Mining Company "Ortalyk" Limited Liability Partnership

International Financial Reporting Standards Financial Statements and Independent Auditor's Report

31 December 2021

Translated from the Russian original

Contents

INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS

Statement of Profit or Loss and Other Comprehensive Income 1
Statement of Financial Position 2
Statement of Cash Flows 3
Statement of Changes in Equity 4

NOTES TO THE FINANCIAL STATEMENTS

1 The Company and its Operations 5
2 Operating Environment of the Company 6
3 Significant Accounting Policies 7
4 Critical Accounting Estimates and Judgements in Applying Accounting Policies 17
5 Adoption of New or Revised Standards and Interpretations 20
6 New Accounting Pronouncements 21
7 Balances and Transactions with Related Parties 21
8 Revenue from contracts with customers 23
9 Cost of sales 23
10 General and Administrative Expenses 24
11 Other Expenses 24
12 Payroll 24
13 Finance income and costs 25
14 Income Tax Expense 25
15 Intangible Assets 27
16 Property, Plant and Equipment 28
17 Mine development assets 29
18 Subsurface Rights 30
19 Exploration and Evaluation Assets 30
20 Other Non-Current Assets 31
21 Inventory 31
22 Trade Receivables 32
23 Cash and Cash Equivalents 32
24 Other Current Assets 33
25 Share Capital 33
26 Historical Costs Liabilities 34
27 Provision for Asset Retirement Obligations 34
28 Trade Payables 35
29 Other Current Liabilities 35
30 Other taxes and obligatory payments liabilities 35
31 Contingencies and Commitments 35
32 Financial Risk Management 38
33 Events after the Reporting Period 41

Independent Auditor's Report

To the Participants and Management of Mining Company "Ortalyk" Limited Liability Partnership:

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Mining Company "Ortalyk" Limited Liability Partnership (the "Company") as at 31 December 2021, and the Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of profit or loss and other comprehensive income for the year ended 31 December 2021;
- the statement of financial position as at the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Republic of Kazakhstan that are relevant to our audit of the financial statements.

PricewaterhouseCoopers LLP
34 Al-Farabi Ave., Building A, 4th floor, Almaty, Kazakhstan, A25D5F6
T: +7 (727) 330 3200, F: +7 (727) 244 6868, www.pwc.com/kz

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

On behalf of PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Approved by:

Dana Inkarbekova
Managing Director
PricewaterhouseCoopers LLP
(General State License of the Ministry of Finance of the Republic of Kazakhstan #0000005 dated 21 October 1999)

Signed by:

Almaz Sadykov
Auditor in charge
(Qualified Auditor's Certificate #0000745 dated 8 February 2019)

7 February 2022
Almaty, Kazakhstan

In thousands of Kazakhstani Tenge	Note	2021	2020
Revenue from contracts with customers	8	59,184,775	39,229,315
Cost of sales	9	(21,980,121)	(17,790,354)
Gross profit		**37,204,654**	**21,438,961**
Distribution costs		(56,151)	(37,607)
General and administrative expenses	10	(1,573,438)	(928,039)
Other income		56,832	11,099
Other expenses	11	(1,311,787)	(562,950)
Finance income	13	250,877	218,548
Finance costs	13	(336,697)	(291,644)
Profit before income tax		**34,234,290**	**19,848,368**
Income tax expense	14	(7,218,485)	(4,080,817)
PROFIT FOR THE YEAR		**27,015,805**	**15,767,551**
Other comprehensive income/(loss):			
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefit obligations		2,263	(24,226)
Other comprehensive income/(loss) for the year		**2,263**	**(24,226)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**27,018,068**	**15,743,325**

These financial statements were approved and signed by management on 7 February 2022:

