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INTRODUCTION

The present Corporate Management Code (hereinafter the 'Code') is the consolidated rules and recommendations, which a company tries to follow in its activity to provide the highest level of business ethics in internal interfaces of the company and external relations with the other market participants.

The Code is composed subject to existing international experience in the sphere of Corporate Management and subject to the Recommendations of implementation of corporate management principles by Kazakhstani Joint-Stock companies, adopted by the Resolution of the Expert Council regarding issues of the equity market under the National Bank of the Republic of Kazakhstan as of September 24, 2002 (proceeding № 19).

The Code is developed in conformity with the regulations of the current legislation of the Republic of Kazakhstan, as well as subject to the practice of corporate behavior, ethical norms, needs and conditions of activity of enterprises in the markets at the current stage of Kazakhstan's development.

JSC «Karazhanbasmunai» (hereinafter – the 'Company') voluntarily accepts and follows the clauses of the present Code in an attempt to increase the attractiveness of the Company for existing and potential investors.

CHAPTER 1 PRINCIPLES OF CORPORATE MANAGEMENT

Corporate management is constructed on the basis of fairness, sincerity, responsibility, transparency, professionalism and competence. The effective structure of the Corporate management assumes a respect of rights and interests of all the persons who are interested in the activity of the company and facilitates the successful activities of the company, including an increase in its market value and supporting financial stability and profitability.

The principles of corporate management, stated in the present chapter, are designed to create confidence in relations, appearing in connection with the management of the company and they are the basis of all the rules and recommendations, outlined in the following chapters of the Code.

The initial principles of the present Code are:

- The protection of shareholders' rights and interests;
- Effective management of the Company, executed by the Board of Directors and the executive body;
- Transparency and objectivity regarding the Company's activities and timely disclosure of information;
- Legality and ethics;
- Having an effective dividend policy;
- Having an effective manpower policy;
- Environmental protection;
- An established policy of corporate conflict settlement.

The structure of Corporate management must comply with legislation and clearly determine the separation of duties between various bodies of the Company.

A succession to the principles of the Corporate management must comply with the creation of an effective approach of conducting the activities of the Company, objective analysis and obtaining correspondent recommendations from analysts, financial consultants and rating agencies.

1. PROTECTION OF SHAREHOLDERS' RIGHTS AND INTERESTS

The Company shall protect shareholders' basic rights, which include:

- 1) The right to possess, use and dispose of their own shares;
- 2) The right of appeal to the company with written queries about its activity and right to obtain a reasonable response, specified by the Charter of the Company;
- 3) The right to participate and vote on shareholders meeting in cases, provided by the legislation and the Charter of the Company;
- 4) The right to participate in elections of authorities in the cases, provided by the legislation and the Charter of the Company;
- 5) The right to share in company profits (Dividends).

The Company provides for the effective shareholders' participation in making of key decisions regarding corporate management, such as the appointment and elections of members of Board of Directors. The shareholders must have the opportunity to express their own opinion about the director's fee policy.

The persons concerned as well as the employees must have the right to inform freely the Board of Directors about illegal and unethical actions, and their rights must not be constricted.

The Company must bring to shareholders' notice information about Company activities, which concern the interests of the Company shareholders, provided by the Charter of the Company.

The Company must provide shareholders with reliable information about its financing and economical activities and outputs. Especially, where it concerns transactions in the sphere of share capital (shares), which must be reasonable and transparent to the shareholders.

The Executive body is engaged to ground the planning change in the company activity and to submit the specific prospects of shareholders' rights protection.

The Company must provide a fair attitude to all shareholders.

The Company must protect minority shareholders from an abuse of the governing shareholders, who act directly or indirectly. Shareholders, including institutional investors, have the right to consult each other upon the issues of observation of shareholders' main rights.

2. EFFECTIVE MANAGEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE BODY

A) Board of Directors activities

The Board of Directors' activity is built on the basis of the principle of maximum observation of shareholders' interests and it is directed to increase of the Company's market value.

