

Operating results of KMG EP for 2017

Astana, 26 January 2018. JSC KazMunaiGas Exploration Production (“KMG EP” or “Company”) announces its operating results for the year 2017.

Production

KMG EP, including its stakes in Kazgermunai (“KGM”), Karazhanbasmunai (“CCEL”) and PetroKazakhstan Inc. (“PKI”), produced 11,867 thousand tonnes of crude oil (240 kbopd) for 2017, a 2% decrease over 2016.

Ozenmunaigas JSC (“OMG”) produced 5,480 thousand tonnes (111kbopd), a 1% decrease as compared to 2016 mainly due to lower level of production from the existing well stock. Embamunaigas JSC (“EMG”) produced 2,840 thousand tonnes (57kbopd), a 0.3% increase as compared to 2016. The total volume of oil OMG and EMG produced was 8,320 thousand tonnes (168kbopd), a 1% decrease compared to production for 2016.

The Company’s share in production from KGM, CCEL, and PKI for 2017 amounted to 3,547 thousand tonnes of crude oil (72kbopd), 6% less than in 2016. This was mainly driven by a natural decline in oil production at PKI and KGM.

Crude oil supplies and sales of oil products

In 2017, the Company’s combined sales from OMG and EMG were 8,233 thousand tonnes (163kbopd). Of these crude oil sales, 5,700 thousand tonnes (113kbopd) were exported and 2,533 thousand tonnes (50kbopd) were sold to the domestic market, equivalent to 31% of the total sales volume. In 2016, the Company sold 41% of crude oil in the domestic market.

Out of 2,533 thousand tonnes (50 kbopd) of crude oil supplied by OMG and EMG to the domestic market, 1,909 thousand tonnes (38 kbopd) was supplied to Atyrau Refinery and 624 thousand tonnes (12 kbopd) was supplied to Pavlodar Refinery.

Under the independent oil processing scheme, sales of oil products in 2017 was 2,388 thousand tonnes. For more details on oil products sales, please see Table No.2 below.

The Company’s share in the sales from KGM, CCEL, and PKI amounted to 3,414 thousand tonnes of crude oil (70 kbopd). Of this, 1,443 thousand tonnes (28 kbopd) were exported with the remaining 1,971 thousand tonnes (42 kbopd) supplied to the domestic market, equivalent to 58% of total sales volume.

The structure of Company’s share in the sales from KGM, CCEL and PKI in 2017 has changed as compared to 2016 in the following manner: the share of export supplies from the total sales volume has decreased from 50% to 42%; the share of domestic supplies has increased from 50% to 58%.

Table No. 1. Production and sales of oil for 2017

	thousand tonnes			kbopd	
	2016	2017	y/y, %	2016	2017
Oil production volumes					
OMG	5 555	5 480	-1%	112	111
EMG	2 832	2 840	0,3%	57	57
Total from OMG and EMG	8 387	8 320	-1%	169	168
KGM, 50%	1 468	1 400	-5%	31	30
CCEL, 50%	1 064	1 071	1%	19	20
PKI, 33%	1 235	1 077	-13%	26	23
Total from joint ventures	3 767	3 547	-6%	76	72
Total oil production	12 154	11 867	-2%	245	240
Crude oil sales					
OMG and EMG					
Uzen-Atyrau-Samara	2 797	3 412	22%	55	68
CPC	2 149	2 288	16%	42	45
Export	4 946	5 700	15%	97	113
Atyrau Refinery	2 578	1 909	-26%	51	38
Pavlodar Refinery	881	624	-29%	17	12
Domestic market	3 459	2 533	-27%	68	50
Total from OMG and EMG	8 408	8 233	-2%	165	163
<i>Export, %</i>	<i>59%</i>	<i>69%</i>			
<i>Domestic market, %</i>	<i>41%</i>	<i>31%</i>			
KGM (50%)					
Export	434	250	-42%	9	5
Domestic market	1 031	1 144	11%	22	24
Total from KGM	1 465	1 394	-5%	31	29
CCEL (50%)					
Export	974	926	-5%	18	17
Domestic market ¹	19	20	5%	0	0
Total from CCEL	993	946	-5%	18	17
PKI (33%)					
Export	424	267	-37%	9	6
Domestic market	794	807	2%	17	17
Total from PKI	1 218	1 074	-12%	26	23
Total from joint ventures					
Export	1 832	1 443	-21%	36	28
Domestic market	1 844	1 971	7%	39	42
Total from joint ventures	3 676	3 414	-7%	75	70
<i>Export, %</i>	<i>50%</i>	<i>42%</i>			
<i>Domestic market, %</i>	<i>50%</i>	<i>58%</i>			

¹ As part of its domestic supply obligations, CCEL has also sold 117 ktonnes of bitumen (50%) for 2017 and 55 ktonnes (50%) for 2016.

Table No. 2. Production and sales of oil products for 2017

Oil products ktonnes	Production			Sales		
	Atyrau Refinery	Pavlodar Refinery	Total	Atyrau Refinery	Pavlodar Refinery	Total
80 RON gasoline	21,71	17,75	39,46	21,72	21,17	42,89
92 RON gasoline	191,48	123,49	314,97	195,65	130,14	325,78
95 RON gasoline	22,79	10,85	33,64	28,70	11,91	40,62
Diesel fuel	554,92	175,30	730,22	561,03	165,40	726,43
Aviation fuel	9,43	-	9,43	9,78	-	9,78
Total light oil products	800,33	327,39	1 127,71	816,87	328,62	1 145,49
Vacuum gas oil	295,74	28,12	323,86	298,92	28,28	327,20
Mazut	615,96	91,59	707,54	622,50	94,81	717,31
Bitumen	-	18,76	18,76	-	18,76	18,76
Total dark oil products	911,69	138,46	1 050,16	921,42	141,84	1 063,26
Liquefied gas	14,79	29,72	44,51	14,79	32,04	46,83
Furnace oil	23,20	22,90	46,09	22,89	18,32	41,21
Sulfur	0,87	3,28	4,14	1,31	0,24	1,55
Calcinated coke	22,42	-	22,42	22,43	-	22,43
Total coke	24,55	24,10	48,66	24,02	39,87	63,89
Others	3,69	16,93	20,62	3,65	-	3,65
Total other oil products	89,52	96,92	186,44	89,09	90,47	179,56
Losses	107,45	68,61	176,06	-	-	-
Total	1 909,00	631,38	2 540,38	1 827,38	560,94	2 388,32

NOTES TO EDITORS

KMG EP is among the top three Kazakh oil producers based on the 2017 results. The overall production in 2017 was 11.9 million tonnes (240 kbopd) of crude oil, including the Company's share in Kazgermunai, CCEL and PKI. The Company's volume of proved and probable reserves excluding shares in the associates, at the end of 2016 was 182 million tonnes (1,327 mmbbl). The Company's shares are listed on the Kazakhstan Stock Exchange and the GDRs are listed on the London Stock Exchange and Kazakhstan Stock Exchange. The Company raised over US\$2bn at its IPO in September 2006.

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