

Approved by  
The general meeting of shareholders  
KazMunaiGas Exploration Production  
Joint Stock Company  
Minutes dated October 30, 2007

**CHARTER**  
**KazMunaiGas Exploration Production**  
**Joint Stock Company**

**Astana, 2007**

## 1. GENERAL PROVISIONS

- 1.1. This Charter of KazMunaiGas Exploration Production Joint Stock Company (hereinafter referred to as the “**Company**”) defines its name, location, formation procedure and competence of its bodies, conditions of reorganization and discontinuation of its activities and other provisions that do not contradict the legislation of the Republic of Kazakhstan.
- 1.2. Name of the Company:
- the full name in the state language is “**ҚазМұнайГаз**” Барлау Өндеру” акционерлік қоғамы, the short name is “**ҚазМұнайГаз**” БӨ” АҚ;
  - the full name in the Russian language is акционерное общество “Разведка Добыча “**КазМунайГаз**”, the short name is АО “РД “**КазМунайГаз**”;
  - the full name in the English language is **KazMunaiGas Exploration Production Joint Stock Company**, the short name is **KazMunaiGas EP JSC**.
- 1.3. Location of the Company (the executive body of the Company): 2, Tauelsizdik str., Astana 010000, Republic of Kazakhstan.
- 1.4. Corporate web-site of the Company – [www.kmgep.kz](http://www.kmgep.kz).
- 1.5. Period of the Company activity is not limited.

## 2. LEGAL STATUS

- 2.1. The Company was created through the merger of Open Joint Stock Company “Embamunaigas” and Open Joint Stock Company “Uzenmunaigas” and is the legal successor of all property, rights and obligations thereof.
- 2.2. The Company acts as a legal entity under the legislation of the Republic of Kazakhstan having its independent balance and bank accounts. The Company is entitled on its behalf to acquire and exercise property and individual non-property rights, to bear responsibility and to act as a plaintiff and a defendant in court.
- 2.3. The Company is guided by the Constitution of the Republic of Kazakhstan, Civil Code of the Republic of Kazakhstan, the Law of the Republic of Kazakhstan “On Joint Stock Companies” and other laws and regulation of the Republic of Kazakhstan (hereinafter referred to as the “Legislation”) as well as this Charter (hereinafter referred to as the “**Charter**”) and the Code on Corporate Governance (hereinafter referred to as the “**Code**”).
- 2.4. The Company shall acquire the status of a legal entity from the date of state registration in judicial authorities.
- Financial and operating activities of the Company shall be performed on the basis of economic independence.
- 2.5. The Company has a stamp, letterheads specifying the full name of the Company in Kazakh, English and Russian languages. It is entitled to bear its trademark and logo, the samples of which are to be approved by the Management Board of the Company and registered in the prescribed manner as well as stamps in the State and Russian languages, corporate web-site and other requisites required for conducting its operations.

### **3. THE GOAL AND OBJECTIVES OF THE COMPANY'S BUSINESS**

3.1 The goal of the Company is to earn net profit in the course of its independent business activities.

3.2. The objectives of the Company are:

- 1) geological exploration, survey works, approbation, testing, production testing and development of oil, gas and gas condensate fields; production, formation pressure maintenance, gathering, infield transportation of oil and gas; oil treatment and oil and gas refining, sale of feedstock and refined products, including production and sale of oil products and petrochemicals in the form of liquefied gas, different gasoline grades, aviation and lighting kerosene, diesels of different grade, vacuum gas oil, mazut, tar, bitumen, oil coke, ethane, ethylene, different grades of polyethylene, propane, propylene, benzene, butene-1, ethyl benzene, styrene, different grades of polystyrene and other refined and oil chemical products;
- 2) drilling of appraisal, exploration, structural and development wells for oil, gas and water, their conservation and abandonment;
- 3) construction of facilities for oil and gas fields;
- 4) testing and development of producing (oil, gas) and injection wells;
- 5) complex hydrodynamic study and testing of oil, gas and water wells;
- 6) complex geophysical surveys and perforation drilling-in of reservoirs;
- 7) production enhancement through application of physical and/or chemical techniques of stimulation in well bottom zone (hydro fracturing, gas dynamics formation fracturing, thermal vacuum and chemical treatment, injection of chemical reagents, acids, emulsion comprehensive stimulation and aqueous hydrocarbon emulsion, etc.);
- 8) topographic (mine) surveying operations;
- 9) laboratory works for testing physical-chemical properties of oil, gas, water and stratum;
- 10) investigation the seismic and geodynamical conditions in the area under the field development;
- 11) monitoring and determining the types and extent of contamination of the first water-bearing level and impact of contaminants into fields environment;
- 12) remedial servicing and workover of production wells on oil and gas fields, including side-tracking;
- 13) production of hydrocarbon blend, furnace fuel and other gas products;
- 14) stimulation of oil production;
- 15) carrying out of certification tests for oil, oil and gas products and gaseous oxygen;
- 16) derrick building;
- 17) technical re-equipment, renovation and reconstruction of production capacities to ensure effective extraction and utilization of oil;
- 18) management on introduction of new types of technologically safe equipment, carrying out commissioning and contract supervision works on oil production facilities, oil & gas transportation sites, refineries and chemical facilities;
- 19) development of engineering - technical documentation of oil field equipment to resolve bottlenecks in oil production and their implementation;

- 20) manufacturing, capital repair of drilling, oil field and other types of special equipment, transportation means, tools and spare parts for its own use;
- 21) operation of industrial dangerously explosive productions, exploitation and repair of high pressure vessels and pipelines;
- 22) installation and all items of works on technological oil field equipment operation;
- 23) manufacturing of welding/installation constructions (including bearing), their nondestructive testing, repair and testing, development of design and estimate documentation;
- 24) carrying out works on extension of the life of equipment after repairs, recording types of maintenance into certificate of equipment, not registered in technical supervision agencies;
- 25) operation, installation and repair of pipelines delivering gas to furnace, and of isolation valves and pressure controllers;
- 26) planned preventive maintenance and gas equipment servicing;
- 27) repair, setup and testing of preheating furnaces, high pressure vessels, pots, reservoirs, gas production equipment, gas transportation equipment, lifting units, motor gas balloon units, forge shops;
- 28) performance of the overall range of works for improvement of the ecological situation of the oil fields;;
- 29) recovery, recycling, processing and disposal of oil-spills and lake oil, oil sludge, oil contaminated grounds (territories) and soil recultivation;
- 30) laboratory research, environmental monitoring and chemical analysis of substances;
- 31) dewaxaning of wells, pipes and equipment;
- 32) works on chemicalization of oil production process;
- 33) overhaul of equipment, networks and facilities of chemicalization, ecological activities, setup works;
- 34) reception and storage of chemical materials and reagents, (incl. flammable and poisonous) and their transportation and application;
- 35) technical maintenance of electrical installations. Transfer, distribution, transportation and sale of electric power;
- 36) maintenance and repair of electromechanical equipment, installation of instrumentations and automation, communication means;
- 37) assembling and setup of electrical networks and electrical equipment with voltage up to and above 1000 (thousand) V, 35 (thirty-five) kV inclusive;
- 38) storage, use and transportation of explosives, blasting means and ionizing radiation sources (radiation materials), import of these materials in the established order;
- 39) exploitation of special equipment, auto transport means, earthmoving machines, foisting machines produced in CIS countries and other foreign manufacturers;
- 40) Motor transportation, railroad, sea shipping and air transportation of goods and passengers;
- 41) survey, design of industrial (incl. field construction), social and residential objects, general construction-and-assembling operations and repair and construction

works in area of architecture and city planning, construction, maintenance and repair of highways, access railways, waterfront structures and power transmission lines;

42) survey and design of objects with respect to development of oil, gas and gas condensate fields, their construction and overhaul;

43) construction and repair of engineering communications, networks (incl. water and gas supply networks), objects of industrial purpose, residential and social and culture objects;

44) design, development, manufacturing, assembling, setup, exploitation, repair and maintenance of instruments, units, outfit, equipment of technical cybernetics, automatic control and management, electronics, computer engineering, informational systems, systems of (tele)communication;

45) assembling and repair of control systems and units, fire protection, automatics and alarm, hoisting machines, and high pressure pots, vessels and pipelines;

46) exploitation, storage, technical maintenance, transportation and disposal of ionizing radiation sources;

47) organization of uninterrupted operation of telecommunication means, information technologies and information security of the Company;

48) metrological testing and examination of instruments, measure unit systems;

49) introduction of innovative technologies, the best in the world types of equipment with regard to automatic control, information technologies of (tele)communications;

50) implement measures on corrosion protection of water pipes, equipment and tanks;

51) assembling, maintenance, repair, setup, non-destructive examination and test of water pipes (incl. high-pressure), tanks and pumps (incl. subsurface), metering devices, instrumentations and other equipment;

52) providing methods for the most effective extraction and utilization of oil, including development, technical re-equipment and reconstruction of production capacities, geological and survey works;

53) foreign economic activity subject to the Legislation: export-import of goods and services, development of mutually beneficial economic connections, commercial and economic as well as scientific-technical cooperation with foreign companies and other activities as specified in this clause, not contradicting the Legislation;

54) issue of a corporate periodic printed publication;

55) other activities not prohibited by the Legislation, corresponding to the goals and objectives of the Company provided for by this Charter.

3.3. Activities requiring licensing or any other kind of permission which is to be received in the order stipulated by the Law, shall be undertaken only after obtaining of appropriate licenses or any other kind of permit.

#### **4. RIGHTS AND OBLIGATIONS OF THE COMPANY**

4.1. The Company shall enjoy all the rights and shall bear all the responsibilities stipulated by the Legislation. The Company shall act in the best interests of the shareholders as a whole.

4.2. The Company shall own the property separated from the property of its shareholders and shall not be liable for their responsibilities. The Company shall be liable for its

obligations within the limits of its property.

