

CONFIRMED

Resolution of Board of Directors of
JSC “Tau-Ken Samruk”

«_____» _____ 2014

Protocol of Meeting № _____

Regulations
on Internal Control System of Joint-Stock Company
«Tau-Ken Samruk» National Mining Company»

Astana, 2014

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CHAPTER 1. GENERAL PROVISIONS

Section 1. Status of provisions of Internal Control System

1. The Regulation on internal control system is an internal document of the Joint-Stock Company “Tau-Ken Samruk” National Mining Company”, developed in accordance with the Charter of the Company, Corporate Governance Code, Code of Conduct and other internal documents of the Company and Regulations of the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
2. The Regulation determines the notion, aims and objectives of the internal control system, the functioning principles, the key areas and key components of internal control, internal control procedures in the implementation of the Company’s activities, the competence and responsibility of the subjects of the internal control for the implementation of internal control procedures and evaluation of the internal control system of the Company.
3. The Regulation also defines the responsibility of the Company for the provision of methodological and practical assistance for the organization of the internal control system, as well as for monitoring the effectiveness of internal control in subsidiaries of the Company.
4. The Regulation is designed for employees of all levels of management and operations of the Company, structural units, also recommended for subsidiaries of the Company.

Section 2. Terms, Definitions and Abbreviations

5. Terms and definitions applied in this Regulation:

Fund JSC «Samruk-Kazyna».

Business Process Logically complete set of interrelated activities, operations and processes with the involvement of various resources, implementing the policy of the Company in the field of management (managing business process), or core business (operational business process), or service of core business (auxiliary business process) in order to achieve the goals of the Company.

Owner of Business Process Head of the structural unit responsible for management of the process, which has at its disposal all the necessary resources to carry out the process (personnel, equipment, tools, operation environment, information, etc.), and is responsible for the efficiency and effectiveness of the process entrusted to him.

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| Subsidiaries | Subsidiaries and dependent companies of the Company. |
| The Committee of Sponsoring Organizations of the Treadway Commission (COSO) | Voluntary private organization established in the United States and designed to make appropriate recommendations for corporate governance on critical aspects of organizational management, business ethics, financial reporting, internal control, risk management of companies and anti-fraud. COSO has developed a general model of internal control, in comparison with which companies and organizations may assess their own management systems. According to survey of the magazine "Financial Director", conducted in 2006, 82% of respondents claimed that they used internal control model suggested by COSO. |
| Control Procedures (Procedures of Internal Control) | The set of actions and activities aimed at eliminating (reducing) the probability of risks and improvement of the system of internal control of the Company. The control procedures are an integral part of the business processes of the Company. |
| Control Environment | The general attitude of the Board of Directors, Management and the Sole Shareholder of the Company to the need of establishing and functioning of the internal control in the Company, understanding the importance of such a system by employees of the Company and taking actions in this regard. |
| The Company | Joint-Stock Company "Tau-Ken Samruk" National Mining Company". |
| Regulations | Regulations on internal control system of JSC "Tau-Ken Samruk" National Mining Company". |
| Reasonable Assurance | The approach, according to which internal control can provide the reasonable assurance of achieving the objectives of the Company, but can not give an absolute guarantee due to the inherent limitations of internal environment (for instance, the human factor, the use of the principle of the feasibility of implementing the control procedures, etc.). |
| Risk | The potential event (or coincidence) in the future, which, in the case of their implementation could have a material |

adverse effect on the Company in achieving the long-term and short-term goals.

Company Management CEO and members of the Management Board, Managing Directors of the Company.

Internal Control System The set of organizational policies, procedures, standards of conduct and actions, practices and internal controls established by Management and Board of Directors of the Company to ensure the effective internal control over financial and economic activities of the Company and aimed at achieving the objectives of the Company and minimizing the risks in the implementation of activities.

Testing (Effectiveness Evaluation) Control Procedures Checking the adequacy of the Company and the actual performance of the control procedures for warning, limits and prevention of the risks to which it is directed, carried out by evaluating the effectiveness of the design and assessment of the operating effectiveness of the control procedures.