Markenbayev Zh. D.
General Director

Alkeshova A. I.
Chief Accountant

In thousands of Kazakhstani Tenge	Note	31 December 2021	31 December 2020
ASSETS			
Non-current assets			
Intangible assets	15	642,853	628,453
Property, plant and equipment	16	11,066,614	11,617,104
Mine development assets	17	14,573,366	13,319,913
Subsurface rights	18	1,306,212	347,353
Exploration and evaluation assets	19	-	1,871,262
Other non-current assets	20	1,638,841	1,420,065
Total non-current assets		**29,227,886**	**29,204,150**
Current assets			
Inventories	21	3,685,624	2,409,137
Current income tax prepayments		-	389,532
Trade and other receivables	22	33,279,129	16,667,976
Other current assets	24	222,529	309,821
Cash and cash equivalents	23	16,864,501	1,985,900
Total current assets		**54,051,783**	**21,762,366**
TOTAL ASSETS		**83,279,669**	**50,966,516**
EQUITY			
Share capital	25	27,164,074	27,164,074
Retained earnings		44,025,793	17,007,725
Other reserves		(52,364)	(52,364)
TOTAL EQUITY		**71,137,503**	**44,119,435**
LIABILITIES			
Non-current liabilities			
Provision for asset retirement obligations	27	3,164,530	2,804,905
Historical costs liabilities	26	-	214,430
Deferred income tax liabilities	14	294,188	501,424
Employee benefits		82,673	77,696
Other non-current liabilities		31,859	38,325
Total non-current liabilities		**3,573,250**	**3,636,780**
Current liabilities			
Trade payables	28	2,442,247	2,072,442
Historical costs liabilities	26	232,299	231,130
Corporate income tax liability	14	2,188,696	-
Other taxes and compulsory payments payable	30	2,131,678	688,095
Employee benefits		9,646	7,025
Other current liabilities	29	1,564,350	211,609
Total current liabilities		**8,568,916**	**3,210,301**
TOTAL LIABILITIES		**12,142,166**	**6,847,081**
TOTAL LIABILITIES AND EQUITY		**83,279,669**	**50,966,516**

These financial statements were approved and signed by management on 7 February 2022:

Markenbayev Zh. D.
General Director

Alkeshova A. I.
Chief Accountant

The accompanying notes on pages 5 to 41 are an integral part of these financial statements.

In thousands of Kazakhstani Tenge	Note	2021	2020
OPERATING ACTIVITIES			
Cash inflows from customers		47,963,265	40,555,915
Commission received		160,938	135,159
Other receipts		38,912	8,574
Payments to suppliers		(15,775,252)	(13,369,186)
Advances to suppliers of goods and services		(132,129)	(80,017)
Employee compensations		(2,456,861)	(2,402,961)
Other payments to the budget		(6,605,658)	(7,809,928)
Other payments		(897,148)	(857,657)
Cash flows from operating activities		**22,296,067**	**16,179,899**
Income taxes paid		(4,856,483)	(3,737,110)
Net cash from operating activities		**17,439,584**	**12,442,789**
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		7,203	-
Purchases of non-current assets (excluding VAT)		(2,190,567)	(1,515,564)
Purchases of property, plant and equipment (excluding VAT)		(151,144)	(107,345)
Purchases of intangible assets (excluding VAT)		(35,140)	-
Placement of funds on liquidation fund deposit		(157,821)	(262,565)
Net cash from investing activities		**(2,527,469)**	**(1,885,474)**
FINANCING ACTIVITIES			
Dividends paid	25	-	(11,725,438)
Other payments		(2,577)	(1,965)
Net cash from financing activities		**(2,577)**	**(11,727,403)**
Net increase/(decrease) in cash and cash equivalents		**14,909,538**	**(1,170,088)**
Effect of exchange rate changes on cash and cash equivalents		(30,937)	201,260
Cash and cash equivalents at the beginning of the year		1,985,900	2,954,728
Cash and cash equivalents at the end of the year	23	**16,864,501**	**1,985,900**

These financial statements were approved and signed by management on 7 February 2022:

Markenbayev Zh. D.
General Director

Alkeshova A. I.
Chief Accountant

In thousands of Kazakhstani Tenge	Share capital	Retained earnings	Other reserves	Total equity
At 1 January 2020	26,641,069	12,989,838	(52,364)	39,578,543
Profit for the year	-	15,767,551	-	15,767,551
Remeasurements of post-employment benefit obligations	-	(24,226)	-	(24,226)
Total comprehensive income for the year	**-**	**15,743,325**	**-**	**15,743,325**
Capital contributions from shareholders	523,005	-	-	523,005
Dividends paid (Note 25)	-	(11,725,438)	-	(11,725,438)
At 31 December 2020	**27,164,074**	**17,007,725**	**(52,364)**	**44,119,435**
Profit for the year	-	27,015,805	-	27,015,805
Remeasurements of post-employment benefit obligations	-	2,263	-	2,263
Total comprehensive income for the year	**-**	**27,018,068**	**-**	**27,018,068**
Dividends paid (Note 25)	-	-	-	-
At 31 December 2021	**27,164,074**	**44,025,793**	**(52,364)**	**71,137,503**

These financial statements were approved and signed by management on 7 February 2022:

Markenbayev Zh. D.
General Director

Alkeshova A. I.
Chief Accountant

1 The Company and its Operations

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) for the year ended 31 December 2021 for Mining Company "Ortalyk" Limited Liability Partnership (the "Company" and "Ortalyk LLP").

The Company is a limited liability partnership set up according to the legislation of the Republic of Kazakhstan. Until 30 July 2021, the sole participant of the Company was the National Atomic Company Kazatomprom JSC (hereinafter, "NAC Kazatomprom JSC"). On 30 July 2021, CGNM UK Limited became one of the participants of the Company. As of 31 December 2021, 51% of the Company's participation interest is owned by NAC Kazatomprom JSC and 49% of the participation interest by CGNM UK Limited. The Company is registered and conducts its business activities at the address: Republic of Kazakhstan, Turkestan region, Suzak district, s. Suzak 033, building No. 28.

Prior to 19 October 2017, the Company's principal activity was provision of services on uranium production using the method of drillhole in situ leaching, processing to the yellow cake and services of mining and development, which were performed on the contractual territory of Mynkuduk field (Central site). The subsurface right on this site until 19 October 2017 belonged to NAC Kazatomprom JSC. From 19 October 2017, under addendum No.3 to contract No. 1796-TPI dated 8 July 2005 the subsurface right was transferred from NAC Kazatomprom JSC to the Company. Also, under addendum No. 4 dated 19 October 2017 to contract No. 3610-TPI dated 31 May 2010, the Company received the right to explore uranium at Zhalpak field. The term of the contract No. 3610-TPI has expired on 31 May 2018.

On 20 February 2018 the Company applied to the Ministry of Energy of the Republic of Kazakhstan with a request to extend the exploration period and, accordingly, the term of the Contract, until 31 December 2022. By a letter dated 14 May 2018, the Ministry of Energy of the Republic of Kazakhstan agreed to extend the exploration period under the exploration contract until 31 December 2022, subject, inter alia, to the provision of a work program based on the approved project document.

However, the issue of approval of the Project of evaluation works was delayed due to the ambiguity in relation to the authorised body for uranium mining and due to the lack of a regulation on the Central Commission for the development ("CCR RK") of uranium deposits in the Republic of Kazakhstan, which was approved only on 8 August 2019. Members of CCR RK were approved by the Order of the Minister of Energy of the Republic of Kazakhstan on 21 October 2019, and a list of independent experts was approved by the minutes of CCR RK meeting only on 8 November 2019.

On 6 May 2020 a meeting of the CCR RK was held to review the "Project of appraisal works at the Zhalpak field". The project was rejected due to the inconsistency of the project name with the functions of the Working group: according to the paragraph 6 of the "Regulations on the Central Commission for the Development of Uranium Deposits of the Republic of Kazakhstan", the Central Commission reviews and issues an expert opinion on the pilot production projects and field development projects.

On 19 May 2020 the Company received a letter from NAC Kazatompro JSC about further actions on the Zhalpak field. Based on the instructions of NAC Kazatomprom JSC, the Company suspended a production at the Zhalpak field before receiving the production contract, and sent an information letter to the Ministry of Energy of the Republic of Kazakhstan on 2 June 2020. Pilot production at the Zhalpak field was suspended on 20 April 2020.