The Board of Directors provides the shareholders with weighted and accurate appraisals of the Company's results and forecasts, achieved by objective monitoring of the current business state and ensures the supporting and functioning of reliable system of internal control and independent audit with the purpose of keeping of the shareholders' investments and company assets.

The Board of Directors must provide for the effective operation of a system of risk management, controls and regulate any corporate conflicts.

The Board of Directors must provide for the full transparency of its activity against the shareholders.

The Board of Directors is responsible for timely disclosure of information and illumination of the Company's activity and is engaged to ground the classification of information and to provide a protection and conservation of the internal (official) information.

There must be non-executive directors in Board of Directors' structure. The Company determines its own criteria of non-executive directors, based on the basic clauses of the legislation. The critical criterion of the non-executive director is its independence from the controlling shareholder, Company management and the State.

The system of job rating and just fee of the members of Board of Directors must represent their work in favor of the Company and all its shareholders.

The Board of Directors develops an appraisal mechanism of its activity and certain directors' operations, creates and regularly revises the methods and criteria of activity appraisal of the members of Board of Directors and the Executive body, as well as exercises control over the activities of the Executive Body.

The member of the Board of Directors takes obligations regarding his activity compared to the Company while acceding to the post of the director.

The Board of Directors member's text of liability, the order of Board of Directors member's informing with the affaires and job procedures, the order of Board of Directors member's authorities termination in the case of either anticipatory or ordinary reelection, the order of voluntary abdication from authorities, responsibility measures for nonfulfilment of assigned liabilities, order of convocation and conducting of Board of Directors meetings are specified by the Charter and internal documents of the Company, developed by Board of Directors and approved by the shareholders.

B) Activities of the Executive Body

The Executive Body (the group and individuals) carries on the daily work of the Company and observes its compliance with its financial and economical plan.

The Executive Body activity is built on the basis of maximum observation of shareholders' interests and it is accountable for the decisions of the Company at shareholders meeting and to the Board of Directors.

3. TRANSPARENCY AND OBJECTIVITY REGARDING COMPANY ACTIVITY

A) Disclosure of information regarding Company activity must assist into making a decision about entering and assistance in share capital from the point of view of new shareholders, as well as assisting in the positive decision of investors about assistance in financing the Company's activities.

Disclosure of information is called to provide the greatest foundation for and transparency of the Company's management.

Disclosure of information of the Company is built on the basis of correspondent corporate regulation, developed and approved by the Board of Directors.

A Shareholder or a potential investor must have the opportunity to have free and open access to information about the Company, which is required for making related decisions.

The Company must disclose the information about its main outputs, plans and perspectives of its activity in a timely fashion, which can considerably affect the interests and other rights of shareholders and investors, as well as promptly and comprehensively responding to Shareholders' queries.

The Company must regularly submit information about the considerable corporate events in the Company activity and, at the same time, the Company must follow strict and reliable mechanisms of disclosure and confidentiality of internal (nonpublic) information, which will be determined by Board of Directors.

B) The procedures and rules regarding financial statements and audit are directed to providing confidentiality in respect of shareholders and investors in the Company's activities.

Conducting financial accountability and carrying on audits are built on the following principles:

- 1) Completeness and credibility;
- 2) Non-prejudgment and independence;
- 3) Professionalism and competency;
- 4) Regularity and efficiency.

The Executive body is responsible for the completeness and credibility of all submitted financial information.

The Board of Directors demarcates the competence of any bodies and persons, entering into the control system over financial and economical activity, depending on their attitude to the processes of development, approval, application and appraisal of the internal control system.

4. LEGALITY AND ETHICS

The Company operates in strict compliance with the legislation of the Republic of Kazakhstan, generally accepted principles (customs) of business ethics and internal documents. The internal documents of the Company are developed on the basis of legislation requirements and norms of corporate and business ethics.

