

JSC NC KazMunayGas 1H of 2022 Trading Update

Nur-Sultan, 5 August 2022 - 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 half of 2022.

Highlights for the first half of 2022:

- Oil and gas condensate production increased by 0.3% and amounted to 10,774 thous. tonnes;
- Oil transportation volumes increased by 0.6% and amounted to 37,157 thous. tonnes;
- Hydrocarbons refining volumes at the Kazakh and Romanian refineries cumulatively increased by 0.2% and amounted to 9,721 thous. tonnes.

	1H 2022 (net to KMG)	1H 2021 (net to KMG)	%
Oil production, thous. tonnes	10,774	10,738	0.3%
Gas production, mln m ³	4,110	4,079	0.8%
Oil transportation, thous. tonnes	37,157	36,949	0.6%
Oil refining, thous. tonnes	9,721	9,704	0.2%

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

Upstream

Oil and gas condensate production volume for the first half of 2022 amounted to 10,774 thous. tonnes (447 kbopd) representing an increase by 0.3% compared to the same period of previous year. Production volume of natural and associated gas raised by 0.8% to 4,110 mln m³.

Oil and condensate production, thous. tonnes	1H 2022 (net to KMG)	1H 2021 (net to KMG)	%
OMG	2,501	2,629	-4.8%
MMG	1,474	1,445	2.0%
EMG	1,267	1,213	4.5%
Tengiz	2,867	2,707	5.9%
Kashagan	601	613	-2.0%
Karachaganak	549	539	1.8%
Others	1,514	1,591	-4.8%
Total	10,774	10,738	0.3%

Oil production at Tengiz increased by 5.9% compared to the first half of last year, amounting to 2,867 thous. tonnes (126 kbopd). Associated gas production also increased by 6.2%, amounting to 1 599 mln m³. The increase in production was due to easing of restrictions under the OPEC+ agreement.

Oil production at Kashagan decreased by 2.0% due to a complete shutdown of production facilities at the offshore and onshore complexes for scheduled overhaul from June 1 to July 5, as a result of which the volume of production at the share of KMG in the first half of this year decreased to 601 thous. tonnes (26 kbopd). Associated gas production decreased by 0.5% and amounted to 372 mln m³.

Oil and condensate production at Karachaganak increased by 1.8% and amounted to 549 thous. tonnes (24 kbopd). Gas production increased by 4.7% and amounted to 1,051 mln m³. The increase in production was due to the commissioning of the 4th gas re-injection compressor and an increase in gas processing.

The volume of oil and condensate production at operating assets decreased by 1.8% to 6,757 thous. tonnes (270 kbopd). The decline in oil and condensate production in the first half of the year was mainly due to the repeated emergency power outages by the utility company serving production facilities of Ozenmunaigas and a natural decline in production levels at mature fields, at the same time, the decline in volumes was slightly offset by an increase in production at the Embamunaigas fields due to the commissioning of the new horizontal wells. Gas production decreased by 9.0%, amounting to 1,088 million m³ mainly due to the transfer of JSC "KazTransGas" (JSC NC "QazaqGaz") in November 2021, which owns the gas production asset Amangeldy Gas.

Midstream

The volume of oil trunk pipelines and sea transportation in the first half of 2022 increased by 0.6% compared to the same period of the last year and amounted to 37,157 thous. tonnes¹.

Oil transportation, thous. tonnes	6M 2022 (100%)	6M 2022 (net to KMG)	6M 2021 (net to KMG)	%
KazTransOil	19,959	19,959	20,428	-2.3%
Kazakhstan-China Pipeline	9,727	4,864	4,211	15.5%
MunaiTas ²	2,622	1,337	979	36.6%
Caspian Pipeline Consortium	30,482	6,325	6,236	1.4%
Kazmortransflot	4,673	4,673	5,095	-8.3%
Total		37,157	36,949	0.6%

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 in the first half of 2022 increased by 2.0% and amounted to 32,485 thous. tonnes. There was a growth in the volumes of oil supplied by MunaiTas and Kazakhstan-China Pipeline due to an increase of the volumes towards Kazakhstan's refineries to ensure the required refining volumes in the domestic market. At the same time, export volumes of KazTransOil decreased due to natural decline in oil production at mature fields and also due to the oil redistribution by shippers through the pipelines of the Caspian Pipeline Consortium and the Kazakhstan China Pipeline.

Compared to the same period, the total volume of oil transportation by sea in the first half of 2022 decreased by 8.3% to 4,673 thous. tonnes, affected by lower volumes in the Black Sea due to the overhaul of the Petromidia refinery, as well as reduction of crude oil supply because of adverse weather conditions in the Black Sea.

Trading

Sales volumes of KMG's own produced oil and gas condensate for the first half of 2022 slightly decreased by 0.2% and amounted to 10,811 thous. tonnes, of which 61.1% was exported.

Supplies of own produced oil and gas condensate volumes to the domestic market amounted to 6,796 thous. tonnes, including deliveries of crude oil from operating assets (Ozenmunaigas, Embamunaigas, Kazakhturkmunai and Urikhtau Operating) in the amount of 2,484 thous. tonnes to Atyrau, Shymkent and Pavlodar refineries for further oil refining and sales of oil products.

Downstream

Hydrocarbon refining, thous. tonnes	6M 2022 (net to KMG)	6M 2021 (net to KMG)	%
Atyrau refinery	2,681	2,587	3.6%
Pavlodar refinery	2,839	2,876	-1.3%
Shymkent refinery ¹	1,518	1,105	37.3%
Caspi Bitum	211	222	-5.0%
Petromidia	2,310	2,726	-15.3%
Vega	163	188	-13.3%
Total	9,721	9,704	0.2%

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

For the first half of 2022, the total volume of hydrocarbon processing slightly increased by 0.2% compared to the same period in 2021 and amounted to 9,721 thous. tonnes:

- At Kazakhstani refineries, the volume of hydrocarbon processing increased by 6.8% and amounted to 7,248 thous. tonnes. The increase in refining volumes was due to the shutdown of production at Shymkent refinery in May-June last year for a scheduled overhaul, as well as the shutdown of production at the Atyrau Refinery in the same period last year due to voltage drops in electrical networks;
- The volume of refining at the KMG International refineries (Petromidia, Vega) in Romania dropped by 15.1% and amounted to 2,473 thous tonnes. The decrease in processing volumes is associated with the shutdown of the Petromidia plant for scheduled repairs this spring, as well as due to disruptions in crude oil supply because of adverse weather conditions in the Black Sea.

For the first half of 2022 the volume of production of oil products at Kazakh and Romanian refineries almost unchanged and amounted to 8,760 thous. tonnes:

- Kazakhstani refineries produced 6,340 thous. tonnes of oil products, which is 6.3% more than the same period of last year, due to the growing demand for light oil products in the domestic market, as well as an increase in the share of Buzachi heavy oil loading at Shymkent refinery for the production of dark oil products;
- Refineries of KMG International (Petromidia, Vega) produced 2,420 thous. tonnes of oil products, which is 14.3% lower than in the first half of 2021 due to a corresponding decrease in refining volumes at the Petromidia refinery in Romania.

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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%, KazakhTurkmenai (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 (Tengiz) – 20%, Karachaganak – 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%.

Downstream and other: Pavlodar refinery – 100%, Atyrau refinery – 99.53%, Shymkent refinery – 49.72%, KMG International – 100%, Petromidia – 54.63%, Vega – 54.63%, KazRosGas – 50%, Kazakhstan Petrochemical Industries Inc. – 49.5%