Currently the subsurface right is governed by the Code of the Republic of Kazakhstan "On subsoil and subsoil use", according to which the subsoil extraction is granted to a national company in the field of uranium, i.e. NAC Kazatomprom JSC, on the basis of direct negotiations. The subsurface use right for production (share in the right of subsurface use) granted to the national company in the field of uranium on the basis of direct negotiations can only be transferred to a legal entity, more than fifty percent of the shares in which directly or indirectly belong to the national company in the field of uranium. Accordingly, after NAC Kazatomprom JSC receives the subsurface right to conduct uranium extraction at the Zhalpak field, it has the right to transfer the subsurface right to the Company, because 51% of shares of the Company belong to NAC Kazatomprom JSC. Based on the minutes of meetings of NAC Kazatomprom JSC Board of Directors No. 9/20 dated 26 August 2020, decisions were made on Zhalpak field subsurface right receipt by NAC Kazatomprom JSC, and further transfer of the subsurface right in favour of the Company in the manner prescribed by the law.

On 14 December 2021, NAC Kazatomprom JSC, as a national uranium operator, received the subsurface right for uranium mining at the Zhalpak field in the manner prescribed by the legislation of the Republic of Kazakhstan and signed agreement No. 4996-TPI with the Ministry of Energy of the Republic of Kazakhstan. On 21 December 2021 based on minutes of meeting of Ortalyk LLP Participants No. 4, unanimous decision was made to transfer the subsurface eright to uranium mining at the Zhalpak field from NAC Kazatomprom JSC in favour of the Company. On 28 December 2021, the Company entered into Addendum No. 1 to Contract No. 4996-TPI dated 14 December 2021 for uranium mining at the Zhalpak field with NAC Kazatomprom JSC and the Ministry of Energy of the Republic of Kazakhstan.

1 The Company and its Operations (Continued)

In accordance with Addendum No. 1, the right to mine uranium at the Zhalpak field was transferred to the Company on 28 December 2021. The contract for uranium mining at the Zhalpak deposit expires in 2042.

The Company's headcount at 31 December 2021 is 465 employees (2020: 465 employees).

2 Operating Environment of the Company

In general, the economy of the Republic of Kazakhstan continues to display characteristics of an emerging market. Its economy is particularly sensitive to prices on oil and gas and other commodities, which constitute major part of the country's export. These characteristics include, but are not limited to, the existence of national currency that is not freely convertible outside of the country and a low level of liquidity of debt and equity securities in the markets. Ongoing political tension in the region, volatility of exchange rate has caused and may continue to cause negative impact on the economy of the Republic of Kazakhstan, including decrease in liquidity and creation of difficulties in attracting of international financing.

On 20 August 2015 the National Bank and the Government of the Republic of Kazakhstan made a resolution about discontinuation of supporting the exchange rate of Tenge and implementation of new monetary policy, which is based on inflation targeting regime, cancellation of exchange rate trading band and start of a free-floating exchange rate. However, the National Bank's exchange rate policy allows it to intervene to prevent dramatic fluctuations of the Tenge exchange rate and to ensure financial stability.

As at the date of this report the official exchange rate of the National Bank of the Republic Kazakhstan was Tenge 432.93 per US Dollar 1 compared to Tenge 431.67 per US Dollar 1 as at 31 December 2021. Therefore, uncertainty remains in relation to the exchange rate of Tenge and future actions of National Bank and the Government of the Republic of Kazakhstan and the impact of these factors on the economy of the Republic of Kazakhstan.

In September 2021 S&P Global Ratings, international rating agency affirmed the sovereign credit rating of Kazakhstan of "BBB-". The outlook on sovereign credit rating is stable. The stable outlook is supported by the government's strong balance sheet, built on past budgetary surpluses accumulated in the National Fund of the Republic of Kazakhstan, low government debt, total volume of which will not exceed the external liquid assets of the state within two years, as well as measures implemented by the Government of the Republic of Kazakhstan aimed at controlling of the negative consequences of the pandemic on the economy.

