

JSC NC KazMunayGas 9M of 2022 Trading Update

Astana, 27 October 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 nine months of 2022.

Highlights for the nine months of 2022 compared to the same period of the last year:

- Oil and gas condensate production increased by 0.9% and amounted to 16,060 thous. tonnes;
- Oil transportation amounted to 55,085 thous. tonnes compared to 55,727 thous. tonnes in the same period last year;
- Hydrocarbons refining volumes at the Kazakh and Romanian refineries increased by 5.8% and amounted to 14,896 thous. tonnes.

	9M 2022 (net to KMG)	9M 2021 (net to KMG)	%
Oil production, thous. tonnes	16,060	15,923	+0.9%
Gas production, mln m ³	5,942	5,860	+1.4%
Oil transportation, thous. tonnes	55,085	55,727	-1.2%
Oil refining, thous. tonnes	14,896	14,083	+5.8%

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 nine months of 2022 amounted to 16,060 thous. tonnes (441 kbopd) representing an increase by 0.9% compared to the same period of previous year. Production volume of natural and associated gas raised by 1.4% to 5,942 mln m³.

Oil and condensate production, thous. tonnes	9M 2022 (net to KMG)	9M 2021 (net to KMG)	%
OMG	3,805	3,988	-4.6%
MMG	2,258	2,192	+3.0%
EMG	1,921	1,855	+3.5%
Tengiz	4,302	3,786	+13.6%
Kashagan	734	952	-22.9%
Karachaganak	768	768	0.0%
Others	2,273	2,382	-4.6%
Total	16,060	15,923	+0.9%

Oil production at Tengiz increased significantly by 13.6% and amounted to 4,302 thous. tonnes (126 kbopd). Associated gas production also increased significantly by 18.8%, amounting to 2 394 mln m³. The increase in production was due to removal of restrictions under the OPEC+ agreement.

Oil production at Kashagan decreased to 734 thous. tonnes (21 kbopd) due to complete shutdown of production facilities at the offshore and onshore complexes for repair and restoration work after the discovery of a gas leak in August this year. Associated gas production decreased and amounted to 451 mln m³.

Oil and condensate production at Karachaganak did not change and amounted to 768 thous. tonnes (22 kbopd). Gas production increased by 5.3% and amounted to 1,479 mln m³. The increase in gas production was due to the commissioning of the 4th gas re-injection compressor and an increase in volume of gas processing.

The volume of oil and condensate production at operating assets decreased by 1.5% to 10,256 thous. tonnes (272 kbopd). The decline in oil and condensate production in the nine months of this year was due to emergency power outages by the utility company serving Ozenmunaigas, and a natural drop in production levels at some mature fields. At the same time, the decrease in oil production at operating assets was partially offset by an increase in production of 3.5% at Embamunaigas and 3.0% at Mangystaumunaigas. Gas production decreased to 1,618 million m³ mainly due to the transfer of JSC KazTransGas (JSC NC QazaqGaz) to JSC “Samruk- Kazyna” in November 2021, which includes the gas production asset Amangeldy Gas.

Midstream

The volume of oil trunk pipelines and sea transportation in the nine months of 2022 decreased by 1.2% and amounted to 55,085 thous. tonnes compared to the same period of the last year.

Oil transportation ¹ , thous. tonnes	9M 2022 (100%)	9M 2022 (net to KMG)	9M 2021 (net to KMG)	%
KazTransOil	30,003	30,003	30,824	-2.7%
Kazakhstan-China Pipeline	14,258	7,129	6,515	+9.4%
MunaiTas ²	4,052	2,067	1,554	+33.0%
Caspian Pipeline Consortium	43,349	8,995	9,109	-1.3%
Kazmortansflot	6,892	6,892	7,726	-10.8%
Total	-	55,085	55,727	-1.2%

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 slightly increased by 0.4% and amounted to 48,193 thous. tonnes. There was a change in the volume of oil transportation by directions, namely in the growth of pipelines volumes in the direction of Kazakhstan’s refineries to ensure the production of required oil products volumes in the domestic market. At the same time, export volumes of oil transportation through KazTransOil decreased due to natural decline in oil production at mature fields and also due to the oil redistribution by shippers to the domestic market and to the pipeline of the Caspian Pipeline Consortium.

Compared to the same period last year, the total volume of oil transportation by sea decreased by 10.8% to 6,892 thous. tonnes, mainly affected by lower oil transportation volumes in Mediterranean Sea due to the growth of oil supply to the domestic market, which thereby decreased export volumes by Kazakh oil shippers.

Trading

Sales volumes of KMG's own produced oil and gas condensate for the nine months of 2022 increased by 1.1% and amounted to 16,318 thous. tonnes, of which 60.5% was exported.

Supplies of own produced oil and gas condensate volumes to the domestic market amounted to 6,439 thous. tonnes, including deliveries of crude oil from operating assets (Ozenmunaigas, Embamunaigas, Kazakhturkmunai and Urikhtau Operating) in the amount of 3,740 thous. tonnes to Atyrau, Shymkent and Pavlodar refineries for further oil refining and sales of oil products.

Downstream

Hydrocarbon refining, thous. tonnes	9M 2022 (net to KMG)	9M 2021 (net to KMG)	%
Atyrau refinery	4,167	4,007	+4.0%
Pavlodar refinery	3,970	4,321	-8.1%
Shymkent refinery ¹	2,315	1,829	+26.5%
Caspi Bitum ¹	361	373	-3.2%
Petromidia	3,817	3,326	+14.7%
Vega	268	227	+18.2%
Total	14,896	14,083	+5.8%

¹ Shymkent refinery and Caspi Bitum processing volumes are indicated at a share of 50%

For the nine months of 2022, the total volume of hydrocarbon processing increased by 5.8% compared to the same period in 2021 and amounted to 14,896 thous. tonnes:

- At Kazakhstani refineries, the volume of hydrocarbon processing increased by 2.7% and amounted to 10,812 thous. tonnes. The increase in refining volumes was due to the stable operation of Shymkent refinery this year and the reduced refining volumes last year due to the shutdown of production for a scheduled overhaul;
- The volume of refining at the KMG International refineries (Petromidia, Vega) in Romania increased by 15.0% and amounted to 4,085 thous tonnes. The increase in refining volumes was due to the shutdown of the Petromidia plant for repairs in July-August 2021 after the incident with the diesel hydrotreaters.

For the nine months of 2022 the volume of production of oil products at Kazakh and Romanian refineries increased by 6.1% and amounted to 13,797 thous. tonnes:

- Kazakhstani refineries produced 9,798 thous. tonnes of oil products, which is higher by 2.4% year-on-year, mainly due to Shymkent refinery volumes. At the same time, the production of oil products at the Pavlodar refinery was lower by 7.2% in the current year due to a corresponding decrease in refining volumes;
- Refineries of KMG International (Petromidia, Vega) produced 4,000 thous. tonnes of oil products, which is 16.5% higher than in the nine months of 2021 due to a corresponding increase 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%, 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 (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%, KMG International – 100%, Petromidia – 54.63%, Vega – 54.63%, KazRosGas – 50%, Kazakhstan Petrochemical Industries Inc – 49.5%.