Participants (Subjects) of Internal Control System The Board of Directors, the Audit Committee of the Board of Directors, CEO of the Management Board, Management Board of the Company, Internal Audit Service, the structural unit responsible for internal control and risk management, the Risk Committee of the Management Board of the Company, as well as officers and employees of the Company, its subsidiaries and dependent organizations responsible for the implementation of the control procedures responsible for the internal documents of the Company.

Section 3. Scope of Application

6. Requirements of this document are mandatory for all employees of the structural units of the Company involved in the internal control system.

Section 4. Regulatory References

7. The present document refers to the following documents:
- 1) Charter of the Company;
 - 2) Corporate Governance Code;
 - 3) Code of Conduct of the Company;

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4) Model Provisions on the internal control system of companies, more than fifty percent of voting shares (share of participation) which directly or indirectly owned by JSC “Samruk-Kazyna”, approved by the decision of the Management Board of JSC “Samruk-Kazyna”, dated December 13, 2013 (Minutes №67/13).

Section 5. Concept, Purposes, Objectives and Principles

8. The present Regulation determines the internal control as a process implemented by members of the internal control system in order to achieve the objectives in three key areas:

- 1) Operating activities;
- 2) Preparation of financial statements;
- 3) Compliance with regulatory and legislative requirements.

9. Internal control is aimed at ensuring the reasonable assurance in achieving the Company’s strategic and operational goals and is implemented by organizing the internal control system in the Company, whose main objectives are the following:

- 1) Improving the efficiency of operations;
- 2) Safeguarding the assets and the efficient use of resources;
- 3) Ensuring the completeness, reliability and accuracy of financial and management reporting;
- 4) Ensuring the completeness, reliability and accuracy of financial and management reporting;
- 5) Reducing the probability of risks and the size of potential losses (including losses, downgrade, etc.);
- 6) Control of the effective functioning of the main and auxiliary business processes and analysis of results of operations;
- 7) Assisting in the construction of an optimal organizational structure, etc.

10. The internal control system is an integral part of the corporate governance system, covering all the levels of management, all internal processes and operations of the Company.

11. The organization of the internal control system includes the construction of the management system of the Company that can quickly respond to the risks to control the main and auxiliary business processes and daily operations of the Company, as well as to the immediate notification of the appropriate level of management of any significant shortcomings and areas for improvement.

12. The reliable and efficient operation of the internal control system requires the involvement and constant interaction within the framework of the internal control of officers and employees of all levels of the Company.

13. The internal control system of the Company is based on the following principles:

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- 1) **Integrity** - the internal control system is an integral component of all levels of management of the Company;
- 2) **Complexity** - the internal control system covers all the activities of the Company, the control procedures are carried out in all the business processes of the Company at all levels of management;
- 3) **Continuity of functioning** - constant and proper functioning of the internal control that allows to prevent timely and detect any deviations from the planned data;
- 4) **Responsibility** - all subjects of the internal control system are responsible for the proper performance of control procedures within their powers enshrined in the internal regulations of the Company;
- 5) **Responsibilities** – the Company guides the principle of the **indivisibility of responsibilities** (responsibility for execution of each control procedures is for only one member of the internal control system) and **differentiation of control functions** (functions are distributed among officials and employees of the Company so that the same person is not responsible for the functions related to the approval of transactions with certain assets, including operations, safeguarding of assets and holding their inventory);
- 6) **Reporting of Participants of Internal Control System** - quality and timeliness of the tasks and responsibilities of each participant of internal control system is controlled by a higher member of the internal control system;
- 7) **Unity of Methodological Framework** - the common approach to the use of standards for internal control for all the subsidiaries and dependent organizations;
- 8) **Proper Approval and Approval of Operations** - the Company seeks to establish a procedure for approval of all business transactions by authorized bodies and persons within their respective powers;
- 9) **Timeliness of Transmission of any Significant Deficiencies and Weak Points of Control** - the Company should establish transfer of relevant information as soon as possible to bodies and/or persons authorized persons to make decisions on elimination of any significant deficiencies and control weaknesses;
- 10) **Continuous Development and Improvement** - the internal control procedures should be directed to the constant identification of gaps and areas for improvement in the existing internal control system, based on adapting to changes in internal and external conditions of functioning of the Company and new objectives, as well as the application of appropriate corrective measures and monitoring the implementation.