The relations between the shareholders, members of Board of Directors and Executive body of the Company are built up on mutual confidentiality, respect, accounting and control.

5. EFFECTIVE DIVIDEND POLICY

The Company follows the developed Regulations about its dividend policy.

The Regulation about the dividend policy of the Company provides for the transparency of the determining mechanism of dividend dimensions and any order of payoff. The Regulation formulates both the general objectives of the Company regarding shareholders' welfare and providing the capitalization increase of the Company and the specified rules surrounding the dividend policy, based upon laws and by-laws.

These rules are called to regulate the calculation order of undistributed income and determination of part of income, designed for a dividend payoff, conditions of payoff, calculation order of dividend dimensions, the order of a dividend payoff, including the terms, location and terms of payment.

The dividend payoff is built on the provision of reliable information about the presence of conditions for payroll dividend accounting and dividend payment on the basis of the real state of the Company's business.

6. EFFECTIVE MANPOWER POLICY

Corporate management in the Company is built up on the basis of protection of the Company employees' rights, provided by the legislation, and must be directed to development of partnership between the Company and its employees in social issue settlement and regulation of labor conditions.

Some of the main issues of the manpower policy are the conservation of work places, improvement of labor conditions in the Company and observation of the social protection norms for Company employees.

Corporate management must stimulate the processes of creating a favorable and creative atmosphere in the labor team and assisting to increase the qualifications of the Company employees.

7. ENVIRONMENTAL PROTECTION

The Company provides a careful and rational approach to the environment during its activities.

8. REGULATION OF CORPORATE CONFLICTS

The members of the Board of Directors and of the Executive Body of the Company, as well as the employees of the Company, must execute their functional liabilities in good faith and reasonably with due care and discretion in favor of the company and its shareholders, in an attempt to avoid any conflicts. They provide complete compliance of their activity not only with the legislation and the principles of the present Code, but also in regard to the ethics standards and generally accepted norms of business.

In the case of any corporate conflict, the participants should look for ways of settling the conflict by negotiation with the purpose of providing effective protection of both the rights of shareholder and of the business standing of the Company.

In in the event that it is impossible to settle by negotiation, these issues must be settled in compliance with legislation.

CHAPTER 2. SHAREHOLDERS MEETINGS

Arrangement and order of shareholders meeting must meet the following requirements:

- 1) Fair and equivalent attitude to all the shareholders;
- 2) Accessibility of participation in shareholders meeting for all the shareholders;
- 3) Submitting of maximum organizational and reporting information;
- 4) Simplicity and transparency of shareholder meetings.

1. ARRANGEMENT OF SHAREHOLDERS MEETING HOLDING

1. The period of notification about when a Shareholder meeting will be convened must be sufficient for a shareholder to be able to study the order of holding and the materials of the forthcoming meeting, to prepare any questions and to frame his own position with regard to the agenda.

2. Information and materials, submitted for shareholders prior to shareholder meetings, as well as the order of its submission, must provide a full schedule of issues to be discussed, obtaining the responses to all relevant questions and make reasonable decisions upon the issues of agenda.

3. The information about convening a shareholders meeting must be provided promptly to all shareholders in a convenient method. As necessary, there is duplicated either information itself, or the other ways of obtaining the information. For the purposes of simultaneously submitting

information about the Company's activities to all the shareholders, for providing of equivalent attitude to them, the shareholders meeting will determine the method of notification.

4. All the shareholders must have the opportunity to learn the list of persons, participating in the work of the Shareholders meetings. This process will help them understand the rights of shareholders, who legally cannot be included in the list of participating persons in work of shareholders meeting. The process of learning the list of persons, who have the right to participate and obtain materials of any shareholders meeting, must be simple for all shareholders. The list of shareholders, having the right to take part in shareholders meeting, is composed by the Company 'registrar' on the basis of the register of shareholders of the Company with obligatory disclosure of basic holders and owners of shares.

