

27 February 2024

JSC NC KazMunayGas 2023 Trading Update

Astana, 27 February 2024 - Joint-stock (JSC) National Company (NC) KazMunayGas (“KMG” or “Company”), Kazakhstan's national oil and gas company, announces its operating full year results for 2023.

Magzum Mirzagaliyev, Chairman of the Management Board of KMG:

"The company successfully continues its strategic course and achieves planned goals, the implementation of which is in the interests of all KMG stakeholders, including shareholders and investors, employees and partners, regions of operations and the country as a whole.

As part of the initiative to increase gas production at operating and exploration assets, we managed to launch three new fields in the reporting year. In May, we launched the Aksai Yuzhny field, in early December the Vostochny Urikhtau field, and completed 2023 with the commissioning of the Rozhkovskoye field.

At the end of November 2023, the deal to acquire a 60% stake from the French TotalEnergies in the Dunga oil and gas field, located in the Mangistau region, was completed. Oil production at the field for the reporting year amounted to 547 thous. tonnes, of which KMG's share since entering the project is 40 thous. tonnes.

As part of the development of the trans-Caspian international transport route, we have started transporting oil towards Baku and further to the Baku-Tbilisi-Ceyhan oil pipeline, through which about 1 mln tonnes were shipped in 2023. Also, as part of the diversification of routes, we began transporting oil through the Atyrau-Samara oil pipeline and further through Transneft pipelines in the direction of Germany. At the end of 2023, we supplied about 1 mln tonnes of oil to Germany.

A significant event in January of the reporting year was the creation of a joint venture with partners from the United Arab Emirates, the Abu Dhabi Ports company, and the acquisition of two tankers Taraz and Liwa with a deadweight of 8 thous. tonnes. They are already involved in transporting Kazakh oil in the Caspian Sea.

Also, among the strategic goals, the Company systematically implements the planned tasks in the field of sustainable development, including its low-carbon development programme. For example, we are completing a feasibility study on the Mirny wind farm project with a capacity of 1 GW with Total Eren. Tender procedures for the selection of a contractor for the construction of facilities are planned for the hybrid power plant with Eni this year."

Highlights for 2023 compared to 2022:

- KMG's proven and probable hydrocarbon reserves (2P) increased by 3.7% and amounted to 733 mln tonnes of oil equivalent;
- Oil and gas condensate production increased by 6.9% and amounted to 23,532 thous. tonnes;
- Oil transportation volumes increased by 7.6% and amounted to 80,359 thous. tonnes;
- Hydrocarbons refining volumes at the Kazakh and Romanian refineries amounted to 19,593 thous. tonnes compared to 19,900 thous. tonnes.

	2023 (net to KMG)	2022 (net to KMG)	%
Proved plus Probable (2P), mln. toe	733	707	+3.7%
Oil production, thous. tonnes	23,532	22,012	+6.9%
Gas production, mln m ³	9,459	8,241	+14.8%
Oil transportation, thous. tonnes	80,359	74,658	+7.6%
Oil refining, thous. tonnes	19,593	19,900	-1.5%

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.

Hydrocarbon reserves

According to reserves report prepared in compliance with international PRMS standards by the international independent firm DeGolyer&MacNaughton, KMG's proved plus probable hydrocarbon reserves (2P) amounted to 733 mln tonnes of oil equivalent (5,680 mln boe) as of 31 December 2023. Compared to 2022, the level of 2P reserves increased by 3.7%. The growth in indicators was due to the actual measures taken to increase the volume of geological and technical measures, drilling wells and changing development plans aimed at replenishing production at operating assets, as well as clarifying the development plans at Kashagan and Karachaganak fields.

Net reserves under PRMS as of 31 December 2023

Reserves, mln toe	2023 (net to KMG)	2022 (net to KMG)	%
Proved (1P)	507	486	+4.4%
Proved plus Probable (2P)	733	707	+3.7%
Proved plus Probable plus Possible (3P)	842	816	+3.3%

Reserves, mln boe	2023 (net to KMG)	2022 (net to KMG)	%
Proved (1P)	3,943	3,775	+6.7%
Proved plus Probable (2P)	5,680	5,478	+3.7%
Proved plus Probable plus Possible (3P)	6,502	6,294	+3.3%

Upstream

Oil and gas condensate production volume for 2023 amounted to 23,532 thous. tonnes (486 kbopd) representing an increase of 6.9%. Production volume of associated and natural gas raised by 14.8% to 9,460 mln m³.