14. The internal control system is built in accordance with the model of COSO “Internal Control - Integrated model” and consists of five interrelated components:

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- 1) Control environment;
- 2) Risk assessment;
- 3) Control procedures;
- 4) Information and transmission;
- 5) Monitoring.

15. This Regulation provides the implementation of internal control procedures by officials and members of the internal control system for each key area in the context of five interrelated components.

16. Set out procedures and approaches described in this Regulation are required to follow by all the employees involved in the internal control of the Company. The following sections describe the general provisions of the work order and interaction within the Company's internal control.

Section 6. Responsibility

17. This Regulation delineates the authority of participants of the internal control system, depending on their role in the development, approval, implementation and evaluation of the efficiency of internal control system.

18. The Board of Directors of the Company in conjunction with the Management of the Company provides a control environment, expressing and demonstrating the significance, importance and necessity of internal control and observance ethic norms at all levels of activity to Company's employees.

19. The Board of Directors of the Company is responsible for the organization, monitoring and evaluation of the efficiency of internal control system with the use of a risk-based approach.

20. The Board of Directors of the Company approves the Regulations for internal control system, all changes and amendments to it and takes measures to improve the internal control system.

21. The Audit Committee of the Board of Directors of the Company is responsible for ensuring the reliability and efficiency of the internal control system and development of recommendations for further improvement.

22. The Company's management is responsible for development, implementation of Regulations for internal control system approved by the Board of Directors of the Company, reliable and efficient operation of the internal control system, monitoring of internal control system, process and internal control procedures improvement.

23. Owners of business processes are responsible for developing, documenting, implementing, monitoring and improvement of control procedures, maintaining the effective functioning of internal control system in accordance with their official duties entrusted to them under the business processes.

24. Structural unit responsible for internal control and risk management is responsible for provision of methodological support to owners of business processes in the development, documentation, implementation, monitoring and improvement of

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control procedures, the formation of the Action Plan to improve the internal control system, reporting on its implementation as well as for the implementation of decisions of the superior participants of internal control system within their competence.

25. The Internal Audit Service is responsible for the direct assessment of the efficiency of internal control system, the formation of and provision of corresponding reports to the Audit Committee and the Board of Directors of the Company.

26. The internal control system of the Company is an integral part of a common internal control system, created in the consolidated group of companies of the Fund. The Company shall take necessary measures for the development and approval of similar Regulations in its subsidiaries in the prescribed manner.

27. The Company provides technical and practical assistance to the subsidiaries on the formation of the internal control system in the prescribed manner.

28. The Company, including the use of the Company's rights as a shareholder to receive information, monitors the efficiency of internal control in subsidiaries in the prescribed manner.

CHAPTER 2. COMPONENTS OF INTERNAL CONTROL SYSTEM

Section 7. Control Environment

29. The control environment is the foundation for all the components of the internal control system and ensures a clear structure and discipline among the officers and members of the internal control system. The control environment includes the following:

- 1) Organizational structure;
- 2) Honesty and ethical standards;
- 3) Philosophy and management style;
- 4) Personnel policy;
- 5) Competence of personnel.

Section 8. Organizational Structure

30. The organizational structure of the Company in complies with international standards in the sphere of internal control and internal audit and provides for:

- 1) Audit Committee of the Board of Directors of the Company as supervisory authority for the internal control processes;
- 2) Internal Audit Service, which carries out an annual internal audit, evaluation of the efficiency of internal control system of the Company and preparation of report for the Audit Committee of the Board of Directors of the Company;
- 3) Structural unit, responsible for internal control and risk management;

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4) Collegial body on risk management in the form of the Risk Management Committee of the Management of the Company.

31. The Management of the is responsible for the development, and the Board of Directors of the Company is responsible for approval of a transparent, reliable and efficient organizational structure of the Company as well as its subsequent optimization and making changes in case of changes in the strategy of the Company, as well as taking into account external factors that have a significant impact on economic and financial situation of the Company.

32. Organizational structure of the Company must correspond to it strategic aims and objectives and provide for:

- 1) identification of related and consistent aims and objectives at different levels of the Company;
- 2) distribution and delegation of key powers and responsibilities in the Company, as well as the precise organization of the system of authority and subordination ("undivided authority");
- 3) unique regulation of employees' responsibility and criteria for their activities assessment;
- 4) an adequate system of internal reporting in order of accurate account of money spent and the results obtained;
- 5) assurance of effective collaboration of departments and employees of the Company.