5. Information materials, distributed during the preparation period of Shareholder meetings, must be classified with regard to the agenda of shareholders meeting. This must not be too complicated to understand.

6. Besides the standard list of information, the participants of Shareholder meetings are submitted with additional data about the plans, achievements and problems of the Company's activities. The requirements for disclosure of information must not cause the Company any excessive administrative burden or unreasonable costs.

7. The process of examination and making considerable changes in the activity and management of the Company will be provided at the shareholders meeting with additional materials to support such changes.

8. As necessary, the shareholders are provided with analytical research and materials of other organizations about Company activity.

9. If the agenda of Shareholder meetings includes issues about the election of members of governing bodies, complete information must be provided about these roles.

10. The issues listed on the agenda must be extremely accurate and must eliminate the possibility of differing interpretations of the issues at hand. Any issues defined as "miscellaneous", "diverse", "other" etc. should be excluded from the agenda.

11. The process of voting at Shareholder meetings must be the simple and convenient for a shareholder and should adopt all possible ways of voting.

12. The shareholders' right to introduce proposals into agenda of shareholders meeting, as well as to require convocation of ordinary and extraordinary stockholders' meeting must be easily achieved.

13. The Company is entitled not to conduct shareholders' meetings, in cases provided by the current legislation and the Charter of the Company.

2. SHAREHOLDERS MEETINGS

1. The order of Stockholder Meetings provides all the shareholders with equal opportunities to achieve their right to participate in Stockholder Meetings. A Shareholder can vote individually or without personal presence (by Power of Attorney, issued personally by the Shareholder to a third person or representative) here the votes, given personally and without personal presence must have the equal effect.

2. The working regulation of Stockholder Meetings is based on the reasonable sufficiency and possibility of broad discussion of the issues on the agenda and making reasonable decisions upon such issues.

3. An accurate regulation of speeches for reports of the Company officials and shareholders must be produced.

4. The importance of Stockholder Meetings in the Company activity means the obligatory participation of all officials, assisting in the Company management and control of its activity. In the case of the reasonable absence of these persons, it is necessary to arrange the presence of their deputies and/or the competent persons.
5. The registration period must be sufficient for all the participants to register. Herewith the period of registration is not limited by the start of stockholders' meeting, i.e. the participants who arrived after start of shareholders meeting must be included in any further work undertaken during the Stockholder Meetings.
6. The Chairman of the Meeting must strive for the purpose when all the shareholders will get the responses to all essential questions directly on the stockholders' meeting. If the complex nature of the questions does not allow for a prompt response, a person (or persons), to whom they are directed, will submit a written response to those questions as soon as possible after the Meeting.
7. Elections to the Board of Directors, Executive Body and other governing and control bodies of the Company must be transparent and reasonable.
8. The procedure for the collection of votes and their calculation must be simple and transparent, the shareholders must be assured that any falsification of results is impossible.
9. The date and time of Stockholder Meetings should be specified in such a way as to allow the maximum number of eligible people to participate in Stockholder Meetings. Stockholder Meetings are held where the Executive Body resides.

CHAPTER 3. BOARD OF DIRECTORS

1. FUNCTIONS OF THE BOARD OF DIRECTORS

1. The Board of Directors protects Shareholders' interest and rights.
2. The Board of Directors determines the direction of the Company's development and specifies the main reference points of the Company's activities in the long term.
3. The Board of Directors executes the objective assessment of following to the approved priority directions subject to the market situation, financial state of the Company and other factors, affecting the financial and economical activity of the Company.
4. The competence of Board of Directors consists of approval of the Company's internal procedures of risk management, providing observation as well as analysis of the efficiency and improvement of such procedures. Herewith these procedures provide the a good opportunity to notify the Board of Directors about any considerable drawbacks in the risk management system.
5. Among others, the functions of Board of Directors include:
 - Approving material transactions of the Company;
 - Preliminary approvals of the annual report of the Company;
 - Determination of payments for the employees of the Internal audit, Service of the Company and approval of the regulation regarding internal audits;
 - Approving of the internal procedures in management and control of activity of the Company's Executive Body, of payment of the members of the Executive Body. They also define terms of any incentive plan. The Executive Body members must take into consideration the level of qualification and contribution of each member of the Executive body in this regard. Herewith the fee amount depends on the financial results of the Company activity and any increase in its share value;

