

JSC NC KazMunayGas 1H of 2023 Trading Update

Astana, 1 August 2023 - Joint-stock (JSC) National Company (NC) KazMunayGas (“KMG” or “Company”), Kazakhstan's national oil and gas company, announces its operating results for the first half of 2023.

Highlights for the first half of 2023:

- Oil and gas condensate production increased by 10.1% and amounted to 11,860 thous. tonnes;
- Oil transportation volumes increased by 5.8% and amounted to 39,309 thous. tonnes;
- Hydrocarbons refining volumes at the Kazakh and Romanian refineries are increased by 4.0% and amounted to 10,109 thous. tonnes.

	1H 2023 (net to KMG)	1H 2022 (net to KMG)	%
Oil production, thous. tonnes	11,860	10,774	+10.1%
Gas production, mln m ³	4,789	4,110	+16.5%
Oil transportation, thous. tonnes	39,309	37,157	+5.8%
Oil refining, thous. tonnes	10,109	9,721	+4.0%

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 2023 amounted to 11,860 thous. tonnes (494 kbopd) representing an increase of 10.1%. Production volume of associated and natural gas raised by 16.5% to 4,789 mln m³.

Oil and condensate production, thous. tonnes	1H 2023 (net to KMG)	1H 2022 (net to KMG)	%
OMG	2,474	2,501	-1.1%
MMG	1,538	1,474	+4.3%
EMG	1,325	1,267	+4.6%
Tengiz	2,981	2,867	+4.0%
Kashagan ¹	1,536	601	+155.4%
Karachaganak	549	549	+0.1%
Others	1,457	1,514	-3.8%
Total	11,860	10,774	+10.1%

Oil production at Tengiz increased by 4.0% compared to the production volume for the same period last year and amounted to 2,981 thous. tonnes (131 kbopd). The growth is associated with changes in production targets, as well as production restrictions last spring due to the incidents with CPC. Associated gas production increased by 3.6%, amounting to 1,656 mln m³.

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

A significant increase in oil production at Kashagan is associated with an increase in KMG's share in the project from 8.44% to 16.88% as a result of the completion of a deal to buy back a 50% stake in KMG Kashagan B.V. from Samruk-Kazyna JSC in September last year, as well as with the planned overhaul of the offshore and onshore complexes carried out in June 2022 and the launch of the upgraded 2 sour gas injection compressors, launched in August and September last year. Oil and gas production at Kashagan net to KMG amounted to 1,536 thous. tonnes (67 kbopd) and 976 mln m³, respectively, showing an increase of 155.4% and 162.2%, respectively.

Oil and condensate production at Karachaganak remained almost unchanged at 549 thous. tonnes (24 kbopd). Gas production increased by 5.6% and amounted to 1,109 mln m³, the increase in sour gas production with the unchanged oil and condensate production was due to an increase in the gas factor at the field.

The volume of oil and condensate production at operating assets increased by 0.5% to 6,794 thous. tonnes (272 kbopd). The increase in oil and condensate production occurred at the Embamunaigas and Mangistaumunaigaz fields due to successfully completed geological and technical activities for drilling, well workover and hydraulic fracturing. At the same time, a decrease in the level of production was observed in Kazgermunai on the back of a natural decline in production due to the maturity of its deposits. Gas production decreased by 3.8% to 1,047 mln m³ mainly due to a decrease in well efficiency at Kazakhturkmunai following a fouled line between wells and receiving units.

Midstream

The total volume of oil trunk pipelines and sea transportation increased by 5.8% to 39,309 thous. tonnes.

Oil transportation ¹ , thous. tonnes	1H 2023 (100%)	1H 2023 (net to KMG)	1H 2022 (net to KMG)	%
KazTransOil	21,353	21,353	19,959	+7.0%
Kazakhstan-China Pipeline	9,287	4,644	4,864	-4.5%
MunaiTas ²	2,731	1,393	1,337	+4.2%
Caspian Pipeline Consortium	32,210	6,684	6,325	+5.7%
Kazmortransflot	5,235	5,235	4,673	+12.0%
Total	-	39,309	37,157	+5.8%

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 4.9% and amounted to 34,073 thous. tonnes. The main growth was due to an increase in the volumes of Kashagan and Tengiz through the KazTransOil system in the direction of Samara and the CPC system, as well as the oil transportation in the direction of the Aktau port.