- 4.3. The Company shall not be responsible for obligations of the State as well as the State shall not be responsible for the Company's obligations.
- 4.4. The Company shall be entitled to conclude transactions on its behalf (agreements, contracts), to acquire property and personal non-property rights and obligations, to act as a plaintiff or defendant in the court and to undertake any other actions not in conflict with the Legislation.
- 4.5. The Company may acquire and grant rights for ownership and utilization titles of protection, technologies, know-how and other information.
- 4.6. The Company may issue securities, the terms and procedure for issue, placement, circulation and redemption thereof shall be established by the Legislation.
- 4.7. The Company may establish its branches and representative offices outside of its current location in Kazakhstan and abroad, which are not legal entities and act for and on behalf of the Company. The Company shall vest them with fixed and working assets using its own property and shall establish their operating procedures in accordance with the Legislation. The property of a branch or a representative office is included into its separate balance and into the Company's balance as a whole.  
Chief Executive Officer (Chairman of the Management Board) of the Company shall appoint individuals to run a branch/representative office. Heads of representative offices/branches shall act on the basis of the Power of Attorney issued by the Company.
- 4.8. The Company independently and in accordance with applicable procedure shall resolve all issues related to planning production activity, remuneration of its employees, material and technical supply on the basis of the approved budget, social development, distribution of earnings, recruitment, placement, training and retraining of personnel.
- 4.9. The Company may in the prescribed manner open bank accounts with banks located in Kazakhstan and abroad both in national and a foreign currency.
- 4.10. The Company shall be entitled to grant loans and use credits in KZT and foreign currency, both from domestic and foreign legal entities and physical persons according to the Legislation. The Company may take up loans and put in pledge all or any part of the liabilities, property and assets.
- 4.11. The Company shall develop and approve its internal normative and technical documentation.
- 4.12. The Company may redeem its shares subject to Legislation and rights conferred to the holders of any class of shares.
- 4.13. The Company may have other rights and incur other obligations stipulated by the Legislation, the Charter and the Code.

## **5. RIGHTS AND OBLIGATIONS OF THE SHAREHOLDERS**

- 5.1. Shareholders of the Company shall not be liable for its obligations and shall bear the risk of losses related to the Company's activities to the extent of the value of their shares except cases stipulated by the legal acts of the Republic of Kazakhstan.
- 5.2. Rights and obligations of the Company's shareholders including the scope of rights certified by preference shares shall be determined by the Legislation and this Charter.
- 5.3. The Company shall treat all the holders of the same class of its shares equally in respect of the rights attached to such shares.

## **6. THE COMPANY ASSETS**

The Company assets shall be comprised of:

- 1) the property transferred to the Company by OJSC “Uzenmunaigas” and OJSC “Embamunaigas” as a result of their merger;
- 2) proceeds gained as a result of corporate activities;
- 3) any other property acquired in compliance with the Legislation.

## **7. SHARES, BONDS.**

### **PREREQUISITES OF SECURITIES’ PLACEMENT**

- 7.1. The Company shall be entitled to issue ordinary and preference shares. Shares are issued in a non-documentary form and no share certificate shall be issued in respect of any share.
- 7.2. An ordinary share authorizes a shareholder to participate in and vote at a General meeting of shareholders for solving all questions put for voting, the right to dividend in case the Company has a net profit (on the basis of the relevant resolution of the General meeting of shareholders), as well as the right to part of the Company’s property in case of its liquidation in order as established by the Legislation.
- 7.3. A preference share authorizes its owner to take precedence over the holders of ordinary shares for drawing of dividends in predetermined guaranteed amount established by the Charter and to receive a part of the Company’s property in case of its liquidation in accordance with the procedure established by the Legislation.
- 7.4. A preference share shall not give its holder the right to participate in the Company’s, management except the following cases:
  - 1) if General meeting of shareholders considers an issue on restricting rights of a holder of preference shares. The decision on such issues shall be deemed adopted only if approved by holders of no less than 2/3 (two thirds) out of the total number of placed (with deduction of bought out) preference shares;
  - 2) if General meeting of shareholders considers the issue of restructuring or liquidation of the Company;
  - 3) in case of non-payment of preference dividends in full within 3 (three) months from the expiry date stipulated for their payment.
- 7.5. Each holder of preference share having the right to vote at General meeting of shareholders and present thereat in person or through his/her representative shall have one vote for each preference share held by him/her.
- 7.6. The Company shall be entitled to issue bonds and other securities including securities convertible into the Company’s shares.
- 7.7. Only the Company’s Registrar who is not an Affiliate of the Company or its Affiliates shall be responsible for administration of the register of the Company’s shareholders.
- 7.8. Pledging of shares and other securities of the Company shall be regulated by the Legislation and the relevant pledge agreement.
- 7.9. In the course of execution of the pre-emptive rights of shareholders to purchase the shares or other securities to be converted into ordinary shares of the Company as well as to purchase placed shares and securities previously repurchased by the Company, the Company shall notify its shareholders on execution of such pre-emptive right by means of publication of a notice in the newspaper specified in paragraph 10.16 of this

Charter as well as in other mass media as required by the listing rules of the stock exchange the Company's ordinary shares are listed on.

## 8. DIVIDEND ON SHARES

- 8.1. The Company's net profit defined on the basis of consolidated financial statements and international financial reporting standards (IFRS) shall be distributed in the order determined by the resolution of the General meeting of shareholders, including dividends distribution.

Dividends on the Company's shares may be paid following the quarter or six months results upon the decision of general meeting.

Alienation of shares with unpaid dividends shall be carried out with the right to their reception by a new owner of shares unless otherwise provided by an agreement on alienation of shares.

The registrar of the Company shall produce the list of shareholders authorized to receive dividends on the basis of register data of the Company's shareholders. 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 not earlier than 30 (thirty) calendar days after the record date of the shareholders entitled for dividends.

- 8.2. The Company dividends on ordinary shares shall be paid in cash or securities of the Company provided that any decision on payment of dividends has been taken at the General meeting of shareholders by a simple majority of voting shares of the Company.

Payment of dividends on preference shares of the Company by securities shall not be allowed.

Payment of dividends on the Company's shares by its securities shall be allowed only provided that such payment is made with the Company's authorized shares and bonds issued by it, in presence of written consent of shareholder.

- 8.3. Payment of dividends may be executed through the Paying Agent. Payment for services of the Paying Agent shall be made at the expenses of the Company.

- 8.4. Dividends shall not be attributed and paid for those shares, which haven't been placed or have been repurchased by the Company itself and if the court or general meeting of the Company has taken a decision on its liquidation..

- 8.5. Distribution of dividends on ordinary or preference shares of the Company shall not be allowed, if:

- 1) the amount of the Company's equity capital is negative or if its amount becomes negative as a result of distributing dividends on shares;
- 2) the Company meets insolvency or bankruptcy characteristics according to the Legislation or the above mentioned characteristics appear as a result of paying dividends on its shares.

A shareholder has the right to request payment of undrawn dividends without regard to the date of the Company's debt creation.

- 8.6. The decision on payment of dividends on ordinary shares of the Company shall be made by General meeting of the shareholders.

General Meeting of the Company's shareholders shall be entitled to make a decision on nonpayment of dividends on the Company's ordinary shares with its mandatory publication in mass media specified by this Charter within ten days from the date of decision.



- 8.7. Within ten working days from the date of the decision-making on payment of dividends on the Company's ordinary shares, such decision shall be published in the mass media specified by this Charter and on corporate web-site of the Company unless otherwise provided for by the requirements of stock exchange where the Company's securities are listed on.

Resolution on payment of dividends on shares of the Company shall contain the following information:

- 1) the Company's name, location, bank details and other Company requisites;
  - 2) period the dividends are paid for;
  - 3) dividend rate per ordinary, preference share;
  - 4) date of beginning of dividend payments;
  - 5) procedure and form of dividend payments.
- 8.8. The size of dividends attributed to preference shares is at least 25 (twenty five tenge) and may not be less than size of dividends attributed to ordinary shares for the same period of time.

Dividend payments for ordinary shares shall not be made until full payment of dividends on the Company's preference shares.

- 8.9. Within five working days prior to a dividend payment on preference shares, the Company is obliged to publish in mass media specified by this Charter information on such dividend payments including details specified in subparagraphs 1)-5) of paragraph 8.7 of the Charter.

## **9. BODIES OF THE COMPANY**

- 9.1. The Company's bodies shall be as follows:

- 1) supreme body – General Meeting of Shareholders;
- 2) management body – the Board of Directors;
- 3) executive body – the Management Board;
- 4) the body authorized to exercise control over financial and economic activities of the Company – the Internal Audit service.

## **10. GENERAL MEETING OF SHAREHOLDERS**

- 10.1. General meeting of shareholders shall be annual and extraordinary.
- 10.2. The Company shall be obliged to hold an annual general meeting of shareholders. Other general meetings of shareholders are considered to be extraordinary.
- 10.3. The approval of annual accounts and annual report of the Company, determination of the procedure for distribution of the Company's net income for the last financial year and dividend rates per ordinary and preference share as well as consideration of applications of the shareholders in relation to activities of the Company and its officers and results of consideration of such applications shall fall within competence of the Annual general meeting of shareholders.

Chairman of the Board of Directors shall inform the Company's shareholders on the extent and structure of remuneration of the members of the Board of Directors and the Management Board of the Company.

The AGM may consider any other issues within the competence of General meeting of shareholders.