- Development of an effective system of selection and appointment of Executive Body members, and provision of experienced professionals within the Company's Management structure;
- Development and approval of the regulation about the Company secretary and the Company secretary's activity job description;
- Development and approval of the Company's Regulation on dividend policy.

2. FORMING THE BOARD OF DIRECTORS

1. The procedure for electing the Board of Directors must be transparent and clear for all the shareholders. For these purposes, the Company must follow developed regulations on Board of Directors members' selection and appointment, which provide the realization of rights and protection of interests of all the shareholders of the Company.
2. The process for electing the Board of Directors is realized subject to the opinion and interests of all the shareholders, including minority Shareholders.
3. Board of Directors candidates and members must have positive achievements to their name and an excellent reputation in business and industry.
4. The Board of Directors must enjoy the Company shareholders' highest confidence.
5. The Board of Directors with must have experience and real management skills.
6. The Board of Directors must include independent directors, the number of which should not exceed any limit specified by legislation.
7. In order to select candidates for Directorship, a regulation with accurate criteria of candidate selection has been developed. In other equal conditions during the selection of candidates for Board of Directors, preference is given to independent directors.

3. BOARD //ACTIVITIES

1. The Board of Directors' activity is based on the principles of rationality, efficiency, activity, good faith, responsibility and accuracy.
2. Board Meetings must be conducted on the assumption of the principle of rationality, efficiency and regularity.
3. The Board of Directors must develop and follow internal procedures regarding the preparation and conducting of the Company Board of Directors meeting. These procedures must regulate all the required parameters of Board of Directors meeting activity.
4. The conducting of Board Meetings must be by internal or institute manners with a grounding in the specific way of selecting the meeting's agenda.
5. The internal manner of Board Meetings is the most effective. The internal manner of the meetings is obligatory in examining and making a decision upon the most important, key strategic solutions of the Company activity.
6. In specific cases, it is possible to have the combination of both manners of Board of Director meetings. This concerns the situation, when one or several members of the Board (not more than 30%) cannot be present at the meeting. At the same time, the absent member of the Board can participate in discussing the examined issues using any form of telecommunication but has to submit his opinion in a written form.
7. The Board of Directors is entitled to create the following Committees:
 - Strategic planning;

- Internal auditing;
- Resolution of corporate conflicts;
- Ethics and other committees.

8. The structure of the committee in regulation of the corporate conflicts is formed from the independent directors. In case the independent directors are absent, it is recommended to appoint the independent director as a leader of this committee.

9. The Ethics Committee is created for the development and execution of the ethics rules in the Company's activity. The principle points of such rules should be:

- Social responsibility of the Company;
- Business ethics;
- Observation of quality standards of products and services; and
- standards of ecological safety.

10. The Company must disclose data regard earnings of the Board for all the interested persons in prospective of issue of announced shares. The data about the fee amount of the members of Board of Directors for reporting period are subject to the obligatory disclosure in the annual report, prepared for the shareholders, taking part in the Annual General Stockholders' Meeting.

11. The Board is entitled to monitor the state of the Company and to support the constant contacts with other bodies and officials of the Company.

12. The Board will determine the period of limitation in non-disclosure of internal (official) information about the Company by the former members of Board after their resignation from the Board.

4. BOARD OF DIRECTORS ACTIVITY ASSESSMENT

Assessment of activity outputs of Board of Directors is performed at the General Stockholders' Meeting.

CHAPTER 4 EXECUTIVE BODY

1. PRINCIPLES OF SHAREHOLDERS THE EXECUTIVE BODY

1. The Executive body follows accurately the internal regulations, approved by Board of Directors, about appointment, order of arrangement and activity of the Company Executive body members.