Oil and condensate production, thous. tonnes	2023 (net to KMG)	2022 (net to KMG)	%
OMG	4,877	5,096	-4.3%
MMG	3,075	3,049	+0.9%
EMG	2,722	2,581	+5.5%
Tegniz	5,779	5,836	-1.0%
Kashagan ¹	3,108	1,402	+121.8%
Karachaganak	1,086	1,013	+7.1%
Others	2,885	3,036	-5.0%
Total	23,532	22,012	+6.9%

¹ KMG's share in the project increased to 16.88% after 15 September 2022

Oil production at Tengiz decreased by 1.0% and amounted to 5,779 thous. tonnes (126 kbopd). The decrease in production was due to the suspension of oil intake from the CPC oil intake system during scheduled maintenance of the oil pipeline and shutdowns of the marine terminal due to adverse weather conditions in the fourth quarter of 2023. Associated gas production decreased by 0.9%, and amounted to 3,202 mln m³.

Oil production at Kashagan for the share of KMG amounted to 3,108 thous. tonnes (68 kbopd), showing an increase of 121.8%, gas production amounted to 1,963 mln m³, an increase of 123.8%. The increase in production was mainly due to an increase in KMG's share in the project from 8.44% to 16.88% as a result of the completion of the transaction for the repurchase of a 50% stake in KMG Kashagan BV from Samruk-Kazyna in September 2022, as well as due to the shutdown of production in the summer of 2022 and capital and restoration work repairs of marine and land complexes.

Oil and condensate production at Karachaganak increased by 7.1% and amounted to 1,086 thous. tonnes (23 kbopd). Gas production increased by 15.1% and amounted to 2,239 mln m³. The increase in the possibility of receiving sour gas from the Orenburg Gas Processing Plant led to an increase in oil and condensate production.

The volume of oil and condensate production at operating assets decreased by 1.5% to 13,559 thous. tonnes (269 kbopd). Emergency power outages and capacity limitations by the Mangystau Nuclear Power Plant (MAEK) from July to September of the reporting year significantly affected the decline in production at the Ozenmunaigas fields and a number of other fields. Also, a decrease in production was observed in mature fields as a result of a natural drop in production. At the same time, the decline was partially offset by an increase in oil production at Embamunaigas, where successful geological and technical measures were carried out at mature fields and the Eastern Wing of the S. Nurzhanov field and the UAZ Severnoye were put into development.

In November 2023, the acquisition of KMG from TotalEnergies EP Danmark A/S (a subsidiary of TotalEnergies S.E.) of 100% of shares in the authorized capital of Total E&P Dunga GmbH, which owns the right of subsurface use in the Dunga project, was completed. Thus, KMG's share in the Dunga subsoil use project became 60%. The Dunga oil and gas field is located in the Tupkaragan district of the Mangystau region. The deposit was discovered in 1966. Geological reserves amount to 93 mln tonnes of oil and more than 7 bln cubic meters of gas.

Three gas projects were launched in the reporting year. On May 10, 2023, Kazgermunai began supplying gas from the Aksai Yuzhny field. The field is being developed by Kazgermunai, where JSC NC KazMunaiGas owns 50%.

On November 29 of the reporting year, Urikhtau Operating, with 100% KMG participation, commissioned the East Urikhtau field, which was the first in the Republic of Kazakhstan to use the Improved Model Contract.

On December 21, 2023, Ural Oil and Gas, 50% of which belongs to KMG, put into commercial operation the Rozhkovskoye gas condensate field in the West Kazakhstan region.

Midstream

The total volume of oil trunk pipelines and sea transportation increased by 7.6% to 80,359 thous. tonnes.

Oil transportation ¹ , thous. tonnes	2023 (100%)	2023 (net to KMG)	2022 (net to KMG)	%
KazTransOil	44,188	44,188	40,656	+8.7%

Kazakhstan-China Pipeline	18,806	9,403	9,618	-2.2%
MunaiTas ²	5,527	2,819	2,859	-1.4%
Caspian Pipeline Consortium	63,474	13,171	12,183	+8.1%
Kazmortransflot	10,778	10,778	9,343	+15.4%
Total	-	80,359	74,658	+7.6%

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 increased by 6.5% and amounted to 69,581 thous. tonnes. The growth is due to an increase in the transportation of oil for export through the KazTransOil system towards Germany, the shipment of oil through the port of Aktau in the direction of Baku-Tbilisi-Ceyhan, as well as an increase in the delivery of oil from the Kashagan field to the CPC system.