33. The organizational structure of the Company should be regulated by internal regulatory documents disclosing the aims, objectives, duties, responsibilities, rights, authorities and powers of the bodies, officials, departments and employees of the Company.

Section 9. Honesty and Ethical Norms

34. The main values and basis of business ethics of the Company are competence, honesty, transparency and awareness of social responsibility. The Company shall implement the Code of Business Conduct that defines and reflects the vision and understanding of the principles of corporate business ethics by participants of the internal control system.

35. The Board of Directors of the Company and the Management of the Company provides a control environment, expressing and demonstrating the importance of internal control and observance ethic norms at all levels of activity to Company's employees.

36. The Board of Directors and Management of the Company shall take the necessary measures to remove or reduce incentives and reasons that may induce workers to unfair, illegal and unethical actions.

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37. The Management of the Company is responsible for the development and implementation of mechanisms that determine the procedure of training of employees in order to increase individual understanding of internal control and transmission of information between officials and employees.

Section 10. Philosophy and Management Style

38. The corporate values of the Company are the supreme values that reflect the mission and vision of the Company and set the philosophy and principles of relations both within the Company and with partners, the state and the Company as a whole.

39. The basic principle of the corporate activities of the Company is the democratic decision-making, which means decision-making based on the opinion of each employee, where everyone expresses their point of view.

Section 11. Personnel Policy

40. Personnel Policy is aimed at recruitment and retention of highly qualified and motivated employees.

41. The Board of Directors is responsible for approval of the optimal staffing levels, taking into account the number of workers required for the effective performance of objectives and continuous growth and development of the Company, as well as for the approval of the Personnel Policy of the Company.

42. The Management of the Company is responsible for the development and implementation of Personnel Policy of the Company, approval of optimal staffing levels and ensure the availability of, and compliance with approved standards and procedures for hiring, performance evaluation, compensation of employees, training, rotation of key personnel and other procedures related to the HR management, as well as providing data monitoring procedures.

43. Owners of business processes, responsible for Personnel Policy, are responsible for the actual execution of the recruitment process (carried out on a competitive basis), performance evaluation, compensation of employees, training, rotation of key personnel and other procedures related to the HR management and the provision of appropriate reporting to the Management of the Company.

Section 12. Competence of Employees

44. Competence of employees reflects the knowledge and skills necessary to perform assigned tasks and represents the basis for successful implementation of the strategic objectives of the Company. In this regard, the existence of effective and reliable procedures of hiring and training is an important activity of the Company and is being implemented in accordance with the Personnel Policy of the Company.

45. The Management of the Company is responsible for the development and approval of job descriptions of employees of the Company, in accordance with the

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staffing schedule of the Company, as well as their subsequent timely update/optimization.

46. The Management of the Company is responsible for the development and approval of procedures for the delegation of authority within the organizational structure, which determine the procedure for monitoring of the implementation of the objectives and provision of feedback to employees.

47. Owners of business processes are responsible for monitoring of the performance of official (functional) responsibilities of employees of the Company as defined in job descriptions, provision of feedback to employees and conduct of evaluations of employees' activities.

CHAPTER 3. RISK ASSESSMENT

Section 13. Risk Management System

48. The risk management process is an integral part of activities of the Company and its subsidiaries. This process is aimed at identification, evaluation and monitoring of all significant risks, as well as measures to reduce the level of risk that may adversely affect the operations and reputation of the Company.

49. The risk management system of the Company covers all financial, operational, strategic and legal risks and ensures the implementation of all the operations of the Company involving the occurrence of risks within the established limits and restrictions.

50. The Board of Directors provides a reliable, transparent and effective functioning of the risk management system and risk assessment in the Company.

51. The Board of Directors of the Company together with the Management Board shall review and approve risk maps, risk register, the matrix of risks and controls as well as reporting on risks of the Company.

52. Owners of business processes and internal control system participants, together with the structural unit responsible for internal control and risk management, shall provide assessment and identification of process risks at sites and are also responsible for the documentation of process risks identified in the risk and controls matrix.

53. Structural unit responsible for internal control and risk management provides methodological support in the identification and documentation of process risks and controls the quality of the information provided by the owners of the business processes.