2. The basic principles of the Executive body operation are honesty, good faith, rationality, discretion, regularity.

3. The main directives of the Executive body activity are:

- Determining and approving of the Company's functioning systems and rules;
- planning;
- specification of internal labor routine;
- discipline motivation and observation;
- composition and approval of job description and division of constitutions;
- imposing any necessary penalties and incentive granting etc.
- any other activities, provided by the Charter of the Company.

4. Executive body takes all measures to conserve and protect all internal (official) information of the Company.

5. The critical focus of the Executive body's activity is to provide and enforce observation of all required legislation, including labor laws, legislation of health protection and safety.
6. The Executive body can be present in the shape of group body, or a person, solely executing the Executive body functions, and the name of Executive body should be specified by the Charter of the Company.

2. FORMING OF EXECUTIVE BODY

1. During appointment of members of the Executive body, the Board of Directors must follow developed internal regulations, determining the requirements for qualification to the sc posts.
2. Candidates for posts in the Executive body must have a positive reputation and enjoy the Board of Directors members' utmost confidence.
3. For the posts in the Executive body, Professionals with skill and ability in management should be engaged.
4. If a management company is engaged as the Executive body, it is necessary to develop principles and methods of such managing company subject to the assessment of its assets in order to compensate the potential losses of the Company and the third persons, which could be the result of the management company's operations.
5. Selection and appointment of the Executive body members is performed on the basis of transparent and accurate procedures.

CHAPTER 5 THE COMPANY SECRETARY

1. Strict observation by Company bodies and officials of the procedures, directed to protect the rights and interests of shareholders, as well as the Company following the regulations and standards of legislation of the Republic of Kazakhstan, the clauses of the Charter and other internal documents of the Company provide for the introduction of a Company Secretary. This institution can be realized in the shape of individual official unit – the Corporative secretary of the Company, or the function of the Corporate secretary can be transmitted one of the independent members of Board of Directors.
2. The specific role the Company Secretary plays during the preparation and conducting of the general stockholders' meeting, Board of Directors activity, keeping, disclosing and submitting information about the Company, as the failure to observe these procedures would potentially cause shareholders' rights and interests to be violated.
3. The Company Secretary is responsible for the corporate policy and corporate processes in the Company. The Company Secretary is called to provide the settlement of any conflict situations in the Company in the interactions of shareholders and other management bodies, as well as between shareholders.
4. The Company Secretary provides the due examination of the shareholders' addresses by the Company and settlement of conflicts, connected with violating shareholders' rights. The Company Secretary should execute the monitoring of ideal examinations of such addresses by the bodies and divisions of the Company.
5. The status, functions and liabilities of the Company Secretary are determined by the relevant internal clauses of the Company.
6. Responsibility for the appointment of the Company Secretary falls to the Board of Directors.

CHAPTER 6. MATERIAL EVENTS/TRANSACTIONS

Material Events/Transactions are any series of events that could cause fundamental changes in the Company activity. Among the considerable corporate events there are the following: reorganization of the Company, the purchase or sale of ten or more percent of voting shares, execution of large transactions, introducing of amendments in the Charter etc.

The Executive body develops and after the approval of Board of Directors follows the clauses about the Company's Material Events/Transactions, where specific attention is paid to the following issues:

- Determining of mechanisms and procedures for the realisation of material events;
- Preliminary approval and assessment of such material events;
- Profound analysis and discussion of the Material Events/Transactions.

The importance of the Material Events/Transactions determines whether it is necessary to create an atmosphere of openness and confidence during their realization and setting up simple and transparent procedures of their execution.

1. REORGANIZATION OF THE COMPANY

As the process of reorganization of the Company is specified by legislation there is an additionally developed mechanism of confidential discussion of the event at Board of Directors and Executive level. The Board must submit to the shareholders the detailed plans for the Company reorganization.

