
Press release*Astana, June 25, 2019***"KazTransOil" JSC announces about the discussion with "Transneft" PJSC of compensation mechanism for the shipment of substandard crude oil**

Dimash Dosanov, General Director of "KazTransOil" JSC, and Nikolay Tokarev, President of "Transneft" PJSC, reached an agreement during the meeting of the Board of the International Association of Oil Transporters held in St. Petersburg (Russia) on June 20, 2019, on compensation to Kazakhstani oil shippers for substandard crude oil shipped from the port of Ust-Luga.

"KazTransOil" JSC being the National Operator for Oil Pipelines has to ensure the interests of the Republic of Kazakhstan and oil shippers of Kazakhstan when transporting oil by the Company's oil pipeline system," - noted Dimash Dosanov. "The operators of oil pipelines for the first time faced the problem of oil pollution by organochlorine. I believe that Transneft responded professionally, did everything possible to eliminate the consequences. We have reached an agreement with Russian partners on compensation for the shipment of substandard crude oil in the port of Ust-Luga".

The General Director of "KazTransOil" JSC noted that "Transneft" PJSC offered a compensation mechanism that would significantly simplify calculations and payments of compensation for substandard oil. «Transneft» PJSC will present the details of the proposed mechanism and the amount of compensation to the interested parties in the prescribed manner.

For reference:

In April-May 2019, an emergency situation developed in the trunk oil pipeline system of "Transneft" PJSC caused by high content of organic chloride compounds in the transported crude oil, which led to the shipment of substandard oil for Kazakhstani shippers to tankers in the port of Ust-Luga. According to the information notification by "Transneft" PJSC, the situation occurred at the result of inclusion of crude oil with the involvement of a chemical reagent with a high level of organic chlorides into the Druzhba trunk oil pipeline in the process of transshipment of crude oil from shippers into the trunk oil pipelines system of "Transneft" PJSC.

For its part, "KazTransOil" JSC ensured the delivery of resources of Kazakhstani oil producers to the trunk pipeline system of "Transneft" PJSC for the purpose of shipment in the port of Ust-Luga in full and of adequate quality. The volume of substandard oil of Kazakhstani oil producers shipped through this port is being estimated.

IR Service**"KazTransOil" JSC**