54. Structural unit responsible for internal control and risk management, is responsible for carrying out the procedures for the identification of significant risks, the formation of risk maps and register, provision of timely reporting on risk management to the Board of Directors and the Management of the Company, documentation of all procedures within the framework of risk management.

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Section 14. Risk Management Policy

55. Risk management policies are designed to regulate the risk management and provides a set of core principles, measures and conditions of decision-making and other activities carried out in the Company.

56. The Board of Directors is responsible for approving the Risk Management Policy of the Company.

57. The Management of the Company is responsible for the development, implementation and control of the execution of the Risk Management Policy of the Company, which classifies the types of risks, methods and techniques of risk management. The main objectives of the Risk Management Policy are:

- 1) Continuous identification and assessment of all material risks that could have a negative impact on the achievement of the aims of the Company;
- 2) Development and implementation of a methodology to identify, prevent, and calculate the value of the impact of potential risks.

58. Structural unit, responsible for internal control and risk management, provides a classification of risks affecting the Company's operations, sets the limits and ratios for risks control at the level of acceptability, analysis of internal and external factors for predicting the likelihood of risks and provision of plans and recommendations within the framework of risk management.

CHAPTER 4. CONTROL PROCEDURES

Section 15. Control Procedures

59. Internal control procedures represent documented system of measures and actions to ensure effective internal control over the execution of aims, objectives and plans of the Company, identification and implementation of non-standard operations, as well as protection, control and prevention of risks and possible misconduct by officials and employees of the Company.

60. Control procedures are implemented at all levels of the Company and are subject to observance by all management bodies and employees of the Company.

61. The Board of Directors and the Management of the Company shall ensure the development, approval, formalization and documentation of control procedures in three key areas (operating activities, preparation of financial statements and compliance with legal and regulatory requirements), aimed at:

- 1) Reducing the probability of occurrence of possible risks;
- 2) Prevention of the occurrence of errors and/or determination of errors after they occur;
- 3) Identification and elimination of duplicate and redundant operations;
- 4) Identification of deficiencies and areas for improvement;
- 5) Further improvement of the internal control system.

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62. Structural unit, responsible for internal control and risk management, provides timely information regarding the identified process risks to the Internal Audit Service.

63. Structural unit, responsible for internal control and risk management, ensures the timely provision of methodological support for the owners of business processes in documentation of process risk and control procedures for the determination of primary and secondary business processes in matrixes of risks and controls and flowcharts of business processes.

64. Owners of business processes provide interaction with the structural unit responsible for internal control and risk management, with the identification of process risks and determination of control procedures. Within the framework of cooperation, such owners of business process develop / actualize the flowchart for their business processes with an indication of the process-level risks and control procedures, develop / actualize the risks and controls matrix in their business processes, plans activities for further improvement of the internal control.

65. The Internal Audit Service is responsible for testing of the operating efficiency of the control procedures and documentation of test results. Testing is carried out on the basis of the matrix of risks and controls provided by the structural unit responsible for internal control and risk management. On the basis of test results, the Internal Audit Service documents the identified deficiencies and areas for improvement and provide appropriate reports to the Audit Committee of the Board of Directors of the Company, as well as other interested parties in the Company.

66. Control procedures include the following:

- 1) Establishment of aims and objectives, powers and responsibilities of departments, employees and officials of the Company at all levels of the Company and assurance of their effective interaction;
- 2) Establishment of powers to authorize the operation: the approval and implementation of the operations by only those persons who are endowed with appropriate powers;
- 3) The division of responsibilities and absence of conflicts of interest in the performance of duties by officials and employees of the Company;
- 4) Establishment and maintenance of a reliable system of information provision and effective channels of communication between bodies, departments and employees of the Company;
- 5) Communication to all employees and officials of their responsibilities on observance of internal control and understanding of their role in the system of internal control;
- 6) Establishment of key performance indicators of the Company and individual key performance indicators for each employee of management personnel of the Company in accordance with the documents of the Company;