- 10.4. The AGM is to be convened within 5 (five) months following the end of the fiscal year. This period shall be deemed to be extended for up to 3 (three) months in case of impossibility to complete the Company's audit for the accounting period.
- 10.5. The AGM shall be called by the Board of Directors.
- 10.6. An extraordinary general meeting of the shareholders shall be called by:
- 1) the Board of Directors;
  - 2) major shareholder.
- An extraordinary general meeting of shareholders of the Company if it is under the process of a voluntary liquidation, may be convened, prepared and held by the Company's liquidation committee.
- Obligatory convocation of an extraordinary general meeting of shareholders may be provided for by the Legislation.
- 10.7. Preparation and holding of general meeting of the shareholders shall be carried out by:
- 1) the Management Board;
  - 2) the Company's Registrar in accordance with contract signed;
  - 3) the Board of Directors;
  - 4) (if applicable) the Company's Liquidation Committee.
- 10.8. Expenses on convocation, preparation and holding of general meeting of shareholders shall be borne by the Company except as otherwise provided by the Legislation.
- 10.9. An annual general meeting of shareholders may be convened and held in virtue of the court decision *ad sectam* of any concerned person should the Company violate the order of convening the annual general meeting of shareholders established by the Legislation.
- An extraordinary general meeting of shareholders may be convened and held based on the court decision *ad sectam* of a major shareholder if the bodies of the Company failed to fulfill shareholders request to convene an extraordinary general meeting of shareholders.
- 10.10. The request on convocation of an extraordinary general meeting of shareholders shall be submitted to the Company's Board of Directors by sending appropriate note in writing to the office location of the Company's executive board, the note should contain the agenda of such meeting.
- 10.11. The Board of Directors is obliged within ten days from the date of receiving of the mentioned request to make a decision and send a notification of convocation of an extraordinary general meeting of shareholders to an individual who made such request. In the time of convocation of an extraordinary general meeting of shareholders in accordance with the submitted requirement, the Board of Directors has the right to supplement the agenda of the meeting with any items at its own discretion.
- 10.12. Registrar of the Company shall produce the list of shareholders authorized to participate at general meeting of shareholders on the basis of register data of the Company's shareholders. The record date shall not be fixed before the date of decision on holding of general meeting of shareholders.
- Information to be included into the list of shareholders shall be established by the authorized body.
- 10.13. If after drawing up the list of shareholders authorized to participate and vote at general meeting of shareholders a person included into this list has made an alienation of its voting shares, the right to take part at general meeting of the shareholders shall be

transferred to a new shareholder. In addition all the documents evidencing the share ownership are to be presented.

- 10.14. The date and time of holding general meeting of shareholders are to be fixed in such manner so as to make possible for the majority of shareholders eligible to participate at the meeting to take part therein. General meetings of the shareholders shall be held in Astana, Republic of Kazakhstan.
- 10.15. Shareholders shall be notified of forthcoming general meeting not later than 30 (thirty) calendar days prior to its holding, and in case of absentee or mixed voting not later than 45 (forty five) calendar days prior to the date of meeting.
- 10.16. A notification of holding general meeting of the shareholders shall be published in “Kazakhstanskaya Pravda” and/or “Yegemen Kazakhstan” newspapers as well as in other newspapers subject to the requirements of the listing rules of a stock exchange where ordinary shares of the Company are listed.

Countdown of time, provided in paragraph 10.15 of the Charter shall commence from the date of publication of notification of general meeting of shareholders in the mass media as specified in this paragraph or from the date of sending written messages to the shareholders.

- 10.17. A notification of holding the Company’s general meeting shall contain:
  - 1) full name and location of the Management Board of the Company;
  - 2) information on a person initiating the meeting;
  - 3) date, time and venue of general meeting of shareholders, commencement of registration of participants and date/time of the second general meeting of shareholders to be convened in case of failure to conduct the first one;
  - 4) record date of the shareholders entitled to participate in general meeting of shareholders;
  - 5) an agenda of general meeting of shareholders;
  - 6) procedures of familiarization of shareholders with materials concerning the agenda of general meeting of shareholders.

A minority shareholder may refer to the Company’s registrar for the purpose of joining with other shareholders for decision-making on agenda items of general meeting of shareholders.

Procedures for minority shareholders applications and distribution of information to other shareholders by the registrar of the Company shall be established by an agreement on maintaining the register of security holders.

- 10.18. Holding of the second (rescheduled) general meeting may be called not earlier than the day after the fixed date of the first (declared void) general meeting of shareholders.
- 10.19. The venue of the second general meeting of shareholders shall be the same as that of the meeting, which has been adjourned.
- 10.20. The agenda of the second general meeting of shareholders must not differ from the agenda of the meeting that has been adjourned.
- 10.21. An agenda of general meeting of shareholders shall be formed by the Board of Directors and shall contain an exhaustive list of particular issues submitted for discussion. It is not permitted to use in agenda the wording with a broad interpretation including “miscellaneous”, “other”, “some” and the similar.

An agenda of general meeting of shareholders may be supplemented by a major shareholder or by the Board of Directors on the condition that the Company’s

shareholders have been notified about such supplements not later than 15 (fifteen) days prior to the holding of general meeting or in the manner established by paragraph 10.24 of the Charter.

- 10.22. At the opening of a general meeting of shareholders, attended in person, the corporate secretary shall report on the received proposals for supplementing the agenda.
- 10.23. The approval of an agenda of general meeting of shareholders shall be made by a simple majority of votes out of the total voting shares present at the meeting.
- 10.24. Amendments to the agenda may be introduced if the majority of shareholders (or their representatives) attending shareholders' general meeting holding in aggregate 95% of voting shares, vote affirmatively.

If general meeting of shareholders makes a decision by absentee voting, then its agenda may be neither changed nor added.

- 10.25. General meeting of shareholders may not consider issues, which haven't been included into its agenda and take any decisions thereof.
- 10.26. Materials concerning an agenda of general meeting of shareholders shall contain information in volume necessary for making reasonable decisions. The Corporate Secretary shall ensure that materials on the agenda items of general meeting are composed.
- 10.27. Materials on electing the Company's bodies (Board of Directors) shall include the following information on proposed candidates:
  - 1) last name, first name, (patronymic name – optional);
  - 2) information on education;
  - 3) affiliation with the Company;
  - 4) work record and positions filled within the last 3 years;
  - 5) other information that verifies the qualification and experience of candidates.

In the event of inclusion on agenda of general meeting of shareholders of the item concerning election of the Company's Board of Directors (election of a new member of the Board of Directors) the materials shall specify a shareholder nominating a candidate member to the Board of Directors and (or) whether this person is a candidate for a post of independent director of the Company.

- 10.28. Materials for agenda of the annual general meeting of shareholders shall include:
  - 1) annual consolidated financial statements of the Company;
  - 2) audit report accompanying annual consolidated financial statements;
  - 3) proposals made by the Board of Directors on distribution of the Company's net profit for the last year and size of dividend per (1) ordinary and (1) preference share of the Company;
  - 4) materials on applications of the shareholders in relation to actions of the Company and its officers and results of consideration of such applications;
  - 5) annual report of the Company, annual records of performance of the Board of Directors and the Management Board;
  - 6) any other documents at the discretion of an initiator of general meeting of

shareholders.

- 10.29. Annual report of the Company shall be prepared by the Management Board of the Company then approved and submitted for consideration of the general meeting of shareholders by the Company's Board of Directors.

Annual report of the Company as the minimum shall include audited financial statements, report on important events of the Company's activity for the past period as well as description of responsibility of the Company's officers for the credibility of statements made in the Company's annual report.

The approved annual report of the Company shall be posted to the corporate web-site of the Company.

- 10.30. Materials for agenda of a general meeting of shareholders shall be prepared and accessible for shareholders' review at the location of the Company's Management Board not later than 10 days before the meeting, and upon the request of a shareholder shall be sent to it within 3 (three) working days since the request was submitted; a shareholder shall bear expenses connected with copying and delivering of documents.

- 10.31. General meeting of shareholders shall be entitled to consider and take decisions on agenda items if by the closing of registration of the meeting attendants, shareholders or their representatives included into the list of shareholders entitled to participate and vote at such meeting holding in aggregate 50 (fifty) and more per cent of the Company's voting shares have undergone registration.

- 10.32. The second general meeting of shareholders taking place instead of the meeting that has been adjourned shall be entitled to review agenda items and to take decisions thereof, if:

- 1) the order of convening of a general meeting of shareholders that has been adjourned in absence of a quorum was observed;
- 2) by the time of closing of registration of the meeting attendants shareholders or their representatives included into the list of shareholders, and also absentee voters, holding 15 (fifteen) and more per cent of the Company's voting shares are registered.

- 10.33. If absentee ballots are sent to shareholders, votes shown in the these ballots and received by the Company by the time of registration of the meeting participants shall be taken into account in determining quorum and summing up the results of voting..

If there is no quorum at a general meeting of shareholders held through absentee voting, a further general meeting of shareholders shall not be held.

- 10.34. A shareholder shall be entitled to participate at a general meeting of shareholders and to vote on issues under consideration personally or through its representative.

Members of the Company's Management Board shall not be allowed to act as representatives of shareholders at a general meeting.

A shareholder representative acts on by virtue of the power of attorney, issued in compliance with the Legislation.

- 10.35. Power of attorney is not required for participation in a general meeting of shareholders and voting for reviewed matters for a person who has the right according to the

Legislation or contract to act without a power of attorney on behalf of a shareholder and to represent its interests.

10.36. The procedure for holding a general meeting of shareholders shall be determined in accordance with the Legislation, this Charter, the Code or directly by the decision of general meeting of shareholders.

10.37. All the shareholders (their representatives) arrived shall be registered before the meeting is opened. A shareholder's representative shall produce a power of attorney to confirm his (her) authorities to participate and to vote at a general meeting of shareholders.

A shareholder (or shareholder's representative), failed to be registered, shall be disregarded in determining quorum and shall not be authorized to take part in voting.

The Company's shareholder, owner of preference shares, shall have the right to participate at a general meeting of shareholders attended in person and shall be authorized to participate in the discussions of considered issues thereat but shall have no right to vote except for cases provided for in paragraph 7.4 hereof.

Invited persons may participate in a general meeting of shareholders attended in person. Such persons with the permit of the Chairman shall have a right to deliver a speech.

10.38. A general meeting of shareholders shall be opened in the announced time in presence of a quorum.

A general meeting of shareholders may not be opened earlier than the announced time, excluding the cases when all shareholders (and their representatives) are already registered and notified and have no objections against change of the meeting opening time.

