

OPERATING REVIEW

KMG is the national leader in Kazakhstan's oil and gas industry with a fully integrated value added chain

The proved reserves (1P) life is 16.5 years, far exceeding the average for global oil majors (about 11 years).



RESERVES

According to the reserves audit report prepared by the international independent consulting firm DeGolyer and MacNaughton in accordance with the PRMS international standard, KMG's proved plus probable hydrocarbon reserves (2P)

were 645 mln toe (4,983 mln boe) as at 31 December 2021. 2P reserves increased by 1.8% year-on-year. The increase is mainly attributable to comprehensive initiatives in hydrocarbon reserves management, including recalculation of hydrocarbon

reserves at the Uzen, Kashagan and other fields, as well as positive macroeconomic changes (higher oil price).

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Net reserves¹ under PRMS (as at 31 December 2021)

Hydrocarbon reserves, mln boe

Proved (1P)

2021	3,694
2020	3,550
2019	3,860

Proved plus Probable (2P)

2021	4,983
2020	4,894
2019	5,220

Proved plus Probable plus Possible (3P)

2021	5,869
2020	5,832
2019	6,089

Hydrocarbon reserves, mln toe

Proved (1P)

2021	477
2020	459
2019	499

Proved plus Probable (2P)

2021	645
2020	635
2019	676

Proved plus Probable plus Possible (3P)

2021	761
2020	757
2019	790

EXPLORATION

KMG pursues its previously developed strategy for exploration and reserve growth.

Exploration costs totalled KZT 20.7 bln (excluding shares) in 2021, up KZT 2.7 bln year-on-year. The cost growth was mostly driven by CAPEX for developing new promising fields, maintaining the current production level and replenishing reserves in the medium term.

Reserve replacement

through organic and inorganic growth

- Exploration at current contract areas
- Further exploration of producing assets
- Prospect evaluation and acquisition

Finding strategic partners

for joint exploration projects

- Attraction of foreign investments
- Knowledge and technology transfer
- Risk optimisation

Improvement

of exploration performance

- Improvement of available technologies and deployment of new technologies
- Process digitalisation
- Implementation of a project management system in exploration

¹ Net Reserves are defined as the portion of gross reserves attributable to (1) the interest held by KMG after deducting all interests held by others, and (2) interests that are not held, but controlled by KMG.