The total volume of maritime oil transportation increased by 12.0% to 5,235 thous. tonnes, the increase in the reporting period was mainly due to the restoration of the volume of oil transported through the CPC in the direction of the Midia port (Romania) through the Black Sea.

Trading

Sales volumes of KMG's own produced oil and gas condensate increased by 12.5% and amounted to 12,164 thous. tonnes, of which 65.3% was exported.

Supplies of own produced oil and gas condensate volumes to cover the needs of the domestic market amounted to 4,215 thous. tonnes, including deliveries of crude oil from operating assets (Ozenmunaigas, Embamunaigas, Kazakhturkmunai and Urikhtau Operating) in the amount of 2,515 thous. tonnes to Atyrau, Shymkent and Pavlodar refineries for further oil refining and sales of oil products.

Downstream

Hydrocarbon refining, thous. tonnes	1H 2023 (net to KMG)	1H 2022 (net to KMG)	%
Atyrau refinery	2,881	2,681	+7.5%
Pavlodar refinery	2,772	2,839	-2.4%
Shymkent refinery ¹	1,380	1,518	-9.1%
Caspi Bitum ¹	201	211	-4.5%
Petromidia	2,681	2,310	+16.1%
Vega	193	163	+18.5%
Total	10,109	9,721	+4.0%

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

The total volume of hydrocarbon processing increased by 4.0% compared to the same period in 2022 and amounted to 10,109 thous. tonnes:

- The volume of hydrocarbon refining at Kazakhstani refineries slightly decreased by 0.2% and amounted to 7,234 thous. tonnes. Shymkent and Pavlodar refineries showed decrease in processing volumes due to scheduled preventive repairs in the current year. At the same time, this decrease was offset by an increase in processing volumes by 200 thous. tonnes at the Atyrau Refinery.
- The refining volume at the KMG International refineries (Petromidia, Vega) in Romania increased by 16.2% and amounted to 2,875 thous. tonnes. The increase in refining volumes in the reporting period was due to a long shutdown of the Petromidia refinery for scheduled maintenance of last year and an increase in demand for oil products in the reporting period. The light hydrocracking unit caught fire at the Petromidia refinery in Constanta following special maintenance work on June 21 of this year. Refinery's firemen managed to localize the fire and take the situation under full control even before the arrival of special vehicles of the Inspectorate for Emergency Situations. Currently, activities are being carried out according to the Corrective Action Plan. The planned launch date for the plant is autumn 2023.

The volume of production of oil products at Kazakh and Romanian refineries increased by 3.9% and amounted to 9,315 thous. tonnes:

- Kazakhstani refineries produced 6,519 thous. tonnes of oil products, which is 0.4% less than in the same period in 2022 due to the shutdown of the Shymkent refinery and Pavlodar refinery for scheduled preventive maintenance;
- Refineries of KMG International (Petromidia, Vega) produced 2,796 thous. tonnes of oil products, which is 15.5% higher than in the same period of last year. The increase in indicators was due to a corresponding increase in refining volumes at the Petromidia refinery.

After the accident at the 1st power unit of the Mangistau nuclear power plant on 3 July 2023 after of the reporting year period the Atyrau refinery was shut down. As a result of the power outage, all process units at the Atyrau Refinery were safely shut down. To prevent an emergency and ensure the safety of personnel, according to the accident elimination algorithm, hydrocarbon gas from all units was sent to the flare. As the supply of electricity from external networks stabilized, the process units of the Atyrau Refinery came to the stable mode and the plant was restarted on July 6.

For further information, please visit <http://www.kmg.kz>

Contacts:

Email: ir@kmg.kz

Tel: +7 7172 78 64 34

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%, 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%.