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- 7) Establishment of criteria and evaluation of the efficiency of bodies, departments and employees of the Company;
 - 8) Risk management in the Company;
 - 9) Monitoring of acquisition / disposal, restructuring of the Company's assets and the observance of property rights to them (safety of assets);
 - 10) Monitoring of the effective use of the resources of the Company;
 - 11) Monitoring of the implementation of the development plan and budget of the Company;
 - 12) Control over the implementation of investment projects;
 - 13) Control over the compliance of the financial and tax accounting, compilation and timely reporting of the Company (accounting, management, financial, tax and other);
 - 14) Control over compliance with requirements of the legislation of the Republic of Kazakhstan, the internal documents of the Company, as well as indications of public authorities;
 - 15) Control over the execution of the decisions taken by the Company;
 - 16) Control over implementation of the recommendations of the audit organization for audit of the annual financial statements of the Company, as well as the recommendations of the Internal Audit Service;
 - 17) Control over compliance with the established procedures of disclosure by the Company;
 - 18) Control over the maintenance of documentation procedure in the Company
 - 19) Annual assessment of the efficiency of internal control;
 - 20) Proper documentation of internal control procedures;
 - 21) Other procedures provided by internal documents of the Company.
67. Order of control procedure performance is characterized by the obligatory presence of the following elements:
- 1) Purpose of performing the control procedures (object and objectives of control);
 - 2) Executive person in charge (owner) of the control procedures;
 - 3) Order of actions performed in the framework of the control procedures;
 - 4) Frequency and deadline for the control procedure;
 - 5) Controls (hardware, IT systems, documents and reports);
 - 6) Result of the test procedure.

CHAPTER 5. INFORMATION AND TRANSMISSION

68. Information and transfer of information is the process of identifying, documenting, and timely delivery of necessary and relevant information to the attention of officials, as well as provides for a system of information support of the Company.

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Section 16. Information System

69. This Regulations establishes the processes of preparation, transfer, review and approval of policies and procedures within the framework of the internal control system, as well as the responsibility of the officials and participants of the internal control system for documenting of control procedures and exchange of information.

70. The Board of Directors is responsible for approval of the Information Security Policy and Regulations on confidential information and trade secrets. Additionally, the Board of Directors shall approve the procedure for the disclosure of information, a list of public documents and is responsible for the timely disclosure of material information in public sources.

71. The Board of Directors and the Management of the Company are responsible for the formation and maintenance of a system of information provision and exchange of information, including the following:

- 1) Organization of collection, processing and transmission of information, including the generation of reports and messages containing information of the Company for the three key areas (operating activities, preparation of financial statements and compliance with regulatory and legal requirements);
- 2) Organization of effective channels of communication to ensure vertical and horizontal communication links within the Company, as well as with its subsidiaries and affiliates and third parties;
- 3) Access to and integrity of information from internal and external sources;
- 4) Communication of existing policies and procedures, used in the Company to employees.

Section 17. Authority and Responsibilities of Participants of Internal Control System

72. This Regulation, according to the COSO model "Internal Control - Integrated Model", defines an approach to the construction of the internal control system, which provides for the involvement in the process of internal control of all officers and participant of the internal control system.

73. The Board of Directors and management of the Company provide direct and full access to the relevant documents of the internal control system.

74. The Audit Committee of the Board of Directors of the Company provides direct monitoring and coordination of the activities of the Internal Audit Service.

75. Structural unit, responsible for internal control and risk management, provides continuous and transparent cooperation with the Internal Audit Service; provides methodological support to owners of business processes as part of the internal control system and provides for the exchange and transfer of the necessary information.

76. Owners of business processes are responsible for creating / updating the risks and controls matrix, the formation of an action plan for further improvement of the

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internal control system, and monitoring of work on the internal control system in their respective business processes.

77. Risks and controls matrix shall include the following main fields:

- 1) Sub-process;
- 2) Code of risk;
- 3) Risk;
- 4) Code of control procedure;
- 5) Control procedure;
- 6) The document regulating the control procedure;
- 7) Participants of control procedure;
- 8) Frequency of control;
- 9) Type of control;
- 10) Basis for assessing the efficiency of control design;
- 11) Evaluation of the efficiency of control design.

78. Internal Audit Service ensures the development and formation of the annual audit plan in accordance with the approved internal normative documents regulating the organization of the internal audit of the Company, as well as develops plans to test the operating efficiency of the control procedures for the identified business processes.

