

JSC NC KazMunayGas First Quarter of 2022 Trading Update

Nur-Sultan, 13 May 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 first quarter of 2022.

Highlights for first quarter of 2022:

- Oil and gas condensate production increased by 3.2% and amounted to 5,484 thous. tonnes;
- Oil transportation volumes remained almost unchanged and totaled to 18 309 thous. tonnes;
- Hydrocarbons refining volumes at the Kazakh and Romanian refineries are 4,566 thous. tonnes.

	1Q 2022 (net to KMG)	1Q 2021 (net to KMG)	%
Oil production, thous. tonnes	5,484	5,314	3.2%
Gas production, mln m ³	2,145	1,986	8.0%
Oil transportation, thous. tonnes	18,309	18,327	-0.1%
Oil refining, thous. tonnes	4,566	4,662	-2.1%

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 quarter of 2022 amounted to 5,484 thous. tonnes (458 kbopd) representing an increase by 3.2% compared to previous year. Production volume of natural and associated gas raised by 8.0% to 2,145 mln m³.

Oil and condensate production, thous. tonnes	1Q 2022 (net to KMG)	1Q 2021 (net to KMG)	%
OMG	1,250	1,299	-3.7%
MMG	720	712	1.2%
EMG	627	595	5.5%
Tengiz	1,457	1,331	9.4%
Kashagan	386	305	26.8%
Karachaganak	285	279	2.0%
Others	758	794	-4.6%
Total	5,484	5,314	3.2%

Oil production at Tengiz increased by 9.4% compared to the first quarter of last year, amounting to 1,457 thous. tonnes (129 kbopd). Associated gas production also increased significantly by 9.3%, amounting to 810 mln m³. The notable increase in production was due to a partial easing of restrictions under the OPEC+ agreement, as well as due to the reliable operation of all complex technological lines, including the new installations of the second-generation plant and sour gas injection.

Oil production at Kashagan rose significantly by 26.8% on the back of restrictions easing under the OPEC + agreement, as a result of which KMG's production reached 386 thous. tonnes (34 kbopd) for the first quarter of this year. The volume of production of natural and associated gas also increased significantly by 27.6% and amounted to 236 mln m³.

Oil and condensate production at Karachaganak increased by 2.0% and amounted to 285 thous. tonnes (25 kbopd). Gas production increased by 3.2% and amounted to 550 mln m³. The increase in production was due to the commissioning of the Karachaganak Gas Debottlenecking Project at the Karachaganak processing complex.

The volume of oil and condensate production at operating assets decreased by 1.3% to 3,356 thous. tonnes (270 kbopd) and gas production increased by 4.2% to 549 mln m³. The decline in oil and condensate production was mainly due to a natural decline in production at mature fields and a decrease in production at Ozenmunaigas because of events at the beginning of the current year and an emergency power outage by the utility company in March.

Midstream

The volume of oil trunk pipelines and sea transportation in the first quarter of 2022 slightly decreased by 0.1% compared to the same period last year and amounted to 18,309 thous. tonnes¹.

Oil transportation, thous. tonnes	1Q 2022 (100%)	1Q 2022 (net to KMG)	1Q 2021 (net to KMG)	%
KazTransOil	9,758	9,758	10,238	-4.7%
Kazakhstan-China Pipeline	4,703	2,351	2,045	15.0%
MunaiTas ²	1,288	657	481	36.6%
Caspian Pipeline Consortium	15,778	3,274	3,067	6.7%
Kazmortransflot	2,269	2,269	2,496	-9.1%
Total	-	18,309	18,327	-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 in the first quarter of 2022 increased by 1.3% and amounted to 16,040 thous. tonnes. The growth was due to an increase in the volumes of oil supplies towards Kazakhstan's refineries to ensure the required refining volumes in the domestic market. Nevertheless, natural decline in oil production at mature fields caused reduction of export transportation volumes. The overall reduction of export transportation was partially offset by an increase in volumes of the Caspian Pipeline Consortium and Kazakhstan-China Pipeline due to the easing of restrictions under the OPEC+ agreement.

Compared to the same period, the total volume of oil transportation by sea in the first quarter of 2022 decreased by 9.1% to 2,269 thous. tonnes. The decline was mainly on the back of the decrease in the transportation volumes in the Black Sea due to an overhaul in March, 2022 at the Petromidia refinery, which is supplied with oil transported also by Kazmortransflot. Decline was partially offset by an increase in additional volumes transported in the Mediterranean Sea, on the back of the global oil shipping market recovery.

Trading

Sales volumes of KMG's own produced oil and gas condensate for the first quarter of 2022 increased slightly by 0.5% and amounted to 5,238 thous. tonnes, of which 60.7% was exported.

Supplies of own produced oil and gas condensate volumes to the domestic market amounted to 2,056 thous. tonnes, including deliveries of crude oil from operating assets (Ozenmunaigas, Embamunaigas, Kazakhturkmunai and Urikhtau Operating) in the amount of 1,222 thous. tonnes to Atyrau, Shymkent and Pavlodar refineries for further oil refining and sales of oil products.

Downstream

Hydrocarbon refining, thous. tonnes	1Q 2022 (net to KMG)	1Q 2021 (net to KMG)	%
Atyrau refinery	1,315	1,178	11.7%
Pavlodar refinery	1,400	1,397	0.2%
Shymkent refinery ¹	731	681	7.4%
Caspi Bitum	71	72	-2.4%
Petromidia	980	1,265	-22.5%
Vega	69	69	0.7%
Total	4,566	4,662	-2.1%

¹ Shymkent refinery processing volume is indicated at a share of 50%

For the first quarter of 2022, the total volume of hydrocarbon processing decreased by 2.1% compared to the same period in 2021 and amounted to 4,566 thous. tonnes:

- At Kazakh refineries, the volume of hydrocarbon processing increased by 5.7% and amounted to 3,517 thous. tonnes. The increase in refining volumes was due to the shutdown of production at the Atyrau Refinery at the same period last year because of deep voltage drops in electrical networks and the restoration of demand for oil products to pre-pandemic levels this year;
- The volume of refining at the KMG International refineries (Petromidia, Vega) in Romania decreased by 21.3% and amounted to 1,049 thous tonnes. The decrease in refining volumes is associated with the shutdown of the Petromidia plant for scheduled repairs from March 11 to April 8, 2022.

For the first quarter of 2022 the volume of production of oil products at Kazakh and Romanian refineries decreased by 2.8% and amounted to 4,174 thous. tonnes:

- Kazakhstani refineries produced 3,151 thous. tonnes of oil products, which is 5.1% more than last year, due to the recovery in demand for oil products in the domestic market after the pandemic;
- Refineries of KMG International (Petromidia, Vega) produced 1,023 thous. tonnes of oil products, which is 21.1% lower than in the first quarter of 2021 due to a corresponding decrease 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 – 8.44%.

Midstream: KazTransOil – 90%, Kazakhstan China Pipeline (KCP) – 50%, Munai Tas – 51%, Batumi Oil Terminal – 100%, Caspian Pipeline Consortium (CPC) – 20.75%, Kazmortransflot – 100%, KazRosGas – 50%.

Downstream: Pavlodar refinery – 100%, Atyrau refinery – 99,53%, Shymkent refinery – 49,72%, KMG International – 100%, Petromidia – 54,63%, Vega – 54,63%.