If within an hour after the time appointed for the commencement of the meeting a quorum is not present, the meeting shall be stand adjourned and called again for a date and time specified in an issued call for a meeting to be held.

10.39. General meeting of shareholders shall elect Chairman (Presidium).

General meeting of shareholders shall determine a voting procedure, either open or secret (by ballots). Voting on election of Chairman (Presidium) of general meeting of shareholders shall be executed on one share-one vote method with a decision to be taken by a simple majority of votes out of the total number of voting shares of the Company taking part in a vote. Members of the Management Board shall not be authorized to chair general meeting of shareholders with exception of cases when all attendants are the members of the Management Board.

The Corporate Secretary of the Company shall act as the Secretary of general meeting of shareholders.

10. 40. In the course of general meeting of shareholders its Chairman shall have the right to put to vote a proposal on closure of debates with respect to the matter under consideration as well as on changing the way of voting thereon.

Chairman may not prevent persons, authorized to participate in discussions on agenda items from delivering their speeches, with exception of cases when such speeches result in breach of a meeting time-limit or when the debates over such issue have been closed.

10. 41. General meeting of shareholders shall be entitled to make decisions on adjourning extending its work, including postponing the consideration of certain items on agenda

of general meeting of shareholders to the next day, provided that a relevant record in the minutes of the meeting is made.

- 10.42. General meeting of shareholders shall be declared closed only after consideration of all items on the agenda and taking decisions on them.
- 10.43. The Secretary of general meeting of shareholders shall be responsible for completeness and adequacy of any information recorded in the minutes of general meeting of shareholders.
- 10.44. Decisions at a general meeting of shareholders may be taken through absentee voting. Absentee voting may be applied alongside with voting of shareholders attending general meeting of shareholders (mixed voting), or without convocation of general meeting of shareholders.
- 10.45. At absentee voting, ballots for voting of the unified form shall be sent (distributed) to persons who are included in the list of shareholders.

The Company may not send voting ballots in a differentiated way to selected shareholders for the purpose of affecting the results of voting at a general meeting of shareholders.

- 10.46. Voting ballots are to be forwarded to all persons included in the list of shareholders not later than 45 (forty-five) days prior to a general meeting of shareholders. In absentee voting without holding a general meeting of shareholders, the Company shall publish an absentee voting ballot along with a notification on holding of general meeting of shareholders in the mass media specified in paragraph 10.16 of the Charter.
- 10.47. A ballot for absentee voting shall contain:
- 1) full name and location of the Company's Management Board;
  - 2) information on the initiator of the meeting to be convened;
  - 3) final date of submission of ballots for absentee voting;
  - 4) date on which general meeting of shareholders will be held or the date on which the absentee votes will be counted without holding a general meeting of shareholders;
  - 5) agenda of general meeting of shareholders;
  - 6) names of candidates proposed for election, if the agenda of general meeting of shareholders contains matters regarding the election of members to the Board of Directors;
  - 7) wording of issues to be voted for;
  - 8) voting options for each item on the agenda of general meeting of shareholders, stated by words "for", "against" and "abstained";
  - 9) an explanation of the voting procedures (filling out of ballot) for every item on agenda.

- 10.48. An absentee ballot is to be signed by a shareholder as a physical person, with specification of personal identification details.

An absentee ballot for shareholder as a legal entity shall be signed by its head and affixed with the seal of such legal entity.

A ballot without the signature of a shareholder as a physical person or the head of a shareholder which is a legal entity as well as without seal affixed by such shareholder being a legal entity shall be considered invalid.

The votes on the ballot shall be counted provided that a shareholder observed the voting

procedures thereof subject to the ballot and has marked only one possible voting option.

- 10.49. If the agenda of general meeting of shareholders includes items regarding the election of members to the Board of Directors, the ballot for absentee voting shall contain margins for indication of the number of votes given for individual candidates.
- 10.50. If a shareholder who has earlier forwarded an absentee ballot, arrives at shareholders' general meeting and participates in mixed voting, his (her) ballot shall not be taken into account in determining the quorum of general meeting and counting votes on the agenda items.
- 10.51. Voting at a general meeting of shareholders shall be conducted *on a one share-one vote* method, except the following cases:
- 1) limitation of maximum number of votes for shares granted to one shareholder in cases stipulated by the legislative acts of the Republic of Kazakhstan;
  - 2) cumulative voting in electing members of the Board of Directors;
  - 3) granting every person authorized to vote at a general meeting of shareholders a (one) vote over procedural issues of a general meeting of shareholders.

Following the results of voting the counting commission shall draft and sign the minutes on the result of voting.

If a shareholder has a special opinion on an item put to vote the Company's counting commission is obliged to make a relevant record in the minutes.

Once the minutes on the results of voting have been prepared and signed, completed ballots for secret voting in person and for absentee voting (including canceled ballots), on the basis of which the minutes were drafted, are to be laced together with minutes and handed over to records of the Company.

The minutes on voting results are to be attached to minutes of general meeting of shareholders.

The result of voting shall be announced at the general meeting during which voting was taken. *Paragraph 6 has been amended in compliance with the **Law** of the Republic of Kazakhstan, dated July 8, 2005, No.(see the previous version).*

The result of voting at a general meeting of shareholders or the result of absentee voting shall be brought to notice of shareholders by publishing such results in the mass media specified in paragraph 10.16 of the Charter within 10 (ten) days after closing of general meeting of shareholders.

10. 52. The minutes of a general meeting of shareholders shall be drafted and signed within 3 (three) working days following the meeting closure.
- 10.53. The minutes of general meeting of shareholders shall specify:
- 1) full name and location of the Company's Management Board;
  - 2) date, time and venue of general meeting of shareholders;
  - 3) information on the number of voting shares of the Company presented at a general meeting of shareholders;
  - 4) presence/absence of quorum for a general meeting of shareholders;
  - 5) agenda of general meeting of shareholders;
  - 6) voting procedure at a general meeting of shareholders;
  - 7) Chairman (Presidium) and Secretary of general meeting of shareholders;
  - 8) the number of persons participating in a general meeting of shareholders
  - 9) the total number of shareholders' votes on each agenda item of general meeting



of shareholders put to vote;

- 10) items put to vote and results of voting thereof;
- 11) resolutions made by general meeting of shareholders.

In the event of consideration of the item concerning election of the Company's Board of Directors (election of a new member of the Board of Directors) at a general meeting of shareholders the minutes of such general meeting shall record which shareholder the elected member of the Board of Directors represents and/or which of the elected members of the Board of Directors is an independent director.

10.54. The minutes of general meeting of the shareholders shall be signed by:

- 1) Chairman (members of Presidium) of general meeting of shareholders and Corporate Secretary;
- 2) members of the Counting Commission;
- 3) shareholders holding 10 (ten) or more per cent of voting shares in the Company and participating in a general meeting of shareholders;

In case of impossibility to sign minutes by a person authorized to do so, it shall be signed by his (her) representative on the basis of the Power of Attorney issued on his (her) name.

10.55. Should any person, referred to in paragraph 10.53 of the Charter, disagree with the content of the minutes, the above person shall be entitled to refuse its signing presenting in written reasons of such refusal which should be attached to the Minutes.

10.56. Minutes of general meeting of shareholders shall be laced together with minutes on the result of voting, powers of attorney authorizing participation and voting at a general meeting, as well as signatory and written explanations of those who refused to sign minutes indicating reasons of such refuse. These documents shall be kept by the Management Board of the Company and shall be provided to shareholders for familiarization at any time. If requested, a shareholder shall be given a copy of minutes of general meeting of shareholders.

## **11. COMPETENCE OF GENERAL MEETING OF SHAREHOLDERS**

11.1. The following issues fall within exclusive competence of general meeting of shareholders:

- 1) introduction of amendments to the Charter or approval of its new version;
- 2) voluntary reorganization or liquidation of the Company;
- 3) decision-making on increase in number of authorized shares of the Company, determining their type or any change of type of unplaced authorized shares of the Company;
- 4) stipulation of conditions and procedures for conversion of securities of the Company and variation thereof;
- 5) decision-making on temporary or permanent removal of securities of the Company from the official stock exchange list where they are listed on;
- 6) approval of the updated Code and introduction of amendments thereto;
- 7) determination of headcount and terms of office of the counting commission of general meeting of shareholders as well as election of members of the counting commission and early termination of their powers;
- 8) determination of headcount and terms of office of the Board of Directors,

election of its members and early termination of their powers, approval of the By-Laws on the Board of Directors as well as determining the amount and terms of remuneration of members of the Board of Directors;

- 9) appointment of an auditing company conducting audit of the Company;
  - 10) approval of annual consolidated financial statements and annual report of the Company;
  - 11) approval of a procedure for distribution of net income of the Company for the reporting financial year, decision-making on payment of dividends on ordinary and preference shares and approval of the dividend rate per ordinary and preference share of the Company;
  - 12) decision-making on non-payment of dividends on ordinary and preference shares of the Company in cases stipulated by the Legislation and the Charter;
  - 13) decision-making on conclusion of the Company's interested party transactions in the event such decision may not be taken by the Board of Directors of the Company.
  - 14) specification of the form of notification of shareholders concerning convocation of general meetings and decision-making on publication of such information in mass media;
  - 15) approval of methods for valuation of shares in redemption thereof by the Company as well as introduction of amendments thereto;
  - 16) decision-making on granting of share options to members of the Board of Directors (except for CEO (Chairman of the Management Board) and independent non-executive directors);
  - 17) approval of agenda for general meeting of shareholders;
  - 18) approval of the decision on acquisition by the Company of any interests in subsoil use rights in the Republic of Kazakhstan (by way of acquisition of a participation interest in the relevant legal entity owing such subsoil rights or otherwise) provided that such acquisition was assumed by the Company at the time of listing of its securities on the London Stock Exchange as expressly disclosed in the prospectus relating to the listing of such securities on the London Stock Exchange;
  - 19) decision-making on participation of the Company in creation or activities of other legal entities by transfer a part or a number of parts of its assets totaling to 25 (twenty-five) per cent or more of all the assets belonging to the Company in accordance with the recent financial report published on the stock exchange.
  - 20) other issues within the exclusive competence of the general meeting of shareholders subject to the Legislation and the Charter.
- 11.2. Resolutions of the general meeting of shareholders on issues subject to subparagraphs 1)-3), 5) – 6) of paragraph 11.1 of the Charter shall be adopted by a qualified majority out of the total number of voting shares of the Company present at the meeting.
- Resolutions of general meeting of shareholders on other issues shall be made by a simple majority of votes out of the total number of voting shares of the Company that are present at the meeting and entitled to vote thereon, unless otherwise required by this Charter.
- 11.3. Delegation of decision-making authorities on issues that fall within exclusive competence of general meeting of shareholders to other bodies, officials or employees of the Company is not allowed unless otherwise provided for by the Legislation.

