

PRESS RELEASE

KMG EP publishes the statement of Independent Non-Executive Directors on the possible revision of the proposals by NC KMG

Astana, 13 July 2016. The Independent Non-executive Directors ("INEDs") of JSC KazMunaiGas Exploration Production ("KMG EP" or the "Company") wish to update shareholders regarding possible revisions to the NC KMG proposals to be considered at the extraordinary general meeting ("EGM") of the Company on 3 August 2016. Capitalised terms used but not defined in this announcement have the meanings given to them in the response circular issued by the INEDs on 17 June 2016 (the "Response Circular").

On 11 July 2016, NC KMG's legal advisers made, on behalf of their client, an unsolicited approach to the INED's legal advisers to propose possible modifications to the Proposed Amendments and a possible increase in the price of the Purchase Offer (together the "Possible Revised Proposals").

The possible modification to the Proposed Amendments would be NC KMG cancelling its proposed veto right with respect to future INED nominations and appointments.

The possible increased price of the Purchase Offer would be:

- USD9 per GDR;
- USD54 per Common Share in KZT equivalent calculated on a daily basis; and
- USD31.55 per Preferred Share in KZT equivalent calculated on a daily basis.

A draft partially amended circular was subsequently sent to the INED's legal advisers reflecting these Possible Revised Proposals. Earlier today, the Chairman of NC KMG also provided a brief written summary of the Possible Revised Proposals.

While NC KMG's definitive commitment to the Possible Revised Proposals is currently unclear, the INEDs believe it is in the best interest of shareholders to be aware of them, in particular the potential for an increase in the price of the Purchase Offer, in light of the forthcoming proxy deadlines for the EGM. As confirmed earlier today, KMG EP GDR holders intending to vote by proxy should be aware of the following deadlines:

- Custodial & subcustodial voting deadlines: from 15 - 20 July 2016 (note some deadlines may be earlier)
- Broadridge voting platform deadline: 15 - 20 July 2016
- ISS voting platform deadline: 15 - 18 July 2016
- EGM proxy voting deadline (GDRs): 20 July 2016

Notwithstanding the possible cancellation of the proposed veto right with respect to future INED nominations and appointments, should the Proposed Amendments be approved by the Independent Shareholders of the Company, each of the INEDs would still resign his directorship of the Company, on the basis that the ability of the INEDs to protect the rights of Independent Shareholders would still be materially diminished by the remainder of the Proposed Amendments.

In the view of the INEDs, an increase in the price of the Purchase Offer would not be consistent with the prior statements made by NC KMG that it "is not seeking to acquire any significant additional holdings in KMG EP through this offer". As more fully described in the Response Circular, significant acceptances of the Purchase Offer may lead to the delisting of the Company's GDRs and/or a reduction in liquidity. A revised Purchase Offer would also recognise there is inherent value in the operations of KMG EP in addition to its cash balances, a position not previously acknowledged by NC KMG.

There can be no certainty that any definitive revised proposals from NC KMG will be forthcoming. If any such definitive revised proposals are received, the INEDs will consider the best way to engage and negotiate with NC KMG with a view to receiving a full and final proposal.

A further announcement will be made as and when appropriate. In the meantime, the INEDs refer Independent Shareholders to the existing recommendation in the Response Circular, namely that they vote against the resolutions to be proposed at the EGM.

This announcement contains inside information.

The Response Circular is available in both English and Russian language versions at the following link: www.independent-kmgep.com.

This press release has been published in accordance with Article 79, clause 11 of the Republic of Kazakhstan Law on Joint Stock Companies.

For shareholder information please contact:

HSBC (+44 20 7991 8888)

Simon Alexander, Peter Glover (Corporate Broker)

Andrew Owens, Paul Connolly (Joint Financial Advisor)

Rothschild (+44 20 7280 5000)

David Hemmings, Victor Demirdal (Joint Financial Advisor)

For media enquiries please contact:

Brunswick Group (+44 207 404 5959)

Carole Cable

e-mail: KMGEPI@brunswickgroup.com

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