-gas assets by the Company: 51% share in Kazakhturkmumai LLP; 50% share in Kazakhoil Aktobe LLP; 50% share of participation in Mangistau Investments B.V.; 100% share in NBK LLP; 100% share in SapaBarlauService LLP; 50% share in Ural Group Limited; 100% subsoil use right under contracts for exploration of hydrocarbons in the Mangystau and Atyrau regions
- Company's participation in the project in the North Sea
- Company's participation in the third licensing round in the Republic of Iraq
- projects of potential acquisitions in the Republic of Kazakhstan and abroad
- Cost Management Policy

Management Board

In 2010 Company's Management Board comprised top management, including CEO and his deputies.

The members of the Management Board are as follows as of 31 December 2010:

Kenzhebek Ibrashev	CEO and the Chairman of the Management Board;
Vladimir Miroshnikov	First Deputy CEO for Operations – Head of Operational Management Group in Aktau;
Zhanneta Bekezhanova	CFO (Deputy CEO for Economics and Finance)
Askar Aubakirov	Deputy CEO for Corporate Development and Asset Management
Taras Khituov	Managing Director for Human Resources and Social Policy
Kiykbay Yeshmanov	Director of Ozenmunaigas
Zhumabek Zhamauov	Director of Embamunaigas

The Management Board is an executive body which administers current activities of the Company. In 2010 the Management Board of the Company held 46 planned and unplanned meetings. In 2010 the Management Board of the Company reviewed the following important issues regarding operational activities of the Company:

- transactions on acquisition of shares and 100% subsoil use rights in a number of oil-and-gas companies in Kazakhstan
- participation of the Company in licensing rounds in the Republic of Iraq for development of gas condensate fields
- development strategy of KazMunaiGas Exploration Production JSC
- Production program for 2011
- Future plan for development of Ozenmunaigas and Embamunaigas for 2010-2020
- Share buyback program
- cost management program
- new wage system for production personnel of the Company
- business plan of the Company for 2010-2014
- series of procedures regulating internal activities of the Company in accordance with international standards

The Management Board makes decisions on other issues regarding the Company's activities which do not fall within the exclusive competence of the general meeting of shareholders, the Board and officials of the Company.

The issue was put to voting. Total number of the votes taking part in the voting was 54,547,682 votes.

Voted:

- **For** - 54,522,322 votes;
- **Against** - no votes;
- **Abstained** - 25,360 votes.

The decision is taken by cumulative voting:

To approve the performance report of the Board of Directors and the Management Board of the Company for 2010.

On **item seven** of the agenda the Chairman of the Meeting S. Utegaliyev gave the floor to O. Sultanov, director of producing assets department of National Company KazMunayGas JSC. Mr. Sultanov said that National Company KazMunayGas recommended to appoint Alik Serikovich Aidarbayev to the Board of Directors and to amend the agenda of annual general meeting of shareholders scheduled for 5 May 2011 by inserting the following item: Appointment of a member of Company's Board of Directors (letter No. 123 For Office Use Only dated 15 April 2011).

The powers of Mr. K. Ibrashev as a CEO, and chairman of the Management Board were terminated by the Board of Directors on 7 April 2011 because of transfer to another job. Therefore it was proposed that his powers would be terminated before the end of his term of office as a member of Company's Board of Directors.

In accordance with clause 10.21 agenda of annual general meeting of shareholders may be amended by the major shareholder or the Board of Directors provided that Company's shareholders are duly informed of such amendments at least 15 days prior to the date of holding of the general meeting, or in the manner established by clause 10.24 of the Charter.

In accordance with clause 11.1.8 of the Company Charter determination of headcount and terms of office of the Board of Directors, appointment of its members and early termination of their powers fall within the exclusive competence of general meeting of shareholders.

The information about the candidate is attached hereto.

As there were no other recommendations and questions with respect to this item the issue regarding early termination of powers of a member of Company's Board of Directors was put to voting. Total number of the votes taking part in the voting was 54,547,682 votes.

Voted:

- **For** - 54,528,747 votes;
- **Against** - no votes;
- **Abstained** - 18,935 votes.

The decision is taken by cumulative voting:

1. To terminate the powers of Kenzhebek Ibrashev as a member of the Company's Board of Directors before the end of his term of powers.

The item on appointment of a member of the Company's Board of Directors was put to cumulative voting.

Voted:

Nominee to the Board of Directors	Number of votes	Abstain
Alik Aidarbayev	54,528,747 votes	18,935 votes

Resolution by cumulative voting:

2. To appoint Alik Aidarbayev as a member of the Company's Board of Directors.

After adoption of the decision on the sole issue of the agenda, the Chairman of the Meeting O.M. Sultanov thanked the shareholders for participation and declared the meeting closed.

The Company's Meeting was closed at 11:30AM.

Chairman of the General Meeting of Shareholders	_____	S. Utegaliyev
Secretary of the General Meeting of Shareholders	_____	A. Kasenov
Members of the Counting Committee:	_____	R. Terekhov
	_____	D. Alimov
	_____	G. Nurgaliyev
From the Shareholder possessing more than 10% of Common Shares	_____	O. Sultanov

From the Shareholder possessing
more than 10% of Common
Shares

S. Zhamanbalin