- 11.4. The general meeting of shareholders has the right to cancel any decision made by other bodies of the Company on issues related to the internal activity of the Company.

## **12. BOARD OF DIRECTORS**

- 12.1. The Board of Directors shall be responsible for general management of the Company's activities except for issues referred by the Legislation and the Charter to the exclusive competence of a general meeting of the shareholders. Each member of the Board of Directors shall act at all times in the best interests of the Company.
- 12.2. The following issues fall within exclusive competence of the Board of Directors:
- 1) determination of priority activities of the Company;
  - 2) decision-making regarding the convening of annual and extraordinary general meetings of shareholders;
  - 3) decision-making on placement/disposal of and the number of the Company's shares to be placed/disposed of within a number of authorized shares and procedure for placement/disposal and determination of price;
  - 4) decision-making on the purchase of placed shares or other securities by the Company and their purchase price;
  - 5) decision-making on nonproportional redemption by the Company of its shares from shareholders (except for purchase of such shares on securities markets)
  - 6) preliminary approval of annual consolidated financial statements of the Company, validation of annual records of performance of the Board of Directors and the Management Board of the Company;
  - 7) validation of the Charter, the Code and amendments thereto;
  - 8) determination of terms of issue of bonds and derivative securities of the Company;
  - 9) approval of prospectus for the listing of the Company's securities on a stock exchange;
  - 10) determination of quantitative composition and terms of office of the Company's Management Board, approval of its By-Laws, the election of Chief Executive Officer (Chairman of the Management Board) and members of the Management Board, as well as early termination of their powers;
  - 11) giving recommendations to the general meeting as to the amount and terms of payment of remuneration and bonuses to members of the Board of Directors;
  - 12) adjustment of official salary and terms of payment for labour and bonuses to members of the Management Board;
  - 13) establishment of the Company's internal controls procedures and their compliance monitoring as well as approval of the annual action plan for the Internal Audit Service;
  - 14) as advised by the Audit Committee, determination of the quantitative composition and the staff of the Internal Audit Service, and early termination of powers of its employees;
  - 15) as advised by the Audit Committee, determination of working procedure of the Internal Audit Service, the amount and terms of remuneration and bonuses, the terms of reference and functions, decision-making on disciplinary penalty for employees of the Internal Audit Service;
  - 16) appointment, determination of the term of office of corporate secretary, early termination of powers, approval of by-laws on the corporate secretary as well as salary adjustment and compensation terms for corporate secretary;

- 17) determination of the consideration for audit and appraiser services for valuation of assets either transferred as payment for shares of the Company or being a subject of major transaction;
- 18) determination of procedure for the use of capital reserves of the Company, if any;
- 19) approval of documents regulating the internal activities of the Company; a list of such documents to be approved by the Board of Directors of the Company, including internal documents establishing conditions and procedure for placement of securities of the Company by holding an auction and/or subscription;
- 20) decision-making on opening and closing of branches and representative offices of the Company and approval of regulations concerning such branches and representative offices;
- 21) decision-making on acquisition by the Company of 10 (ten) or more percent of shares (participation shares in charter capital) in other legal entities, as well as decision-making related to their activities;
- 22) selection of the Company registrar in the event of termination of agreement with the previous registrar;
- 23) determination of information concerning the Company and its activities constituting official, commercial or other secrets protected by the law;
- 24) decision-making on conclusion of major transactions
- 25) decision-making on conclusion of interested party transactions of the Company;
- 26) decision-making on increase in the Company's liabilities for the amount equal to 10 (ten) per cent or more of the equity capital of the Company;
- 27) acquisition, transfer by the Company (or by any of its affiliates or jointly controlled entities) of subsoil use licenses and contracts in the Republic of Kazakhstan or elsewhere, introduction of amendments to such licenses and contracts (except for change of details of the parties or verbal alterations);
- 28) approval of strategic development plan of the Company;
- 29) approval of annual budget and business plan of the Company;
- 30) development of recommendations to general meeting of shareholders on the procedure for distribution of net income of the Company for the past financial year and on the amount of dividends to be paid per ordinary share and preference share of the Company paid by the Company at the year-end;
- 31) establishment of a committee or other body of the Board of Directors, determination of procedures for their formation, composition, activity and terms of reference, as well as approval of by-laws or regulations thereof ;
- 32) control of compliance with the Listing Rules of the stock exchange on which the Company's shares are admitted to trading;
- 33) decision-making on temporary or permanent removal of securities of the Company from the official stock exchange list where they are listed on;
- 34) decision-making on participation of the Company in establishment of other organizations;
- 35) approval of any share option plans and long term incentive plans for the officers and employees of the Company;

- 36) decision-making on granting share options or award under the Company's share option plans and long-term incentive plans of the employees, except for options granted to members of the Board of Directors (with exception of Chief Executive Officer (Chairman of the Management Board) and independent non-executive directors);
- 37) validation of voluntary liquidation or reorganization of the Company;
- 38) validation of social expenditures of the Company (except for the expenditures required by the law or existing agreements);
- 39) approval of staff/total headcount of the central staff employees of the Company;
- 40) approval of accounting policy of the Company;
- 41) other issues stipulated by the Legislation, listing rules of the relevant stock exchange, and the Charter.

Issues specified in paragraphs 1), 20), 21), 24), 29), 34), 35), 39) and being submitted for consideration of the Board of Directors are subject to preliminary approval by the Management Board of the Company.

- 12.3. The resolutions of the Board of Directors on the issues specified in subparagraphs 3), 5), 7), 14), 24), 26), 27), 31), 33), 37), 38) of paragraph 12.2 of the Charter shall be taken by a majority vote of the members of the Board of Directors including majority vote of independent non-executive directors.

In consideration of any issue envisaged hereof, the independent directors:

- 1) have the right at the expenses of the Company to employ advisory services of professional advisers (including legal and financial advisers) with respect to such provisions that they judge appropriate;
- 2) shall undertake to act in a good faith, prudently and justly in compliance with statutory requirements, ethical principles, and the rules of business ethics in the best interest of the Company's shareholders as a whole.

- 12.4 Issues within the exclusive competence of the Board of Directors may not be transferred to the decision of the Management Board of the Company.

The Board of Directors may not make resolutions on issues which in accordance with the Charter fall within exclusive competence of the Management Board, and make resolutions contradicting any decisions of the general meeting of shareholders.

- 12.5. For consideration of the most important issues and development of recommendations for the Board of Directors it is planned to establish committees within the Company on the following matters:

- 1) strategy planning;
- 2) human resources
- 3) remuneration;
- 4) internal audit;
- 5) social matters;
- 6) business planning;
- 7) corporate governance;
- 8) other matters provided for by Legislation and internal documents of the Company.

The committees of the Board of Directors are composed of members of the Board of Directors and experts having professional knowledge necessary for the work in a certain committee. The Board of Directors may engage experts out of employees of the Company having necessary knowledge, as advised by the Management Board of the Company. The Board of Directors may make a resolution on engagement of other natural persons as experts.

The procedures of formation and operation, quantitative compositions of the committees of the Board of Directors, as well as procedures for interaction between them and the Board of Directors of the Company shall be established by the Company's internal documents developed in accordance with best practice applied in listing companies, and approved by the Board of Directors.

12.6. Only a natural person may be a member of the Board of Directors.

Members of the Board of Directors shall be elected from:

- 1) shareholders who are natural persons;
- 2) persons proposed/recommended to be elected to the Board of Directors as representatives of the shareholders' interests;
- 3) other persons (subject to limitations provided for by paragraph 12.8 of the Charter).

Members of the Board of Directors shall be elected by cumulative voting. Each shareholder may give votes, according to the number of shares it has, all to 1 (one) candidate or distribute them between several candidates to the Board of Directors. Candidates having the majority of votes are considered to be elected members of the Board of Directors. If two or more candidates gain an equal number of votes then a further voting shall be held for such candidates.

12.7. A member of the Board of Directors may be elected from natural persons that are neither shareholders of the Company nor proposed/recommended for election to the Board of Directors as persons representing the interests of the shareholders. The number of such persons may not exceed one half of the members of the Board of Directors.

The number of independent directors, being members of the Board of Directors who are identified by the Board of Directors to be independent in accordance with the Legislation and the Code shall be at least one third of the total membership of the Board of Directors.

12.8. Members of the Management Board except for its Chairman may not be elected to the Board of Directors. The Chairman of the Management Board may not be elected as Chairman of the Board of Directors as well as chairman of any committee of the Board.

12.9. The number of members of the Board of Directors shall (in the absence of casual vacancies) include at least 8 (eight) persons, including at least 1/3 (one third) of independent directors and Chief Executive Officer (Chairman of the Management Board).