2. LIQUIDATION OF THE COMPANY

If the Company goes into liquidation, the Board together with the Executive body, must present to the shareholders and interested persons, the reasons why the Company has gone into liquidation.

CHAPTER 7. DISCLOSURE OF INFORMATION

Disclosure of information is designed to provide the creation of a favorable image for the Company, in order to attract capital, gain confidence and increase industrial and financial indicators.

The information disclosure system should allow for maximum access to information about the Company but at the same time, allow for complete protection of corporate (internal) information of the Company.

1. DISCLOSURE OF INFORMATION

1. Informational openness of the Company must allow for free access to the public information about the Company.
2. Disclosure of public information is to be provided to the Mass Media on a regular basis. The Company can also use other ways of submitting of information.

2. INTERNAL INFORMATION PROTECTION

1. Along with the access of information, the Company provides the conservation and protection of the corporate (internal) information.
2. An effective system of controlling official, internal information regarding the Company, should be developed.
3. The Company should ensure that employees have signed a confidentiality agreement guaranteeing that they will not disclose internal information about the company. This should extend to the period of their employment as well as a designated period upon resignation from the Company.

CHAPTER 8 CONTROL OF FINANCIAL AND ECONOMICAL ACTIVITY

1. THE CONTROL SYSTEM OF FINANCIAL AND ECONOMIC ACTIVITY OF THE COMPANY

1. The work of the control system of the financial and economical activity is built on the regulated basis by the Board of Directors.
2. The Board of Directors submits the results of Company audits, and all financial and economical activity to shareholders and other persons interested in the Company activity.

2. AUDIT SERVICE

1. Regular Internal Audits undertaken by an official body are an effective control mechanism of the Company's financial and economical activity.
 - 2) All the arrangement matters of the audit such as conducting and determination who is directly responsible for audit conducting, are previously determined at the meetings of the official body overseeing the Company's internal audits.
 - 3) The decisions of the official body overseeing the Company's internal audits are made by majority vote of its members, who are taking part in the meeting.
 - 4) In order to avoid any unreasonable delay of an audit, the exact period of audit performance in the internal documents of the Company should be determined.
 - 5) In order to regulate the procedure of conducting an audit, the Board will approve a Regulation about conducting an audit on the financial and economical activity of the Company.
 - 6) The Company will implement a corporate format of reporting from the official auditing body, in which all the opinions of its members will be considered.
 - 7) The official auditing body is responsible to the Board of Directors.
 - 8) The members of the official auditing body can not be elected to the structure of Board of Directors and the Executive body of the Company.

3. EXTERNAL AUDIT

The principle objective of auditing, executed by an independent auditor, is inspection of the financial accounts of the Company and obtaining of independent opinion about the authenticity and objectiveness regarding the composition of the Company financial accounts.

CHAPTER 9. DIVIDEND POLICY

The Committee of strategic planning develops and Board of Directors approves the Regulation about the Company's dividend policy that accurately effects the principles and mechanisms of the Company dividend policy.

One of the main principles of the Regulation of dividend policy is to provide a simple and transparent mechanism of determining the dividend amount and terms of payment.

The dividend policy must be transparent and accessible to the shareholders and potential investors.

The Company must inform the shareholders and other interested persons about its dividend policy, taking into consideration its importance for making investment decisions.

1. DIVIDEND PAYOFFS

1. The Company must develop and approve simple and understandable mechanisms of dividend payoffs. The obtaining of dividends should not be difficult for shareholders.
2. It must be specified in the Regulation that the order of determining a minimum share of the Company's net profit be directed for dividend payoff. The payoff order and minimum amount of dividends on privileged (do you mean preference?) shares are specified by the prospect of their emission.
3. During the determining of the Company's net profit amount, it is necessary to start from the fact that the net profit amount for the purposes of the determination of a dividend amount should not differ from the net profit amount for the purposes of accounting, as otherwise the dividend amount will be calculated on the assumption of an understated or overstated amount, which would mean considerable infringement of shareholders' interests. Therefore the Company executes the calculation of net profit in order, specified by the current legislation for the purposes of accounting.
4. Information about making a decision (about announcement) regarding the dividend payoff should be sufficient for forming an accurate idea about the presence of conditions for the dividend payoff and its order.
5. The preference for a dividend payoff is cash.
6. During the development of the Regulation about the dividend policy, specific attention should be paid to the matters of incomplete and inopportune dividend payoffs.

