

PRESS RELEASE

KMG EP announces Extraordinary General Meeting of shareholders at the request of its majority shareholder

Astana, 17 June 2016. JSC KazMunaiGas Exploration Production ("KMG EP" or the "Company") announces that today it received a request pursuant to Clause 10.6 of the Company's Charter from its major shareholder, JSC NC KazMunayGas ("NC KMG"), to convene an extraordinary general meeting ("EGM") of shareholders.

The Board of Directors of the Company has, pursuant to Clause 10.11 of the Company's Charter, resolved to convene an EGM with the following agenda which has been proposed by NC KMG:

1. Endorsement by the shareholders of the Company, holding common shares of the Company (including in the form of global depositary receipts) who are present and voting (whether in person or by proxy) at the extraordinary general meeting of shareholders, other than NC KMG and legal entities under the control of NC KMG or under common control by a third party together with NC KMG ("Independent Shareholders"), of the introduction of changes and amendments to the Relationship Agreement between NC KMG and the Company dated 8 September 2006 and recommendation by the Independent Shareholders to the independent directors of the Company on making a decision on entry into a transaction in which the Company has an interest.
2. Endorsement by the Independent Shareholders of the introduction of changes and amendments to the Charter of the Company.
3. Subject to and conditional upon the approval by Independent Shareholders of Resolutions 1 and 2 of the agenda, introduction of changes and amendments to the Charter of the Company which shall be effective upon completion of the Offer Period.
4. Information on the question of the purchase by NC KMG of the shares of the Company and global depositary receipts, the underlying asset of which are the shares of the Company.

Recommendation from the KMG EP Independent Non-executive Directors ("INEDS")

NC KMG is expected to publish a circular (the "NC Circular") containing further details of the proposed amendments to the relationship agreement between NC KMG and KMG EP and to the Charter of the Company (the "Proposed Amendments").

Based on an assessment of an English language draft of the Proposed Amendments, the INEDs believe that they would significantly weaken the protections afforded to Independent Shareholders of the Company, would stop the Company running its business independently of NC KMG and are not required in order to achieve underlying efficiency and performance improvements sought by KMG EP and NC KMG. It is expected that the NC Circular will also contain details of conditional on-market purchase offers to be made by NC KMG to the holders of ordinary and preferred shares and GDRs in the Company (the "Purchase Offer") at a level that reflects the cash balances of the Company as at the end of Q1 2016 and a receivable from a NC KMG group company, ascribing no value to the operational assets of the Company. Based on a draft of the NC Circular, the assessment of the INEDs is that the Purchase Offer significantly undervalues the Company.

The INEDs await the final NC Circular and given discussions between NC KMG and KMG EP have been ongoing since November 2015, the INEDs will be in a position to respond quickly. It is very likely that the INEDs will recommend, in a circular to KMG EP shareholders (the

“Response Circular”), that Independent Shareholders vote against the Proposed Amendments at the EGM. Until the Response Circular is published, the INEDs recommend that Independent Shareholders take no action.

EGM information

In order to give Independent Shareholders the maximum opportunity to consider NC KMG’s proposals before voting on them, the EGM will be held at 17 Kabanbay Batyr Avenue, Astana 010000, Kazakhstan at 10:00 A.M. on the forty-fifth day after the publication of the NC Circular, which, if the NC Circular is published today, will be 3 August 2016. A further announcement confirming the date of the EGM will be made shortly after the publication of the NC Circular.

The Proposed Amendments will not be implemented, and the Purchase Offer will not be made, unless Resolutions 1, 2, and 3 are each passed by a simple majority of the Shareholders voting on them. Resolutions 1 and 2 will be voted on only by Independent Shareholders. The implementation of the Proposed Amendments will also be conditional on the completion of the Purchase Offer as set out in the NC Circular.

Should the Proposed Amendments be approved by the Independent Shareholders of the Company, each of the INEDs will resign his directorship of the Company.

Due to the interest of NC KMG in the Proposed Amendments and the Purchase Offer, this announcement has been approved for release by the KMG EP INEDs rather than by the full Board of Directors of KMG EP.

Notes to editors

KMG EP is among the top three Kazakh oil producers. The overall production in 2015 was 12.4 million tonnes (251 kbopd) of crude oil, including the Company’s share in Kazgermunai, CCEL and PKI. The Company’s volume of proved and probable reserves excluding shares in the associates, at the end of 2015 was 193 million tonnes (1,409 mmbbl). The Company’s shares are listed on the Kazakhstan Stock Exchange and the GDRs are listed on The London Stock Exchange. The Company raised over US\$2bn at its IPO in September 2006.

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