12.10. No person may be a member of the Board of Directors that:

- 1) does not have higher education or secondary professional education;
- 2) has an outstanding conviction not cancelled or lifted in accordance with established legal procedure;

- 3) had been earlier an executive employee (Chairman of the Board of Directors, Chief Executive Officer (Chairman of the Management Board), Deputy CEO, Chief Accountant) of any legal entity which was declared bankrupt or exposed to mothballing, readjustment, compulsory liquidation during the term of office of such person. This requirement has its effect within five years from the date of decision on bankruptcy, readjustment, compulsory liquidation was taken.
- 12.11. Persons elected to the Board of Directors may be re-elected for any number of times unless otherwise stipulated by Legislation or the Charter.
- 12.12. The term of office of the Board of Directors is established by General meeting of shareholders.

The term of office of the Board of Directors shall expire at the moment of holding of the general meeting where the new Board of Directors is elected.
- 12.13. The general meeting of shareholders may early terminate the powers of all or any member of the Board of Directors.
- 12.14. Early termination of powers of a member of the Board of Directors on his/her initiative is conducted on the basis of written notification to Board of Directors.

The powers of such member of the Board of Directors are terminated from the moment of receipt of such notification by the Board of Directors.
- 12.15. In the event of early termination of powers of any member of the Board of Directors a new member of the Board of Directors shall be elected by cumulative voting of shareholders present at general meeting, provided that powers of such newly elected member of the Board of Directors shall be terminated concurrently with expiration of term of office of the Board of Directors as a whole.
- 12.16. The Chairman of the Board of Directors shall be elected from its members by a majority of vote of the total number of members of the Board of Directors by open voting.
- 12.17. The Chairman of the Board of Directors shall:
  - 1) arrange the activities of the Board of Directors;
  - 2) conduct meetings of the Board of Directors;
  - 3) convene meetings of the Board of Directors and chair such meetings;
  - 4) sign on behalf of the Company labor contract with the Chief Executive Officer (Chairman of the Management Board);
  - 5) approve the job descriptions of the head of the Internal Audit Service.
- 12.18. In the event the Chairman of the Board of Directors is absent, his functions shall be fulfilled by one of the members of the Board of Directors upon the resolution of the Board of Directors made by majority votes of its members participating at the meeting.
- 12.19. A meeting of the Board of Directors may be convened on the initiative of the Chairman of the Board of Directors or the Chairman of the Management Board or upon request of:
  - 1) any member of the Board of Directors;
  - 2) the Internal Audit Service of the Company;
  - 3) an auditor auditing the Company;
  - 4) a major shareholder.
- 12.20. The request for convening the meeting of the Board of Directors with appropriate materials enclosed shall be submitted to the Chairman of the Board of Directors by sending an appropriate written notice containing the proposed agenda for the meeting of the Board of Directors.

If the Chairman of the Board of Directors declines to convene the meeting, the initiator may apply with same request to the Management Board which is obliged to convene the meeting of the Board of Directors.

The meeting of the Board of Directors shall be convened by the Chairman of the Board of Directors or the Management Board within ten days from the date of receipt of the request on convening. Such meeting of the Board of Directors shall be held with the mandatory invitation of the person who made such request.

- 12.21. The procedure for submission of notifications on holding a meeting of the Board of Directors to the members of the Board of Directors is determined by the Board of Directors.

The agenda of the meeting of the Board of Directors in person is approved by the majority of votes of the members of the Board of Directors present at the meeting, including the majority of votes of independent directors. The agenda of the meeting of the Board of Directors may be amended, if all the members of the Board of Directors, including the independent directors, vote for the introduction thereto.

- 12.22. A member of the Board of Directors shall notify the Management Board of the Company of his/her impossibility to participate in the meeting of the Board of Directors in advance.

- 12.23. The members of the Board or of any committee of the Board of Directors as well as experts may participate in a meeting of the Board of Directors or such committee by means of a conference call or any other communication media allowing all persons to participate in the meeting to hear each other and speak to each other. Members of the Board of Directors participating by such means shall be deemed present in person at the meeting and shall be entitled to vote or be counted in a quorum in accordance with the provisions of the Charter.

- 12.24. The quorum required for plenipotentiary meeting of the Board of Directors shall be  $\frac{2}{3}$  (two thirds) out of the total membership of the Board of Directors, including at least  $\frac{2}{3}$  (two thirds) of independent non-executive directors.

If the total number of members of the Board of Directors is not sufficient for the quorum, the Board of Directors shall convene an extraordinary general meeting of shareholders for the election of new members of the Board of Directors. The remaining members of the Board of Directors may make a resolution only on convening of such extraordinary general meeting of shareholders.

In the event the Board of Directors should make a resolution on interested party transaction, the quorum shall be at least 2 (two) members of the Board of Directors, disinterested (or deem to be so) in such transaction. The resolution on conclusion of such transaction is made by simple majority of votes of members of the Board of Directors present at the meeting and disinterested in the conclusion of such transaction.

- 12.25. Each member of the Board of Directors shall have one vote. Resolutions of the Board of Directors shall be made by simple majority of votes of the members of the Board of Directors present at the meeting unless otherwise stipulated by the Legislation and the Charter. The transfer of voting rights by a member of the Board of Directors of the Company to any person, including other members of the Board of Directors is not allowed. The members of the Board of Directors may not appoint an alternate director to attend any meeting of the Board of Directors in their absence.

Upon a tied vote the vote of the Chairman of the Board of Directors or the person presiding at the meeting of the Board of Directors shall be decisive.



In the event of entire or partial disagreement of a member of the Board of Directors with a resolution made by the Board of Directors, he/she shall set forth the disagreement in the form of dissenting opinion on the item put to vote which is recorded by corporate secretary in the minutes of the meeting of the Board of Directors in person. In the event of decision-making by the Board of Directors by absentee voting, the dissenting opinion of a member of the Board of Directors shall be expressed in writing and attached to the filled in ballots.

12.26. The Board of Directors may decide to hold a closed meeting where only Board members can participate.

12.27. At the discretion of the Chairman of the Board of Directors of the Company, resolutions on issues put to meetings may be made by absentee vote. In such a case the ballots may be used for voting on the agenda items. Resolutions made by absentee vote shall be deemed taken if there is a quorum in the ballots received by due date.

The resolution of an absentee vote of the Board of Directors shall be executed in written form and signed by the corporate secretary and the Chairman of the Board of Directors. Within 20 (twenty) days following the execution of the decision, it shall be sent to the members of the Board of Directors with copies of the ballots based on which the decision was made.

The meeting of the Board of Directors by correspondence is not allowed: when decisions are taken on the priority lines of the Company's activities, when a new Chairman of the Board of Directors is elected and when other issues are considered determined by the Board of Directors.

12.28. Resolutions of the Board of Directors made at a formal meeting shall be executed by minutes which shall be prepared and signed by the person that presided at the meeting and by the corporate secretary of the Board of Directors within 3 (three) days of such meeting and shall contain:

- 1) full name and location of the Management Board of the Company;
- 2) date, time and venue of meeting;
- 3) information regarding the persons that participated in the meeting;
- 4) agenda of meeting;
- 5) issues put to voting and the results of the voting;
- 6) speeches of the persons participating at a meeting of the Board of Directors
- 7) dissenting opinions of the members of the Board of Directors;
- 8) decisions made;
- 9) other information upon resolution of the Board of Directors;

12.29. Minutes of meetings and decisions of the Board of Directors shall be kept in the archives of the Company.

The corporate secretary of the Company that is elected by the Board of Directors on a permanent basis and performs job responsibilities of the secretary of the Board of Directors, upon the request of a member of the Board of Directors shall submit to such member the minutes of the meeting of the Board of Directors for review and resolutions passed by absentee voting and/or provide him/her with excerpts from the minutes and resolution with attested signature of the corporate secretary and affixed with impression of the seal of the Board of Directors.

### **13. MANAGEMENT BOARD**

- 13.1. The current activities are managed by the Management Board of the Company. The Management Board is headed by the Chief Executive Officer (Chairman of the Management Board).

The Management Board's activities arrangement and the procedure for convening and holding of its meetings are regulated by internal documents of the Company approved by the Board of Directors. All or any of the members of the Management Board may participate in a meeting of the Management Board by means of a conference call or any communication media which allows all persons participating in the meeting to hear each other and speak to each other. A person participating this way shall be deemed present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

The Management Board shall be entitled to make decisions on any issues concerning the activities of the Company which are not referred by the Legislation and the Charter to the competence of other bodies and officials of the Company, including:

- 1) decision-making on increase in the Company's liabilities for amounts from 5 (five) to 10 (ten) percent of the equity capital of the Company;
- 2) making recommendations to the Board of Directors on the acquisition, transfer of subsoil use contracts and licenses in the Republic of Kazakhstan or elsewhere by the Company (or any of its Affiliates or jointly controlled entities) including introduction of amendments thereto (except for change of details of the parties or verbal alterations);
- 3) approval of the structure, total headcount and staff/staff schedule of employees of the Company's central staff ;
- 4) approval of the structure of branches and representative offices and the total number of employees and staff/staff schedule of administrative staffs, as well as the total number of employees of organization departments of branches and representative offices;
- 5) making a decision/regulation and giving instructions binding upon all employees of the Company;
- 6) approval of documents regulating internal activity of the Company, except for documents to be approved by the Board of Directors;
- 7) coordination and direction of activity of branches, representative offices of the Company;
- 8) ensuring timely provision of information on activities of the Company including confidential information, to members of the Board of Directors within 10 (ten) days of receipt of request;
- 9) decision-making on operation issues of the internal activities of the Company;
- 10) approval the annual plan of state procurements of the Company;
- 11) validation of monthly management accounts;
- 12) validation of the entry into external financing agreements;
- 13) approval of the annual production programme and the pricing policy of the Company, as well as introduction of amendments thereto;
- 14) validation of the annual report of the Company;
- 15) decision-making on other issues concerning maintenance of activities of the Company not attributed to exclusive competence of the general meeting of shareholders, the Board of Directors and officers of the Company.

The Management Board of the Company is obliged to execute decisions of the general meeting of shareholders and the Board of Directors of the Company.

