

PRESS RELEASE

KMG EP Announces Operating Results for 1H2016

Astana, 28 July 2016. JSC KazMunaiGas Exploration Production (“KMG EP” or “Company”) announces its operating results for the first six months of 2016.

Production

Total crude oil production for KMG EP, including its stakes in Kazgermunai (“KGM”), CCEL (“Karazhanbasmunai”) and PetroKazakhstan Inc. (“PKI”), was 6,078 thousand tonnes of crude oil (246kbopd) for the first six months of 2016, which is a 0.7% decrease over the same period of 2015.

Ozenmunaigas JSC (“OMG”) produced 2,779 thousand tonnes (112kbopd), 2% higher than the same period in 2015. Embamunaigas JSC (“EMG”) produced 1,407 thousand tonnes (57kbopd), also 2% higher than the same period in 2015. Therefore, the total volume of oil produced by OMG and EMG was 4,186 thousand tonnes (169kbopd), which is a 2% increase on the same period last year.

The Company’s share in production from KGM, CCEL, and PKI for the first six months of 2016 amounted to 1,892 thousand tonnes of crude oil (77kbopd), which is 6% less than in the same period of 2015, mostly as a result of the reduction of production at PKI.

Crude oil sales

In the first six months of 2016, the Company’s combined sales from OMG and EMG were 4,168 thousand tonnes (166kbopd). This includes 2,464 thousand tonnes (98kbopd) of crude oil for export or 59% of the total sales volume, and 1,704 thousand tonnes (68 kbopd) of crude oil to the domestic market. In addition, 3 thousand tonnes of oil products were sold to the domestic market; this material has not been included in the new independent crude oil processing scheme as it was treated before the scheme was established in April 2016.

Of the 1,704 thousand tonnes (68 kbopd) of oil supplied by OMG and EMG to the domestic market, 1,280 thousand tonnes (51 kbopd) went to the Atyrau Refinery (ANPZ) and 424 thousand tonnes (17kbopd) went to the Pavlodar Petrochemical Plant (PNHZ).

The Company’s share in the sales from KGM, CCEL, and PKI was 1,875 thousand tonnes of crude oil (77kbopd), including 922 thousand tonnes (36kbopd) supplied to export markets, which is 49% of the total sales volume. The domestic sales volume was 953 thousand tonnes (40 kbopd).

Oil products sales

As previously reported, the Company switched to an independent oil processing scheme in April 2016. As per the scheme KMG EP supplies oil to ANPZ and PNHZ for refining, with further sales of oil products through KazMunaiGas Refining & Marketing (KMG RM) under agency contract.

In the second quarter of 2016, KMG EP sold 761.2 thousand tonnes of oil products as per the scheme. A detailed breakdown of oil products sales is presented in Table 2 below.

Table 1
Production and sales of oil in the first six months of 2016

	thousand tonnes		variance %	thousand barrels per day	
	1H2015	1H2016		1H2015	1H2016
Production					
OMG	2 722	2 779	2%	111	112
EMG	1 385	1 407	2%	56	57
Total OMG and EMG	4 107	4 186	2%	167	169
KGM, 50%	752	730	-3%	32	31
CCEL, 50%	531	526	-1%	20	19
PKI, 33%	732	636	-13%	31	27
Total joint ventures	2 015	1 892	-6%	83	77
Total oil production	6 122	6 078	-0,7%	250	246
Oil sales					
OMG and EMG					
Uzen-Atyrau-Samara	1 458	1 359	-7%	58	54
CPC	907	1 105	22%	36	44
Export	2 365	2 464	4%	94	98
ANPZ	1 101	1 280	16%	44	51
PNHZ	96	424	341%	4	17
Processing for internal needs	34	4	-88%	1	0
Domestic market	1 231	1 708	39%	49	68
Russia	566	-	-100%	23	-
Total OMG and EMG	4 162	4 172	0%	166	166
<i>Export, %</i>	<i>57%</i>	<i>59%</i>	<i>4%</i>	<i>57%</i>	<i>59%</i>
<i>Domestic, %</i>	<i>30%</i>	<i>41%</i>	<i>37%</i>	<i>30%</i>	<i>41%</i>
<i>Russia, %</i>	<i>14%</i>	<i>0%</i>	<i>-100%</i>	<i>14%</i>	<i>0%</i>
KGM (50%)					
Export	268	197	-26%	11	8
Domestic market	478	529	11%	20	22
Total KGM	745	726	-3%	32	31
CCEL (50%)					
Export	344	524	52%	13	19
Domestic market	111	0	-100%	4	0
Russia	70	0	-100%	3	0
Bcero CCEL	525	524	-0,2%	19	19
PKI (33%)					
Export	277	201	-27%	12	9
Domestic market	430	424	-1%	18	18
Total PKI	707	625	-12%	30	27
Total joint ventures					
Export	889	922	4%	36	36
Domestic market	1 019	953	-5%	43	40
Russia	70	0	-100%	3	0
Total joint ventures	1 977	1 875	-5%	81	77
<i>Export, %</i>	<i>45%</i>	<i>49%</i>	<i>9%</i>	<i>44%</i>	<i>47%</i>
<i>Domestic, %</i>	<i>52%</i>	<i>51%</i>	<i>-2%</i>	<i>53%</i>	<i>53%</i>
<i>Russia, %</i>	<i>4%</i>	<i>0%</i>	<i>-100%</i>	<i>3%</i>	<i>0%</i>

Table 2
Production and sales of oil products in the first six months of 2016

Oil products thousand tonnes	Production			Sales		
	ANPZ	PNHZ	Total	ANPZ	PNHZ	Total
Petrol Normal AI-80	6,1	7,5	13,6	6,0	6,7	12,7
Petrol Regular AI-92	62,3	37,3	99,6	59,0	29,9	89,0
Petrol Premium AI-95	13,8	1,7	15,5	7,2	1,8	9,0
Diesel	226,6	58,2	284,8	221,6	53,9	275,5
Jet fuel	3,3	0	3,3	3,0	0	3,0
Total light oil products	312,0	104,6	416,6	296,8	92,3	389,2
Vacuum gasoil	116,7	0	116,7	115,5	0	115,5
Mazut	194,7	20,1	214,8	189,0	17,4	206,4
Bitum	0	7,2	7,2	-	7,0	7,0
Total dark oil products	311,4	27,3	338,7	304,6	24,4	329,0
Liquid gas	3,5	9,4	12,9	3,5	9,3	12,8
Furnace fuel	12,8	0	12,8	14,3	0	14,3
Sulfur	0,5	1,0	1,5	0	0	0
Coke calcined	18,8	8,6	27,4	15,9	0	15,9
Other	0	1	1	0	0	0
Total other oil products	35,6	20	55,6	33,7	9,3	43
Losses	41,1	17,9	59,0	na	na	0
Total	700,0	169,9	869,9	635,1	126	761,2

NOTES TO EDITORS

KMG EP is among the top three Kazakh oil producers. The overall production in 2015 was 12.4 million tonnes (251 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 2015 was 193 million tonnes (1,409 mmbbl). The Company's shares are listed on the Kazakhstan Stock Exchange and the GDRs are listed on The London Stock Exchange. The Company raised over US\$2bn at its IPO in September 2006.

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