CHAPTER 10 MANPOWER POLICY

1. The system of Corporate management is designed to assist with strict observation of labor legislation in the areas of health protection, safety, remuneration of labor and provision of social protection.
2. One of the priorities in the Company's activity is training arrangements and the raising of the level of employees' skill.
3. The Company follows the principles of workplace maintenance and improvement of labor conditions.
4. The Company should stimulate the process of creating a favorable and creative atmosphere in the workplace.

CHAPTER 11 ENVIRONMENTAL PROTECTION

The contemporary development of business activity in the world is characterized by increasing importance of environmental protection. The status of environment protection becomes the actual criterion in the assessment of the Company activity.

1. In its activity, the Company should adopt a careful and rational attitude to the environment.
2. The policy of the Company regarding environmental protection is determined, besides the present Code, by the internal regulations in the field of environmental protection.
3. During the determination of rights and liabilities of the Company in the field of environmental protection, the Company is led first of all by the existing contract and license of hydrocarbon exploration.

CHAPTER 12 MANAGEMENT CONFLICTS

1. The Company's Board of Directors and Executive body, just as the employees of the Company, execute their professional functions in good faith and rationally, with due care and discretion to the Company's and its shareholders' interests, striving to avoid any conflict of interests. It is necessary that the employees operate in complete compliance not only with legislative requirements but with ethical standards and generally accepted standards of business ethics.
2. The Company must develop and follow the mechanisms of the corporate conflict regulation, where its settlement will completely meet the interests of the Company, being both legal and reasonable.
3. In case conflicts arise, the participants should attempt settlement by negotiation to provide social protection both of the shareholder's rights and the business reputation of the Company.
4. If negotiation proves impossible, any conflict should be resolved in compliance with current legislation.
5. If there are conflicts between Shareholders, the Company should take an active role in the settlement of these conflicts. At the same time, the Executive body of the Company should actively assist in settling these conflicts
6. The leader of the Executive body, on behalf of the Company, should execute the settlement of the corporate conflicts in all matters, making a decision, which does not relate to the competence of other bodies of the Company, as well as independently determine how to settle such conflicts.
7. The Board executes the settlement of corporate conflicts upon the matters, relating to its competence. For this purpose, the Board can convene a special committee from among its members to settle any conflicts.
8. For approval of Board of Directors or the committee, created by it, on the settlement of corporate conflicts, there must be transmitted certain corporate conflicts, relating to the competence of the Executive body of the Company (for example, in case the subject of the conflict is an action (or inaction) of this body or the acts adopted by it).
9. The order of forming and working of the Committee on the settlement of the corporate conflicts are determined by Board of Directors.

CHAPTER 13. CONCLUSION

The present Corporate Management Code is developed subject to international experience regarding issues of corporate management, the Principles of Corporate management of OECD and the Recommendations of the National Bank of the Republic of Kazakhstan regarding issues of implementing corporate management principles by Kazakh Joint-Stock Companies.

The Company will execute the development and accept any additional internal legal documents and regulations, aimed at adaptating and implementing the Corporate Management principles, disclosed in the Code.

The present Corporate Management Code comes into effect from the date of its approval by the Stockholder meeting of the Company (or by the sole owner of voting shares in the Company).

Any amendments and additions in the present Corporate Management Code are made by a corresponding decision of the Stockholder meeting of the Company (or by the sole owner of voting shares in the Company).





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