

JSC NC KazMunayGas First Quarter of 2021 Trading Update

Nur-Sultan, 12 May 2021 - Joint-stock (JSC) National Company (NC) KazMunayGas (“KMG” or “Company”), Kazakhstan's national vertically integrated oil and gas company, announces its operating results for the first quarter of 2021.

Highlights for first quarter of 2021:

- Oil and gas condensate production amounted to 5,318 thous. tonnes compared to 5,929 thous. tonnes in the first quarter of 2020;
- The volumes of oil and gas transportation amounted to 18,327 thous. tonnes of oil and 22,149 million m³ of gas, respectively, which is 1.0% and 21.8% lower than in the first quarter of 2020;
- Hydrocarbons refining volumes at the Kazakh and Romanian refineries remained practically unchanged and amounted to 4,662 thous. tonnes.

	1Q 2021 (net to KMG)	1Q 2020 (net to KMG)	%
Oil production, thous. tonnes	5,318	5,929	-10.3%
Gas production, mln m ³	2,058	2,260	-8.9%
Oil transportation, thous. tonnes	18,327	18,517	-1.0%
Gas transportation, mln m ³	22,149	28,320	-21.8%
Oil refining, thous. tonnes	4,662	4,660	-0.04%

Operational results of first quarter of 2021

Operating results presented in accordance with KMG's ownership interest in joint ventures and associates and 100% of results for consolidated subsidiaries, unless specifically indicated otherwise.

Upstream

The volume of oil and gas condensate production by KMG in the first quarter of 2021 amounted to 5,318 thous. tonnes (438 kbopd), showing a decrease of 10.3% compared to the first quarter of 2020. The volume of production of associated and natural gas decreased by 8.9% to 2,058 million m³.

Oil and condensate production, thous. tonnes	1Q 2021 (net to KMG)	1Q 2020 (net to KMG)	%
OMG	1,299	1,397	-7.1%
MMG	712	790	-9.9%
EMG	595	701	-15.2%
Tengiz	1,331	1,535	-13.3%
Kashagan	305	365	-16.6%
Karachaganak	279	285	-1.8%
Others	798	856	-6.8%
Total	5,318	5,929	-10.3%

Oil production at Tengiz decreased by 13.3% compared to the first quarter of 2020, amounting to 1,331 thousand tons (117 kbopd), and gas production declined by 11.9%, amounting to 741 million m³. A significant impact on the decline in oil production was made by the obligations assumed to limit production under the OPEC + agreement.

Oil production at Kashagan decreased by 16.6% to 305 thous. tonnes of oil (27 kbopd), while gas production decreased by 15.5% and amounted to 185 million m³. The decrease in production compared to the same period of the previous year was due to the assumed obligations to limit production under the OPEC + agreement.

Production of liquid hydrocarbons at Karachaganak decreased by 1.8% and amounted to 279 thous. tonnes (24 kbopd). Gas production amounted to 533 million m³ and decreased by 0.8% compared to the first quarter of 2020. The decline in production was due to restrictions on the intake of gas sent for processing to the Orenburg Gas Processing Plant. On March 20, 2021, after the successful completion of all construction, installation and commissioning works, an act of readiness for commissioning of the Project to remove production restrictions on gas (FOG project) was signed, which will provide an additional increase in the production of liquid hydrocarbons. The launch of the project is scheduled for June 2021 after the completion of production tests.

Oil production at operating assets decreased by 9.1% to 3,403 thous. tonnes (271 kbopd) and gas production decreased by 9.6% to 599 million m³. The decrease in production volumes was mainly due to the assumed obligations to limit production under the OPEC + agreement, as well as a natural decline at production at mature fields.

Midstream

The volume of oil trunk pipelines and sea transportation in the first quarter of 2021 decreased by 1.0% to 18,327 thousand tonnes¹.

Oil transportation, thous. tonnes	1Q 2021 (100%)	1Q 2021 (net to KMG)	1Q 2020 (net to KMG)	%
KazTransOil	10,238	10,238	10,510	-2.6%
Kazakhstan-China Pipeline	4,089	2,045	1,850	10.5%
MunaiTas ²	943	481	284	69.3%
Caspian Pipeline Consortium	14,779	3,067	3,514	-12.7%
Kazmortransflot	2,496	2,496	2,359	5.8%
Total	-	18,327	18,517	-1.0%

¹ Part of the volume of oil can be transported by two or three pipeline companies, and correspondingly these volumes are counted more than once in the consolidated volume of oil transportation.

² Munaitas is an equity-consolidated joint venture and transportation volumes are quoted at a 51% ownership interest.

The volume of oil transportation through trunk pipelines decreased by 2.0% and amounted to 15,830 thous. tonnes. The decrease in oil delivery volumes was due to the fulfillment of obligations by shippers to limit oil production under the OPEC + agreement. In turn, the overall reduction was partially offset by the restoration of the level of oil supplies from JSC CNPC-Aktobemunaigas to the pre-January 2020 level, when there was a decrease in oil supplies due to a critical excess of organochlorine compounds in oil, and also offset by an increase in oil transportation to the Shymkent refinery (PKOP).

Compared to the same period, the total volume of oil marine transportation in the first quarter of 2021 increased by 5.8%, mainly due to the growth in volumes in the Black Sea.