The Company shall be entitled to dispute the validity of any transaction made on the grounds of the resolution of the Management Board of the Company violating the restrictions stipulated by the Company if the Company proves that at the moment of the conclusion of the transaction the parties were aware of such restrictions.

- 13.2. Shareholders and employees of the Company not holding shares of the Company may be members of the Management Board of the Company.

A member of the Management Board may work in other organizations only with consent of the Board of Directors. Chief Executive Officer (Chairman of the Management Board) of the Company may not hold a position of head of an executive body or a person individually exercising functions of executive body of other legal entity.

Functions, rights and obligations of a member of the Management Board are defined by the Charter, the Code and Legislation, as well as by labor contracts to be signed by the mentioned person with the Company. The individual labor contracts are concluded on behalf of the Company with the Chief Executive Officer (Chairman of Management Board) stating the amount of salary in accordance with the resolution of the Board of Directors shall be signed by the Chairman of the Board of Directors or any other person authorized by general meeting or the Board of Directors. The individual labor contracts with other members of the Management Board stating the amount of salary in accordance with the resolution of the Board of Directors are signed by the Chief Executive Officer (Chairman of the Management Board).

- 13.3. The Management Board shall consist of at least 5 (five) persons.
- 13.4. A meeting of the Management Board is considered valid if 2/3 (two thirds) of members of the Management Board are present at such meeting.
- 13.5. Resolutions of the Management Board are made by a majority of votes of its members present at the meeting. If there is a tie vote the resolution for which the Chief Executive Officer (Chairman of the Management Board) voted shall be decisive.
- 13.6. Chief Executive Officer (Chairman of Management Board) of the Company shall:
- 1) be the head of the Management Board;
  - 2) ensure fulfillment of decisions of general meetings of shareholders, the Board of Directors and the Management Board;
  - 3) without powers of attorney act on behalf of the Company in relations with third parties;
  - 4) issue powers of attorney for presentations of the Company in relation to third parties;
  - 5) admit, rotate and dismiss employees of the Company, save as otherwise provided by Legislation, incentive them and impose disciplinary punishment on employees, determine amounts of salaries for employees of the Company and personal additions to salaries in accordance with staff schedule of the Company, determine the amount of bonuses to employees of the Company except for employees which are members of the Management Board and employees of the Internal Audit Service;
  - 6) in the event of his/her absence, entrust his/her obligations to one of the members of the Management Board;
  - 7) allocate obligations as well as scope of authority and responsibility among members of the Management Board;

- 8) validate the prosecution or settlement of any litigation, dispute or arbitration proceedings
  - 9) on behalf of the Company conclude transactions for amounts up to 5 (five) percent of the equity capital of the Company;
  - 10) appoint and dismiss heads of branches and representative offices of the Company;
  - 11) set the mode of the Company's work;
  - 12) submit to the Board of Directors semiannual reports on implementation of basic parameters of consolidated annual budget and business plan and strategic chart of key control indicators of the CEO (Chairman of the Management Board);
  - 13) open bank and other accounts of the Company;
  - 14) within his/her competence issue orders and give instructions;
  - 15) convene meetings of the Management Board;
  - 16) ensure notification of the Chairman of the Board of Directors and persons authorized by the Chairman of the Board of Directors, on emergencies (accidents, disasters) оповещение председателя совета директоров или лиц, уполномоченных председателем совета директоров, о чрезвычайных ситуациях (авариях, бедствиях или катастрофах), связанных с деятельностью Общества, в возможно кратчайшие сроки;
  - 17) take decisions on all other issues concerning the current activity of the Company not attributed to exclusive competence of the general meeting of shareholders and the Board of Directors of the Company and the competence of the Management Board.
- 13.7. The Secretary of the Management Board elected by the Management Board on the permanent basis, upon the request of a member of the Management Board shall submit to such member the minutes of the meeting of the Management Board for examination with attested signature of the Secretary of the Management Board and affixed with impression of the seal of the Management Board.

#### **14. THE COMPANY OFFICIALS AND CORPORATE SECRETARY**

- 14.1. Officials of the Company (members of the Board of Directors and members of the Management Board) shall:
- 1) fulfill obligations imposed on them in good faith and use methods which represent the interests of the Company and shareholders to the utmost. In case of any conflicts of interests of the Company and its official the latter shall immediately notify the Management Board (or the Board of Directors) on such conflicts;
  - 2) shall not use or be allowed to use property of the Company in contravention of the Charter and decisions of General meetings of shareholders and the Board of Directors as well as for personal purposes and take advantage thereof during concluding transactions with its Affiliates;
  - 3) shall secure consistency of accounting and financial reporting systems including the conduct of independent audit;
  - 4) control disclosure and provision of information on the activity of the Company in accordance with the Legislation.

- 5) shall keep confidential the information on the Company's activity, including 3 (three) years after he/she left the Company unless otherwise set forth in the internal documents of the Company.
- 14.2. Subject to Legislation, and provided that a member of the Board of Directors has disclosed to the Board of Directors the nature and extent of his/her material interest, the member of the Board of Directors notwithstanding his/her office:
- 1) may be a party to, or otherwise interested in, any contract with the Company or in which the Company is interested;
  - 2) may be a director or other officer of, be employed by, be a party to any contract, or be interested in any legal entity promoted by the Company or in which the Company is interested or regarding to which the Company has any rights of appointment. Chief Executive Officer (Chairman of the Management Board) of the Company may not hold a position of head of an executive body or be a person individually exercising functions of executive body of other legal entity; and
  - 3) shall not, by virtue of his/her office, be accountable to the Company for any remuneration or benefit which he derives from any such office or employment or from any such contract or from any interest in such legal entity and no such office, employment or contract shall be liable to be avoided on the ground of any such interest or benefit.
- 14.3. Save as otherwise provided by the Charter, a member of the Board of Directors shall not vote, or be counted in the quorum in relation to, any resolution of the Board of Directors or of a committee of the Board of Directors concerning any matter in which he has to his/her knowledge, directly or indirectly, an interest (other than his/her interest in shares or bonds or other securities of, or otherwise in or through, the Company) or duty which (along with any interest of a person connected with him) is material and, if he shall do so, his/her vote shall not be counted. A member of the Board of Directors shall be entitled to vote on and be counted in the quorum in respect of any resolution concerning any of the following matters:
- 1) any arrangement for the benefit of employees of the Company or any of its subsidiaries, under which he benefits in a similar manner as the employees and which does not provide any member of the Board of Directors or a member of the Management Board with a privilege or an advantage not provided to the employees to whom the arrangement relates;
  - 2) participation by the Company in any state procurement tender until 2016 with respect to supply of crude oil to JSC KazMunaiGas Trade House for supply to the domestic market of the Republic of Kazakhstan.
- 14.4. Subject to Legislation, and provided that a member of the Management Board has disclosed to the Management Board the nature and extent of his/her material interest, the member of the Management Board notwithstanding his/her office:
- 1) may be a party to, or be otherwise interested in, any contract with the Company or the one the Company is interested in;
  - 2) may be a director or other officer, or be employed by, or be a party to any contract with, or be interested in, any legal entity promoted by the Company or the one the Company is interested in or regarding which the Company has any rights of appointment. Chief Executive Officer (Chairman of the Management Board) of the Company may not hold a position of head of an executive body or be a person individually exercising functions of executive body of other legal entity.

- 3) shall not, by virtue of his/her office, be accountable to the Company for any remuneration or benefit which he derives from any such office or employment or from any such contract or from any interest in such legal entity and no such office, employment or contract shall be liable to be avoided on the ground of any such interest or benefit (provided that necessary agreements are available).

Save as otherwise provided by Charter, a member of the Management Board shall not participate in voting, or be counted in the quorum in relation to, any resolution of the Management Board concerning any matter in which he has to his/her knowledge, a direct or indirect interest (other than his/her interest in shares or bonds or other securities of, or otherwise in or through, the Company) or duty which (along with any interest of a person connected with him/her) is material and, if he shall do so, his/her vote shall not be counted. A member of the Management Board shall be entitled to vote and be counted in the quorum in respect of any resolution concerning any contract concerning any insurance which the Company is empowered to purchase or maintain for, or for the benefit of, any member of the Board of Directors or members of the Management Board.

- 14.5. Officials of the Company shall be liable before the Company and the shareholders for damage caused by their acts/omissions, pursuant to the Legislation, including losses incurred as a result of:
  - 1) provision of misleading information, or false representation;
  - 2) violation of procedure established by the Legislation.

The Company may appeal to the court based on decision of a general meeting of shareholders with a claim against an official for damage or loss caused by such official to the Company.

Officials of the Company are excused from a liability in the event they voted against such decision taken by the Company body, which resulted in losses incurred by the Company or a shareholder, or did not take part in voting.

- 14.6. The authority of the Company's Corporate Secretary shall be determined in accordance with the Legislation, the Code and internal documents of the Company.

## **15. INTERNAL AUDIT SERVICE**

- 15.1. Internal Audit Service consisting of at least 3 (three) persons shall be established in order to exercise control over financial and economic activity of the Company.
- 15.2. Employees of the Internal Audit Service may not be elected to the Board of Directors or to the Management Board.

Employees of the Internal Audit Service, including the head, are appointed to and removed from the office by the Board of Directors, as advised by internal audit committee.

The head of the Internal Audit Service may be present at a general meeting of shareholders with regard to issues which have been previously reviewed by the Internal Audit Service; be present at meetings of the Board of Directors where the issues of the Internal Audit Service activity are reviewed; initiate issues for inclusion in the agenda of the Board of Directors; submit for consideration of Internal Audit Committee of the Board of Directors candidates for the staff of the Internal Audit Service.

- 15.3. The Internal Audit Service shall be directly subordinate to the Board of Directors and every quarter reports on its activity to the Board of Directors.

- 15.4. The Internal Audit Service shall have a right of absolute access to any documentation and information of the Company in order to fulfill annual plan of work subject to amendments and supplements thereto.
- 15.5. The working procedure, competence and functions of the Internal Audit Service shall be prescribed by internal documents of the Company once approved by the Board of Directors following preliminary approval by the internal audit committee.

