

PRESS RELEASE

The INEDs of KMG EP announce ISS recommends VOTE AGAINST NC KMG resolutions

Astana, 19 July 2016. The Independent Non-Executive Directors ("INEDs") of JSC KazMunaiGas Exploration Production ("KMG EP" or the "Company") welcome the reports of the leading corporate governance advisory institutions, ISS (Institutional Shareholder Services) and Glass Lewis, both of which have recommended that shareholders vote AGAINST ALL resolutions proposed by JSC NC KazMunaiGas ("NC KMG") at the Extraordinary General Meeting ("EGM") due to take place on 3 August 2016. These reports support the recommendation of the INEDs as set out in the Response Circular ("Response Circular") dated 17 June 2016 that shareholders should vote AGAINST ALL the resolutions.

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 INEDs note the announcement made on 14 July 2016 by NC KMG, containing links to a letter dated 14 July 2016 to KMG EP shareholders from the Chairman of NC KMG (the "Shareholder Letter") and a revised circular dated 12 July 2016 to KMG EP shareholders from NC KMG (the "Revised Circular").

The INEDs wish to correct the statement in NC KMG's announcement that "*[the Purchase Offer] is a firm offer to buy all shares that are offered to NC KMG and is not conditional on anything apart from the proposed changes in the Charter and Relationship Agreement (RA) being approved.*" As highlighted in the Response Circular, and as KMG EP has again confirmed with NC KMG's advisers, the Purchase Offer is and will remain subject to a force majeure condition that means there is uncertainty as to whether the Purchase Offer will materialise or be completed. As stated by the INEDs in their Response Circular, Independent Shareholders should consider this, and the fact that previous proposed offers by NC KMG have been withdrawn, in their assessment of the Purchase Offer.

The INEDs also note that the Revised Circular contains (at page 8 under "Background") statements asserting that "*all of KMG EP's operations are currently loss-making*". Other, similar statements in the circular issued by NC KMG on 17 June 2016 have been deleted in the Revised Circular, leading to possible confusion among Independent Shareholders as regards the current profitability of KMG EP's operations. As announced by KMG EP on 4 July 2016, according to the Statement of Operating Profit for the five months ended 31 May 2016, operating profit of Embamunaigas JSC (EMG) and Ozenmunaigas JSC (OMG) was 17,910 million Tenge (US\$52m¹) and 8,654 million Tenge (US\$25m¹), respectively. The INEDs believe it is important that Independent Shareholders have access to accurate information regarding the status of KMG EP's operations in the run-up to the EGM and the related proxy deadlines.

Audited copies of:

- EMG's and OMG's operating profits for the periods ended 31 May 2016
- KMG EP's cash balance as at 31 May 2016
- KMG EP's tolling operations for April and May 2016

are available on www.independent-kmgep.com.

¹ Amounts were converted to US dollars solely for the convenience of the reader at 347.03 KZT/US\$ rate.

Finally, the INEDs welcome the statements in the Shareholder Letter reiterating the commitments made by NC KMG at the time of the IPO to support the resumption of dividends (as and when KMG EP achieves a positive operational result), and recognising the importance of acquiring further assets and exploration acreage once the required operational efficiencies (which, as described in the Response Circular, are supported by the INEDs) are made. Neither commitment is expressed to be conditional on the resolutions, to be voted on at the EGM, being passed.

For further information in English and Russian language, please visit: www.independent-kmgep.com

This press release has been published in accordance with Article 79, clause 1, sub-clause 11 of the Republic of Kazakhstan “Law on Joint Stock Companies”.

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