Low oil prices, decrease in its production due to the OPEC agreement and the impact of COVID-19 containment measures have adversely affected the economy of Kazakhstan in 2020. However, a recovery in the oil sector amid easing of production restrictions by OPEC+ and expansion of production at the Tengiz field, stable dynamics in the manufacturing sector, increased investment activity, easing of restrictions related to the pandemic, and a recovery in foreign trade will support economic growth in 2022. According to the analysts' forecasts, the growth rate of the national economy in 2021-2024 will amount, on average, to about 3.6%.

The economic environment has a significant impact on the Company's operations and financial position. Management is taking necessary measures to ensure sustainability of the Company's operations. However, the future effects of the current economic situation are difficult to predict, and management's current expectations and estimates could differ from actual results.

Additionally, the mining sector in the Republic of Kazakhstan is still impacted by political, legislative, fiscal and regulatory developments. The prospects for future economic stability in the Republic of Kazakhstan are largely dependent upon the effectiveness of economic measures undertaken by the Government, together with legal, controlling and political developments, which are beyond the Company's control.

The uranium spot price, which acts as a base for the pricing of the Company's sales, increased by more than 35% from mid-March to the end of April 2020, and after the prolonged fluctuations, as at 31 December 2021, the average spot price settled at US Dollars 42.05 per pound (31 December 2020: US Dollars 30.20 per pound).

For the purpose of measurement of expected credit losses (hereinafter – "ECL") the Company uses supportable forward-looking information, including forecasts of macroeconomic variables. As with any economic forecast, however, the projections and likelihoods of their occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different from those projected.

2 Operating Environment of the Company (Continued)

In December 2019, news from China about the outbreak of a new virus first appeared. On 11 March 2020, the World Health Organization announced an outbreak of a new type of coronavirus, COVID-19, as a pandemic. In response to the pandemic, the Kazakhstani authorities implemented numerous measures attempting to contain the spreading and impact of COVID-19, such as travel bans and restrictions, quarantines, shelter-in-place orders and limitations on business activity, including closures. Some of the above measures were subsequently relaxed.

COVID-19 epidemic is spreading globally, having a severe negative effect on the entire world economy. As of the date of the issuance of these financial statements, the situation is still developing and to date there has not been any significant effect on the Company's revenues and deliveries, however, the future effect is difficult to predict. Management will continue to monitor the potential effect of the above events and will take all necessary actions to prevent negative consequences for the business.

Management is unable to predict the extent or duration of changes in the Kazakhstani economy or evaluate their possible impact on the financial position of the Company in the future. Management believes that it is taking all necessary measures to maintain the sustainability and growth of the Company in current circumstances.

In the opinion of the Company's management, this event related to the outbreak of the virus does not have a material effect on the measurement of assets and liabilities in the financial statements as of 31 December 2021.

3 Significant Accounting Policies

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value, and financial instruments categorised at fair value through other comprehensive income. The principal accounting policies applied in the preparation of these financial statements are set out below.

Presentation currency

These financial statements are presented in thousands of Kazakhstani Tenge ("Tenge"), unless otherwise stated.

Revenue recognition

Revenue is income arising in the course of the Company's ordinary activities. Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties.

Sales are recognised when control of the good has transferred, being when the goods are delivered to the customer, the customer has full discretion over the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company carries out the following types of activities:

(a) Sales of uranium in the form of natural uranium oxide

As from receipt of the subsurface right on 19 October 2017 (Note 1), the Company is engaged in mining its own uranium at the contractual territory as a subsoil user. The Company conducts processing to natural uranium oxide at Ulba metallurgical plant and sells finished goods to NAC Kazatomprom JSC and CGNM UK Limited.

Sales are recognised when control of the good has transferred, being when the goods are delivered to the customer, the customer has full discretion over the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

3 Significant Accounting Policies (Continued)

Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied. Delivery of uranium products is stipulated by the contract with customer, delivery date is considered to be the date of acceptance act signing. The date of acceptance act signing is determined based on the good consignment note, the date of physical delivery, or the date of special written notification specified by customer.

No element of financing is deemed present as the sales are made with an average credit term of 30 - 90 days, which is consistent with market practice.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Sale of services (transportation, rent payments from employees, etc.)