## **16. FINANCIAL REPORTING, ACCOUNTING RECORDS AND AUDIT**

- 16.1. The financial year of the Company is a calendar year (from January 1 (the first) till December 31 (the thirty-first)).
- 16.2. The procedure of accounting and preparation of financial statements of the Company is governed by the Legislation of the Republic of Kazakhstan on accounting and financial reporting.
- 16.3. Financial and statistical reporting, accounting records and periodical financial statements are compiled and if necessary submitted for consideration of the competent state authorities in accordance with the accounting principles stipulated by the Legislation as well as according to other principles approved by the general meeting of shareholders.
- 16.4. The Management Board of the Company annually submits to the general meeting of shareholders its annual financial statements for the past year, audited in compliance with legislation on auditing of the Republic of Kazakhstan, for discussion and approval. In addition to financial statements, the Management Board submits an auditor's report to the general meeting of shareholders.
- 16.5. The annual and interim consolidated financial statements are subject to approval by the Chief Executive Officer, Chief Financial Officer and Financial Controller.  
Final approval of the annual consolidated financial statements is carried out at the annual general meeting of shareholders.
- 16.6. The Company shall annually publish in mass media specified in paragraph 10.16 of the Charter an annual balance sheet, a report reflecting all changes in capital, a cash flow statement and an income and expenditure statement within dates fixed by the authorized body.
- 16.7. The Company shall conduct an audit of annual consolidated financial statements.
- 16.8. The audit of the Company may be conducted on the initiative of the Board of Directors, the Management Board at the expense of the Company or upon the request of a major shareholder at its expense, provided that such major shareholder has the right at its own discretion to choose an auditor.
- 16.9. If the Management Board of the Company evades audit of the Company, an audit may be prescribed by court decision upon the claim of any interested person.
- 16.10. The Company annually conducts an audit following the financial year results no later than the dates of publication of financial statements fixed by listing rules of the stock exchanges on which the Company shares are listed.

## **17. DISCLOSURE OF INFORMATION BY THE COMPANY AND DOCUMENTS OF THE COMPANY**

- 17.1. The Company shall bring to the shareholders' notice information on activities of the Company affecting the interests of the shareholders of the Company the list of such information fixed by the Law *On Joint Stock Companies* of the Republic of Kazakhstan.

Mass media which shall be used by the Company and its shareholders for publication of their notices and other information subject to mandatory publication according to the Law *On Joint Stock Companies* of the Republic of Kazakhstan are specified in paragraph 10.16 of the Charter.

As required by the laws of the Republic of Kazakhstan the Company discloses a part of the information on the Company's activities affecting the interests of the shareholders on the Company's corporate web-site.

- 17.2. Upon request of a shareholder, the Company shall provide such shareholder with copies of documents as stipulated by the Law *On Joint Stock Companies* of the Republic of Kazakhstan.

The amount of fees for provision of copies of documents shall be set by the Company and may not exceed the expenses for making copies and the expenses for delivery of copies to shareholders.

The documents regulating individual matters of issuance, placement, trading and conversion of the Company's securities containing information constituting official, commercial or other secret protected by law, shall be submitted for examination to a shareholder upon request.

- 17.3. The information on the activity of the Company affecting the interests of shareholders shall be provided in accordance with the Law *On Joint Stock Companies* of the Republic of Kazakhstan and the Charter.

- 17.4. The documents of the Company concerning its activities shall be kept by the Company for the whole period of its operation at the place of performance of the Management Board.

The following documents shall be kept:

- 1) the Charter, amendments introduced to the Charter;
- 2) memorandums of association/merger agreements, amendments introduced to the memorandums of association/merger agreement;
- 3) certificate of state registration/re-registration of the Company as a legal entity;
- 4) the Code and terms of reference of any committee of the Board of Directors;
- 5) statistical card of the Company;
- 6) license for certain activities of the Company and/or performance of certain activities;
- 7) documents confirming the rights of the Company to property which is/was at the balance of the Company;
- 8) prospectuses of the Company;
- 9) documents confirming state registration of securities issuance of the Company, cancellation of securities, as well as approval of reports on results of placement and repayment of securities of the Company, submitted to an authorized body;
- 10) regulations on branches and representative offices of the Company;
- 11) minutes of general meetings of shareholders, materials on issues of agenda of general meetings of shareholders;
- 12) lists of shareholders submitted to general meetings of shareholders;



- 13) minutes of meetings of the Board of Directors (resolutions of the Board of Directors made by absent voting), materials on agenda items of the Board of Directors;
- 14) minutes of meetings (resolutions) of the Management Board of the Company.
- 17.5. Other documents including financial statements of the Company shall be kept during the period prescribed in accordance with legislation of the Republic of Kazakhstan.
- 17.6. In order to obtain the information/copies of documents a shareholder shall apply to the Management Board in written form. The application of the shareholder shall be included in the register of incoming documents in the prescribed manner. The Company shall provide the Company's shareholders at their request with information that is required to be provided to shareholders within 30 (thirty) calendar days from the date of application.

Information regarding the Company's operations marked as Confidential or For Official Use that has become known to shareholders may not be disclosed in writing or otherwise to any third party by such shareholders. A shareholder to whom such information is available shall keep it confidential.

Confidential information of the Company may only be disclosed by such shareholders with permission of the Board of Directors of the Company, otherwise such shareholders shall be liable in accordance with Legislation.

The Board of Directors of the Company may impose restrictions on provision of information constituting official, commercial or other secret protected by the law.

- 17.7. The Company shall keep a register of employees having information constituting official, commercial or other secret protected by the law.
- 17.8. The Board of Directors shall define the information a free access to which is available for a limited number of people on legal grounds, procedure for its communication and public disclosure to all persons concerned, as well as measures for protection of such information.

## **18. DISCLOSURE OF INFORMATION REGARDING AFFILIATES**

- 18.1 In the cases provided for by Legislation, the Charter and the Code and at the Company's request, the shareholders and/or officials of the Company shall provide the Company with information regarding their affiliates, including the full name, date and number of state registration and address (for legal entities) and the full name, date of birth and address (for individuals), the grounds and date of affiliation and other information regarding such affiliates as the Company may require.
- 18.2 The Company's shareholders and/or officials shall provide, in accordance with Legislation, the Chief Executive Officer (Chairman of the Management Board) with information regarding their affiliates within 7 (seven) days following the occurrence of affiliation.

If a person previously indicated by a shareholder or an official as an affiliate of such shareholder or official, ceases to be affiliate, then the shareholder or the official of the Company shall notify the Company's Chief Executive Officer (Chairman of the Management Board) of the Company within 5 (five) days of such cessation.

Information on affiliates shall be provided by the Chief Executive Officer (Chairman of the Management Board) of the Company in the form approved by the state agency regulating and supervising the securities market in accordance with Legislation.

- 18.3 A person in respect of which a shareholder and/or an of the official Company provides information as his/her affiliate, shall be deemed to be his/her affiliate until the Company is provided with documents evidencing the termination of the grounds on which such person was recognized as an affiliate.
- 18.4 If a Company shareholder and/or official fails to provide information regarding his/her affiliates which resulted in or promoted damage caused to the Company, the Company may request full indemnification of such damage from the person at fault.
- 18.5 The Company shall maintain records of its affiliates on the basis of information provided by such affiliates.
- 18.6 The Company shall provide the state agency regulating and supervising the securities market and financial organizations with a list of its affiliates in accordance with the procedures established by such state agency.

## **19. LEGAL PROTECTION OF THE COMPANY OWNERSHIP**

- 19.1. Legal protection of ownership of the Company and rights owned by the Company shall be performed in accordance with Legislation, the Charter and other applicable legislations and listing rules of any stock exchange on which the ordinary shares of the Company are listed.

## **20. REORGANIZATION OF THE COMPANY**

- 20.1. Reorganization of the Company (by merger, affiliation, separation, extraction, transformation) is effected in accordance with Legislation.
- 20.2. Reorganization may be effected voluntarily or forcibly.
- 20.3. Involuntarily reorganization may be effected upon the decision of the court authorities in cases stipulated by Legislation.
- 20.4. If the Company terminates its activities in the event of reorganization, the issue of its shares shall be subject to cancellation in accordance with Legislation.

## **21. LIQUIDATION OF THE COMPANY**

- 21.1. The decision on the voluntary liquidation of the Company shall be taken by the general meeting of shareholders which determines the procedure of liquidation upon agreement with and under control of the lenders in accordance with the Legislation.
- 21.2. Involuntary liquidation of the Company is performed by the court in the cases stipulated by the Legislation.

A demand for the Company liquidation may be brought to court by interested parties unless otherwise is stipulated by legislative acts of the Republic of Kazakhstan.
- 21.3. The liquidation commission is appointed by court decision or decision of general meeting of shareholders on the Company's liquidation.

The liquidation commission has powers to manage the Company during the period of its liquidation and to act as provided for by Legislation.

The liquidation commission shall include representatives of the Company's creditors, representatives of major shareholders and other persons according to decision of general meeting of shareholders.
- 21.4. The procedure of liquidation and the procedure of creditors' claims settlement are governed by the Legislation.

- 21.5. Upon liquidation of the Company, its authorized shares including outstanding shares shall be cancelled in the manner prescribed by the Legislation.
- 21.6. The property of the Company shall, following liquidation, be divided in accordance with Legislation.

## **22. FINAL PROVISIONS**

- 22.1 If any provision of the Charter becomes invalid, it shall not affect other provisions. The invalid provision is replaced by one that is legally eligible and by provision with the meaning closest to it.
- 22.2 Except as expressly provided herein the Company shall be governed by Legislation.
- 22.3 The Charter becomes effective from the date of its state registration in justice agencies of the Republic of Kazakhstan.

Signature of person

authorized by the General Meeting of Shareholders \_\_\_\_\_ A. Balzhanov