79. Structural units, as well as subsidiaries, provide a full and transparent cooperation and the timely provision of the information requested by structural units responsible for risk management and internal control, in part of:

- 1) formation of risks and controls matrix;
- 2) test of efficiency of the control procedures design;
- 3) identification of deficiencies and areas for improvement on the basic and auxiliary business processes.

80. Individual functions within the system of internal control can be assigned to the specially created structural units of the Company or individual employees of the Company.

CHAPTER 6. MONITORING

Section 18. Monitoring and Feedback

81. Improvement of the internal control system, in addition to the elimination of all identified deficiencies by concerned departments also involves a continuous monitoring of the whole system to ensure its effective functioning.

82. Monitoring is the process of assessing the components of internal control that allows you to make sure that the company achieves its aims. Monitoring shall be carried out by officials within the operation activity or through periodic testing.

83. Monitoring of the internal control system includes the following:

- 1) Formation of the control procedures at all levels of the Company;

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- 2) Implementation of the annual audit plan of the Internal Audit Service;
- 3) Annual assessment of the efficiency of internal control system of the Company;
- 4) Daily monitoring of significant operations;
- 5) Communication of necessary information to the officials and owners of business process.

84. For the purpose of efficient and reliable operation of the system of internal control The Board of Directors and the Management of the Company provide procedures of continuous monitoring and feedback provision to participants of the system of internal control. Additionally, the Board of Directors of the Company provides the following measures:

- 1) support and interest from the part of officials;
- 2) identification of stages of work and responsible persons for each of them;
- 3) methodological equipment of the structural unit responsible for the internal control system;
- 4) existence of an independent and objective Internal Audit Service.

85. In accordance with the Regulations of the Internal Audit Service, the Internal Audit Service acts as part of the continuous monitoring of the internal control system of the Company and directly as part of the annual audit plan it assesses the internal control system as a whole and in the context of business processes to ensure its compliance with the aims, objectives and criteria, and provides recommendations for improving the internal control system.

86. The results of the Internal Audit Service on assessment of the internal control system should be reported to the Audit Committee and the Board of Directors of the Company under the relevant statements.

87. Reports of the Internal Audit Service should give the Audit Committee and the Board of Directors of the Company a balanced assessment of risks and efficiency of internal control system in respect of management of these risks in their respective fields of activity. Any significant deficiencies and weak points of control identified should be discussed in the report, including the impact they have had, will have or may have against the Company and the actions taken to eliminate them.

88. Assessing the reports during the year, the Audit Committee and Board of Directors of the Company shall:

- 1) Review the significant risks and assess how they are identified, assessed and managed;
- 2) Evaluate the efficiency of the internal control system to manage the significant risks relating, in particular, to any significant deficiencies and weak points of internal control, which are described in the report;
- 3) Consider whether to take immediate corresponding actions to correct the detected significant deficiencies and weak points of control;

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- 4) Determine whether there are indications showing the need for more intensive monitoring of the internal control system in the detected deficiencies and weak points of the control.

89. In case of absence of the Internal Audit Service, the Board of Directors of the Company shall ensure that the use of other process monitoring and control to confirm the view that the system of internal control operates in accordance with the requirements. In this case, the Board of Directors shall assess whether such a process has sufficient and objective assurance.

Section 19. Effectiveness Evaluation of Internal Control System

90. This section defines the basic aims and procedure for the assessment of the efficiency of internal control system, whose main aim is the continuous improvement of the internal control system

91. Evaluation of the efficiency of the internal control system is used to determine the likelihood of errors that affect the achievement of objectives and the accuracy of the statements of the Company, determination of the significance of these errors and the ability of the internal control system to provide the fulfillment of its aims and objectives.

92. Annual procedure assessment of internal control system efficiency provides for the direct involvement of officials and participants of the internal control system in the process.

93. The Board of Directors of the Company together with the Audit Committee of the Board of Directors of the Company is responsible for conducting annual assessments of the efficiency of internal control system. The Board of Directors should form its own opinions about its efficiency after due and careful study based on reported information and guaranties that have been provided by the Internal Audit Service, the Audit Committee of the Board of Directors and the Management of the Company.

94. The role of other committees of the Board of Directors of the Company in the evaluation of internal control system is determined by other Procedures of the relevant Committees of the Board of Directors of the Company and may depend on such key factors as the size and structure of the Company, the scale, diversity and complexity of the operations of the Company, the nature of the significant which the Company faces.