The volume of gas transported through the main gas pipelines of KMG in the first quarter of 2021 decreased by 21.8% to 22,149 million m³. The decrease was due to the reduction in transit flows of Russian gas by PJSC Gazprom through the territory of the Republic of Kazakhstan due to the commissioning of new gas transportation facilities and diversification of gas transportation routes to Russia. Along with this, there was a decrease in gas exports to China, as well as a decrease in the export of Karachaganak gas to Russia.

Gas transportation, mln m ³	1Q 2021 (100%)	1Q 2021 (net to KMG)	1Q 2020 (net to KMG)	%
Intergas Central Asia	14,038	14,038	20,531	-31.6%
Asia Gas Pipeline	10,865	5,433	5,178	4.9%
Beineu-Shymkent Gas Pipeline	3,819	1,910	1,813	5.3%
KazTransGas Aimak	769	769	798	-3.7%
Total	-	22,149	28,320	-21.8%

Trading

The volume of sales of KMG's own produced oil and gas condensate in the first quarter of 2021 decreased by 13.4% compared to the same period last year and amounted to 5,213 thous. tonnes, of which 64.8% was exported.

Supplies to the domestic market of own produced oil and gas condensate amounted to 1,836 thous. tonnes, including supplies of crude oil from operating assets (Ozenmunaigas, Embamunaigas, Kazakhturkmunai and Urikhtau Operating) in the amount of 996 thous. tonnes to the Atyrau and Pavlodar refineries for further oil refining and sale of oil products.

Sales of gas in the first quarter of 2021 slightly decreased by 1.7% compared to the first quarter of 2020 and amounted to 7,669 mln m³. The export of sales gas amounted to 1,707 mln m³, of which 93% was exported to China. Compared to the same period in 2020, there was a decrease in gas export volumes by 33.4%, due to the absence of an agreement by KazTransGas JSC for the supply of gas to Russia for 2021 and a decrease in exports to China, amid growing gas consumption in the domestic market.

Downstream

Hydrocarbon refining, thous. tonnes	1Q 2021 (net to KMG)	1Q 2020 (net to KMG)	%
Atyrau refinery	1,178	1,384	-14.9%
Pavlodar refinery	1,397	1,321	5.8%
Shymkent refinery ¹	681	590	15.5%
Caspi Bitum	72	53	35.2%
Petromidia	1,265	1,240	2.0%
Vega	69	72	-4.4%
Total	4,662	4,660	0.04%

¹ Shymkent refinery processing volume is indicated at a share of 50%

For the first quarter of 2021, the total refining volume compared to the first quarter of 2020 remained practically unchanged and amounted to 4,662 thous. tonnes:

- Refining volumes at Kazakh refineries decreased by 0.6% and amounted to 3,328 thous. tonnes. At the same time, the volumes at Atyrau Refinery decreased by 14.9%, due to a

series of deep drawdowns in electricity at the beginning of the year. While at the rest of Kazakh refineries there was an increase in refining volumes, among which the largest increase by 15.5% was observed at PKOP due to additional utilisation to compensate for interruptions at the Atyrau Refinery;

- The volume of refining at the KMG International refineries (Petromidia, Vega) in Romania amounted to 1,334 thous. tonnes, the growth was insignificant, only 1.6% higher than in the first quarter of 2020.

In the first quarter of 2021, the volume of oil product production at Kazakh and Romanian refineries increased by 1.5% and amounted to 4,294 thous. tonnes:

- Kazakh refineries produced 2,998 thous. tonnes of oil products, which is 1.5% more than last year. There was a stable recovery in demand for petroleum products to levels before the pandemic;
- Plants of KMG International (Petromidia, Vega) produced 1,296 thous. tonnes of oil products, which is 1.5% higher than in the first quarter of 2020.

For further information, please visit <http://www.kmg.kz/>

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About JSC National Company KazMunayGas:

JSC National Company KazMunayGas (KMG) is Kazakhstan's leading vertically integrated oil and gas company, operating assets across the entire production cycle from the exploration and production of hydrocarbons to transportation, refining and specialized services. Established in 2002, the company represents Kazakhstan's interests in the national oil and gas industry.

KMG's main assets are as follows:

Upstream: Ozenmunaigas (OMG) - 100%, Embamunaigaz (EMG) - 100%, KazakhTurkmunai (KTM) - 100%, KazMunayTeniz - 100%, Urikhtau (UO) – 100%, Mangistaumunaigaz (MMG) - 50%, Kazgermunai (KGM) - 50%, Karazhanbasmunai (KBM) - 50%, KazakhOil Aktobe (KOA) - 50%, Petrokazakhstan Inc (PKI) - 33%, Tengizchevroil (TCO) - 20%, Karachaganak (KPO) - 10%, Kashagan – 8.44%.

Midstream: KazTransOil - 90%, Kazakhstan China Pipeline (KCP) - 50%, Munai Tas - 51%, Batumi Oil Terminal - 100%, Caspian Pipeline Consortium (CPC) - 20.75%, Kazmortransflot - 100%, KazTransGas - 100%, Intergas Central Asia (ICA) - 100%, Asia Gas Pipeline (AGP) - 50%, KazTransGas Aimak - 100%, Beineu-Shymkent Gas Pipeline (BSGP) - 50%, KazRosGas - 50%.

Downstream: Pavlodar refinery - 100%, Atyrau refinery – 99,53%, Shymkent refinery– 49,72%, KMG International - 100%, Petromidia – 54,63%, Vega – 54,63%.