The total volume of offshore oil transportation in the reporting year increased by 15.4% to 10,778 thous. tonnes. The increase in transportation volumes was mainly due to an increase in the export of Kazakh oil along the route Aktau port - Baku port and further along the Baku-Tbilisi-Ceyhan oil pipeline.

Trading

Sales volumes of KMG's own produced oil and gas condensate increased by 7.1% and amounted to 23,695 thous. tonnes, of which 64.9% was exported.

Supplies of own produced oil and gas condensate volumes to cover the needs of the domestic market amounted to 8,311 thous. tonnes, including deliveries of crude oil from operating assets (Ozenmunaigas, Embamunaigas, Kazakhturkmunai and Urikhtau Operating) in the amount of 4,980 thous. tonnes to Atyrau, Pavlodar and Shymkent refineries for further oil refining and sales of oil products.

Downstream

Hydrocarbon refining, thous. tonnes ¹	2023 (net to KMG)	2022 (net to KMG)	%
Atyrau refinery	5,475	5,224	+4.8%
Pavlodar refinery	5,434	5,480	-0.9%
Shymkent refinery	2,870	3,103	-7.5%
Caspi Bitum	427	461	-7.4%
Petromidia	5,012	5,258	-4.7%
Vega	374	373	+0.4%
Total	19,593	19,900	-1.5%

¹Shymkent refinery and Caspi Bitum refining volumes are indicated at a share of 50%, other refineries – 100%.

The total volume of hydrocarbon processing compared to the same period in 2022 decreased by 1.5% and amounted to 19,593 thous. tonnes:

- The volume of hydrocarbon refining at Kazakh refineries decreased by 0.4% and amounted to 14,206 thous. tonnes. The reduction in processing occurred mainly at the Shymkent refinery due to a decrease in load in the middle of the reporting year on the back of unscheduled repairs of the heat exchanger at the catalytic reforming and catalyst regeneration plant. The increase in refining volumes at the Atyrau refinery partially offset the decrease in the volumes at the Shymkent refinery.
- The refining volume at KMG International's plants (Petromidia, Vega) in Romania decreased by 4.3% and amounted to 5,387 thous. tonnes. The reduction in the volume of

processing occurred after the incident at the soft hydrocracking plant in mid-summer 2023. Restoration work continues at the facility, the completion of which has been postponed to the end of the first quarter of 2024, due to the large volume of repair work on the restoration of reactors related to ensuring the integrity of equipment and further safe operation of the facility.

The volume of production of oil products at Kazakh and Romanian refineries decreased by 2.7% and amounted to 18,138 thous. tonnes:

- Kazakhstani refineries produced 12,951 thous. tonnes of oil products, which is 1.3% less than the same period in 2022 due to a decrease in load at the Shymkent refinery;
- KMG International refineries (Petromidia, Vega) produced 5.3% less of oil products with total production of 5,221 thous. tonnes compared to 5,512 thous. tonnes year-on-year.

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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%, Embamunaigas (EMG) – 100%, KazakhTurkmenai (KTM) – 100%, KazMunayTeniz – 100%, Urikhtau (UO) – 100%, Dunga – 60%, Ural Oil and Gas (UOG) – 50%, Mangistaumunaigas (MMG) – 50%, Kazgermunai (KGM) – 50%, Karazhanbasmunai (KBM) – 50%, KazakhOil Aktobe (KOA) – 50%, PetroKazakhstan Inc (PKI) – 33%, Tengizchevroil (Tengiz) – 20%, Karachaganak – 10%, Kashagan – 16.88%.

Midstream: KazTransOil – 90%, Kazakhstan China Pipeline (KCP) – 50%, Munai Tas – 51%, Batumi Oil Terminal – 100%, Caspian Pipeline Consortium (CPC) – 20.75%, Kazmortransflot – 100%.

Downstream: Pavlodar refinery – 100%, Atyrau refinery – 99,53%, Shymkent refinery – 49,72%, Caspi Bitum – 50%, KMG International – 100%, Petromidia – 54,63%, Vega – 54,63%, KazRosGas – 50%, Kazakhstan Petrochemical Industries Inc – 49.5%.