

JSC NC KazMunayGas 2022 Trading Update

Nur-Sultan, 28 February 2023 - Joint-stock (JSC) National Company (NC) KazMunayGas (“KMG” or “Company”), Kazakhstan's national vertically integrated oil and gas company, announces its operating results for 2022.

Magzum Mirzagaliyev, Chairman of the Management Board of KMG:

“2022 has become truly full of significant and memorable events for the Company. KMG succeed to achieve positive dynamics of production indicators in all business segments from exploration and production to transportation and refining of hydrocarbons.

The Company made a historic initial public offering of its shares and it is the largest IPO on the Kazakhstani stock exchanges KASE and AIX. On 8 December 2022, secondary trading of KMG shares has been started on the stock exchanges. The listing opens a new era of our corporate development.

An important event was the strategical acquisition of an 8.44% stake in the Kashagan project from Samruk-Kazyna JSC for USD 3.8 billion. The acquisition was one of the most valuable deals for KMG in recent years. As a result of the share increase in the project to 16.88% the Company's consolidated upstream production, EBITDA and net profit indicators will improve.

Another significant event was the launch of a large-scale integrated gas chemical complex of Kazakhstan Petrochemical Industries Inc. LLP, a 49.5% stake in which KMG acquired in the reporting year. This project is designed to produce up to 500 thousand tonnes of polypropylene per year. At the end of 2022, the products of the new plant were already exported.

Regarding the sustainable development of the Company, in the reporting year we continued to keep our course of implementing ESG initiatives and reducing the carbon footprint. We also successfully continued ESG cooperation with major international partners such as Total Eren S.A, Chevron, Eni and others.”.

Highlights 2022:

- Oil and gas condensate production increased by 1.7% to 20,012 thous. tonnes;
- Oil transportation increased by 0.1% and amounted to 74,658 thous. tonnes
- Hydrocarbons refining volumes at the Kazakh and Romanian refineries has grown by 5.7% to 19,900 thous. tonnes

	2022 (net to KMG)	2021 (net to KMG)	%
Proved plus Probable (2P), mln. toe	707	645	+9.8%
Oil production, thous. tonnes	22,012	21,651	+1.7%
Gas production, mln m ³	8,241	8,081	+2.0%
Oil transportation, thous. tonnes	74,658	74,565	+0.1%
Oil refining, thous. tonnes	19,900	18,833	+5.7%

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 707 mln tonnes of oil equivalent (5,478 mln boe) as of 31 December 2022. Compared to 2021, the level of 2P reserves increased by 9.8%. The increase in indicators is mainly due to the increase in the Company's share in the Kashagan project from 8.44% to 16.88%, the recalculation of hydrocarbon reserves of the Kalamkas and other fields, as well as due to an increase in oil prices.

Net reserves under PRMS as of 31 December 2022

Reserves, mln toe	2022 (net to KMG)	2021 (net to KMG)	%
Proved (1P)	486	477	+1.9%
Proved plus Probable (2P)	707	645	+9.8%
Proved plus Probable plus Possible (3P)	816	761	+7.1%

Reserves, mln boe	2022 (net to KMG)	2021 (net to KMG)	%
Proved (1P)	3,775	3,694	+2.2%
Proved plus Probable (2P)	5,478	4,983	+9.9%
Proved plus Probable plus Possible (3P)	6,294	5,869	+7.2%

Upstream

The volume of KMG's oil and gas condensate production for 2022 amounted to 22,0121 thous. tonnes (456 kbopd), an increase of 1.7% compared to a previous year. Production volume of natural and associated gas (before re-injection volumes) increased by 2.0% to 8,241 mln m³.

Oil and condensate production, thous. tonnes	2022 (net to KMG)	2021 (net to KMG)	%
OMG	5,096	5,332	-4.4%
MMG	3,049	2,944	+3.6%
EMG	2,581	2,522	+2.3%
Tengiz	5,836	5,311	+9.9%
Kashagan ¹	1,402	1,344	+4.2%
Karachaganak	1,013	1,034	-2.0%
Others	3,036	3,163	-4.1%
Total	22,012	21,651	+1.7%

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

Oil production at Tengiz increased by 9.9% and amounted to 5,836 thous. tonnes (128 kbopd). Gas production increased by 9.3% and totaled to 3,229 mln m³. The increase in production was due to production restriction under the OPEC+ agreement in 2021 and absence of the restrictions in 2022.

Total oil production at Kashagan decreased by 21.9% to 12,682 thous. tonnes, due to the scheduled overhaul at the offshore and onshore complexes in the middle of the reporting year and the need to carry out repair and restoration work after a gas leak at the preliminary gas withdrawal unit (“slug catcher”) in August. At the same time, oil production net to KMG increased by 4.3% to 1,402 thous. tonnes (34 kbopd) and sour gas production increased by 7.3% and amounted to 877 mln m³ due to the successful increase of KMG's share in project from 8.44% to 16.88% in 15 September 2022, due to the successful completion of the transaction for the stake buy back in the project from Samruk-Kazyna JSC.

