

PRESS – RELEASE

Operating results for the first six months of 2017

Astana, 27 July 2017. JSC KazMunaiGas Exploration Production (“KMG EP” or “Company”) announces its operating results for the first six months of 2017.

Production

Overall, KMG EP, including its stakes in Kazgermunai (“KGM”), CCEL (“Karazhanbasmunai”) and PetroKazakhstan Inc. (“PKI”), produced 5,885 thousand tonnes of crude oil (240 kbopd) in the first six months of 2017, a 3% decrease over the same period of 2016.

Ozenmunaigas (“OMG”) produced 2,703 thousand tonnes (110kbopd), a 3% decrease as compared to the same period of 2016, mainly due to fewer wells drilled. Embamunaigas (“EMG”) produced 1,399 thousand tonnes (57kbopd), 1% less than in the same period of 2016. The total volume of oil OMG and EMG produced was 4,102 thousand tonnes (167kbopd), a 2% decrease compared to the same period of 2016.

The Company’s share of production from CCEL, KGM, and PKI for the first six months of 2017 amounted to 1,783 thousand tonnes of crude oil (73kbopd), which is 6% less than in the same period of 2016, mainly due to a natural decline in production of oil at PKI.

It should be noted that KMG EP is actively studying methods to enhance oil recovery and preparing redevelopment of certain mature fields to stem the natural decline.

Crude oil supplies and sales of oil products

In the first six months of 2017, the Company’s combined crude oil sales from OMG and EMG were 4,084 thousand tonnes (163kbopd). This includes 2,766 thousand tonnes (110kbopd) of crude oil for export and 1,318 thousand tonnes (53 kbopd) of crude oil to the domestic market, which is 32% of the total sales volume.

Out of 1,318 thousand tonnes (53 kbopd) of crude oil supplied by OMG and EMG to the domestic market, 1,042 thousand tonnes (42 kbopd) were supplied to Atyrau Refinery and 276 thousand tonnes (11 kbopd) were supplied to Pavlodar Refinery.

During the first six months of 2017 sales of oil products were 1,282 thousand tonnes as per the oil processing scheme. For more details about volumes of sales of oil products please see Table No.2.

The Company’s share in the sales from CCEL, KGM, and PKI was 1,763 thousand tonnes of crude oil (72 kbopd), including 769 thousand tonnes (30kbopd) supplied to export markets and 994 thousand tonnes (42 kbopd) to the domestic market, which is 56% of total sales volume.

Table No.1. Production and sales of oil in the first six months of 2017

ktonnes			y/y, %	kbopd	
6M2016	6M2017	6M2016		6M2017	
Production					
OMG	2,779	2,703	-3%	112	110
EMG	1,407	1,399	-1%	57	57
Total from OMG and EMG	4,186	4,102	-2%	169	167
KGM, 50%	730	711	-3%	31	30
CCEL, 50%	526	528	0%	19	19
PKI, 33%	636	544	-14%	27	23
Total from joint ventures	1,892	1,783	-6%	77	72
Total oil production	6,078	5,885	-3%	246	240
Oil sales					
OMG and EMG					
Uzen-Atyrau-Samara	1,359	1,439	6%	54	57
CPC	1,105	1,327	20%	44	53
Export	2,464	2,766	12%	98	110
Atyrau Refinery	1,280	1,042	- 19%	51	42
Pavlodar Refinery	424	276	- 35%	17	11
Domestic market	1,704	1,318	- 23%	68	53
Total from OMG and EMG	4,168	4,084	-2%	167	163
Export, %	59%	68%			
Domestic market, %	41%	32%			
KGM (50%)					
Export	197	123	-38%	8	5
Domestic market	529	585	11%	22	25
Total from KGM	726	708	-2%	31	30
CCEL (50%)					
Export	524	488	- 7%	19	18
Domestic market ¹	-	20	100%	-	1
Total from CCEL	524	508	-3%	19	19
PKI (33%)					
Export	201	158	-22%	9	7
Domestic market	424	389	-8%	18	17
Total from PKI	625	547	-13%	27	23
Total from joint ventures					
Export	922	769	-17%	36	30
Domestic market	953	994	4%	40	42
Total from joint ventures	1,875	1,763	-6%	77	72
Export, %	49%	44%			
Domestic market, %	51%	56%			

¹ CCEL has also sold 38 thousand tonnes of bitumen (50%) within its domestic supply obligations in the first six months of 2017.

Table No.2. Production and sales of oil products in the first six months of 2017

Oil products ktonnes	Production			Sales		
	Atyrau Refinery	Pavlodar Refinery	Total	Atyrau Refinery	Pavlodar Refinery	Total
80 RON gasoline	13.65	11.65	25.30	13.67	12.81	26.48
92 RON gasoline	101.22	64.54	165.76	103.76	66.10	169.87
95 RON gasoline	11.68	4.19	15.87	18.67	4.83	23.50
Diesel fuel	311.48	94.41	405.89	221.6	90.56	404.40
Aviation fuel	6.78	-	6.78	3.0	-	6.39
Total light oil products	444.81	174.78	619.59	456.32	174.31	630.63
Vacuum gasoil	181.23	-	181.23	180.69	-	180.69
Mazut	302.74	39.41	342.16	315.47	44.24	359.72
Bitum	-	5.88	5.88	-	5.61	5.61
Total dark oil products	483.97	45.29	529.26	496.16	49.85	546.01
Liquefied gas	8.89	16.42	25.32	8.89	18.10	26.99
Furnace oil	13.27	-	13.27	14.07	-	14.07
Sulfur	0.55	1.79	2.34	0.66	0.24	0.90
Coke	29.42	11.97	41.38	28.99	31.81	60.80
Benzol	2.33	-	2.33	2.60	-	2.60
Others	-	1.54	1.54	-	-	-
Total other oil products	54.45	31.72	86.17	55.22	50.15	105.37
Losses	58.77	31.73	90.50	-	-	-
Total	1 042.0	283.52	1 325.52	1 007.70	274.31	1282.01

Notes

KMG EP is among the top three Kazakh oil producers based on the 2016 results. The overall production in 2016 was 12.2 million tonnes (245 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. The Company raised over US\$2bn at its IPO in September 2006.

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