95. The Internal Audit Service shall assess the effectiveness of the internal control system in accordance with the methodology for assessment of the internal control system efficiency, approved by the Board of Directors or the sole shareholder of the Company.

96. The Internal Audit Service shall timely report on the evaluation of the efficiency of internal control system to the Audit Committee and the Board of Directors of the Company.

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97. Report on the assessment of the internal control system efficiency should contain a list of observations and recommendations, which is a description of the inconsistencies and deficiencies identified in the internal control system and recommendations for improving the internal control system based on the components and the evaluation criteria in accordance with international professional standards of internal auditing.

98. The Head of Internal Audit Service is responsible for:

- 1) Availability, completeness and accuracy of the information provided;
- 2) Implementation of work planning in assessing the internal control system efficiency;
- 3) Performance of activities in accordance with international professional standards of internal auditing.

99. The owners of business processes and participants of internal control system provide direct assistance to the Internal Audit Service in the evaluation of the internal control system efficiency.

100. The efficiency of the internal control system of the Company is evaluated according to the following rating scale:

Total Score of Efficiency of ICS:

Up to 20%
From 21% to 40%
From 41% to 60%
From 61% to 80%
Above 80%

Efficiency Rating:

No internal control
Low
Average
Above average
High

101. By the results of evaluation of the effectiveness of the internal control system, the Management of the Company provides development of an action plan to improve the system of internal control that contains specific measures in the context of the detected inconsistencies and deficiencies in the internal control system, the timing of their implementation and responsibilities of the participant of the internal control system.

102. Action Plan for the improvement of the internal control system approved by the Board of Directors of the Company is subject to prior review and approval by the Audit Committee of the Board of Directors of the Company.

Section 20. Report of Board of Directors of the Company on Internal Control

103. The Board of Directors is responsible for the disclosure of the information on internal control system in the annual report submitted to the sole shareholder of the Company, in which it shall:

- 1) Describe the current process for identification, evaluation and managing the significant risks faced by the Company;

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- 2) Indicate that the process was carried out during the year and was reviewed and updated (confirmed) by the date of approval of the annual report;
 - 3) Indicate that the process is evaluated regularly by the Board of Directors of the Company and meets the requirements of this Regulation, i.e. confirm its responsibility for internal control and evaluation of its efficiency, including an explanation that such a system presents only reasonable, but not absolute, assurance of material misstatement and loss.
104. Annual Report of the Board of Directors of the Company shall include:
- 1) Brief description of the process that it uses (where applicable, with the help of the Committees of the Board of Directors and the Internal Audit Service) to assess the efficiency of internal control in accordance with section 8 of this Regulation;
 - 2) Description of any measures taken by them for the work on the substantive aspects of any significant internal control problems which are reflected in the annual report;
 - 3) Ensure that the submitted report contains significant, objective, reliable and timely information of a high level;
 - 4) Additional information (if necessary) for the understanding of risk management processes and internal control system in the Company.
105. If the Board of Directors of the Company cannot disclose the information provided for in paragraph 102 herein, and did not assess the efficiency of internal control system, it should reflect this fact and provide a comment.
106. For consolidated group the assessment of the efficiency of internal control system and report to the Sole Shareholder of the Company is formed for the entire group as a whole. Assessment of the efficiency of internal control system for the consolidated group shall be made on the basis of reports (assessment) of relevant bodies of subsidiaries, and reports of the external auditors.
107. In the event that for the purposes of compliance with this Regulation the inclusion of subsidiaries in the consolidated group is not required in accordance with International Financial Reporting Standards, it should be disclosed in the report (control or influence is temporary).

CHAPTER 7. FINAL PROVISIONS

108. This Regulation and all amendments thereto shall be considered and approved by the Board of Directors.
109. Issues not regulated by these Regulations are governed by the laws of the Republic of Kazakhstan, decisions of the Board of Directors and other internal documents of the Company.
110. In case of changes in the law or regulations of the Republic of Kazakhstan and coming into conflict with the individual articles of the present Regulation, these

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articles become invalid and amendments to this Regulation on the system of internal controls should be guided by laws and regulations of the Republic Kazakhstan.

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