Oil and condensate production at Karachaganak decreased by 2.0% and amounted to 1,013 thous. tonnes (22 kbopd) compared to the previous year due to a decrease in the acceptance of sour gas for processing by the Orenburg gas processing plant, because of extension of scheduled preventive maintenance at its technological facilities. Gas production increased by 2.4% to 1,944 mln m³ mainly due to an increase in sour gas re-injection at the complex gas treatment Unit-2, the commissioning of 4 compressors and an increase in gas processing volumes at the Karachaganak processing complex.

The volume of oil and condensate production at operating assets decreased by 1.4% to 13,761 thous. tonnes (273 kbopd). The decrease in oil and condensate production was due to emergency power outages from the utility company servicing Ozenmunaigas production facilities, as well as natural decline at mature fields. At the same time, the decline in oil production at operating assets was partially offset by an increase in production of 3.6% at Mangistaumunaigas and 2.3% at Embamunaigas. Gas production decreased to 2,190 mln m³ mainly due to the transfer of JSC NC "QazaqGaz" (JSC "KazTransGas") to JSC "Samruk-Kazyna" in November 2021, which includes the gas production asset Amangeldy Gas.

Midstream

The total volume of oil trunk pipelines and sea transportation increased by 0.1% to 74,658 thous. tonnes¹ compared to 2021.

Oil transportation ¹ , thous. tonnes	2022 (100%)	2022 (net to KMG)	2021 (net to KMG)	%
KazTransOil	40,656	40,656	41,224	-1.4%
Kazakhstan-China Pipeline	19,235	9,618	8,706	+10.5%
MunaiTas ²	5,606	2,859	2,179	+31.2%
Caspian Pipeline Consortium	58,711	12,183	12,601	-3.3%
Kazmortransflot	9,343	9,343	9,855	-5.2%
Total	-	74,658	74,565	+0.1%

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 0.9% and amounted to 65,316 thous. tonnes. There was a change in the volume of oil transportation by directions, namely in the growth of volumes in the direction of Kazakhstan refineries through pipelines to produce the required volume of oil products in the domestic market. At the same time, export volumes of oil transportation decreased due to a natural decline in oil production at mature fields, a redistribution of oil to the domestic market by shippers and the decrease in production at Kashagan due to repair works. It should be noted that according to the results of the reporting

year, there was a 3.3% decrease in the transportation volumes at the Caspian Pipeline Consortium (CPC). This decrease was mainly due to repair work at Kashagan and on the Single Point Moorings of the marine terminal of CPC itself. As of today, CPC is operating normally.

The total volume of sea transportation of oil decreased by 5.2% to 9,343 thous. tonnes. The decrease was mainly due to volume decrease in the in the Mediterranean Sea that led by decrease in the export volumes of Kazakh shippers that increased supplies to the domestic market.

Trading

Sales volumes of KMG's own produced oil and gas condensate in 2022 increased by 2.1% and amounted to 22,126 thous. tonnes, 62.0% of which is attributable to export volumes.

Supplies of own produced oil and gas condensate volumes to the domestic market amounted to 8,415 thous. tonnes, including supplies of crude oil from operating assets (Ozenmunaigas, Embamunaigaz, Kazakhturkmunai and Urikhtau Operating) in the amount of 4,907 thous. tonnes to the Atyrau Refinery, Shymkent refinery and Pavlodar refinery for further oil refining and sale of oil products.

Downstream

Hydrocarbon refining, thous. tonnes	2022 (net to KMG)	2021 (net to KMG)	%
Atyrau refinery	5,224	5,473	-4.6%
Pavlodar refinery	5,480	5,407	+1.4%
Shymkent refinery ¹	3,103	2,582	+20.2%
Caspi Bitum	461	464	-0.7%
Petromidia	5,258	4,586	+14.7%
Vega	373	321	+16.2%
Total	19,900	18,833	+5.7%

¹ Shymkent refinery and Caspi Bitum volumes are indicated as 50% shares

The total volume of hydrocarbon refining increased by 5.7% compared to 2021 and amounted to 19,900 thous. tonnes:

- Kazakh refineries' volume of hydrocarbon refining increased by 2.5% and amounted to 14,269 thous. tonnes (net to KMG), which was a record figure in the entire history of independent Kazakhstan. The increase in refining volumes was due to an increase in demand for oil products in the domestic market, the stable operation of Shymkent refinery in 2022 and the postponement of its scheduled overhaul to 2023;
- The volume of refining at the KMG International refineries (Petromidia, Vega) in Romania increased by 14.8% and amounted to 5,631 thous. tonnes. The increase in refining volumes was associated with the stable operation of the plants and the lack of stops in the reporting year in comparison with the Petromidia refining in 2021 when there was an incident on the installation of diesel hydrotreaters.

The volume of oil products production in Kazakhstani and Romanian refineries increased by 6.8% and amounted to 18,639 thousand tonnes:

- Kazakhstani refineries produced 13,128 thous. tonnes of oil products, which is 4.1% higher than in 2021, mainly due to the volumes of Shymkent refinery. At the same time, the production of oil products on the Atyray refinery was lower by 4.5% due to planned overhaul in October 2022;
- Refineries of KMG International (Petromidia, Vega) produced 5,512 thous. tonnes of oil products, which is 14.1% higher than in 2021. The increase in the indicators occurred due to the corresponding growth of 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%.