The Company may provide services under fixed-price and variable price contracts. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

Where the contracts include multiple performance obligations, the transaction price is allocated to each separate performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Company exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

If the contract includes variable consideration, revenue is recognised only to the extent that it is highly probable that there will be no significant reversal of such consideration.

Revenue is recognised net of value added taxes. Revenue is measured at the fair value of the consideration received or receivable.

Income taxes

Income taxes have been provided for in the financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge/(credit) comprises current tax and deferred tax and is recognised in profit or loss for the year, except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if the financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that there is sufficient future taxable profit available against which the deductions can be utilised.

3 Significant Accounting Policies (Continued)

Uncertain tax positions

The Company's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities.

The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

Employee benefits

(i) Employee benefits

The Company provides long-term employee benefits to employees, in accordance with a Collective Labor Agreement (the "Agreement"). The Agreement, in particular, provides for funeral aid and financial aid for length of service to the employees of the Company. The entitlement to some benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period.

The Company does not finance pension schemes. The liability recognised at each reporting date represents present value of pension liabilities. The actuarial profits and losses arising during the year are recorded in profit or loss for the year. For this purpose, actuarial profits and losses include both the impact of changes in actuarial assumptions and the impact of past experience of differences between actuarial assumptions and actual data.

The actuarial profits and losses on other post-employment liabilities, such as the impact of the past experience, differences and changes in actuarial assumptions are reflected in other comprehensive income during the period, in which they arise. Other changes in the present value of pension liabilities are recognised in profit or loss for the year, including the current cost of services.

The most significant assumptions used in accounting for defined benefit obligations are discount rate, staff turnover and mortality assumptions. The discount rate is used to determine the net present value of future liabilities and each year the unwinding of the discount on those liabilities is charged to profit or loss as an interest cost. The mortality assumption is used to project the future stream of benefit payments, which is then discounted to arrive at a net present value of liabilities.

The employee benefits, including funeral aid to Company employees, are viewed as other non-current employee benefits. The expected expenses on these benefits are accrued during the employment of an employee using the methodology, which is used in estimate of defined benefit pension plans.

Such liabilities are estimated on an annual basis by independent qualified actuaries.

(ii) Payroll expense and related contributions

Wages, salaries, contributions to social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Company. In accordance with the legal requirements of the Republic of Kazakhstan, the Company withholds pension contributions from employees' salary and transfers them to the Unified Accumulative Pension Fund. Upon retirement of employees, all pension payments are administered by Unified Accumulative Pension Fund.

Financial instruments

(i) Key measurement terms

Depending on their classification financial instruments are carried at fair value or amortised cost as described below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is the quoted price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

3 Significant Accounting Policies (Continued)

Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the number of instruments held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

A portfolio of financial derivatives or other financial assets and liabilities that are not traded in an active market is measured at the fair value of a group of financial assets and financial liabilities on the basis of the price that would be received to sell a net long position (i.e. an asset) for a particular risk exposure or paid to transfer a net short position (i.e. a liability) for a particular risk exposure in an orderly transaction between market participants at the measurement date. This is applicable for assets carried at fair value on a recurring basis if the Company: (a) manages the group of financial assets and financial liabilities on the basis of the entity's net exposure to a particular market risk (or risks) or to the credit risk of a particular counterparty in accordance with the entity's documented risk management or investment strategy; (b) it provides information on that basis about the group of assets and liabilities to the entity's key management personnel; and (c) the market risks, including duration of the entity's exposure to a particular market risk (or risks) arising from the financial assets and financial liabilities are substantially the same.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument.

An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost ("AC") is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses ("ECL"). Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to the maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate. For assets that are purchased or originated credit impaired ("POCI") at initial recognition, the effective interest rate is adjusted for credit risk, i.e. it is calculated based on the expected cash flows on initial recognition instead of contractual payments.

(ii) Financial instruments – initial recognition

Financial instruments at fair value through profit or loss are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an ECL allowance is recognised for financial assets measured at AC and investments in debt instruments measured at FVOCI, resulting in an immediate accounting loss.

3 Significant Accounting Policies (Continued)

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date on which the Company commits to deliver a financial asset. All other purchases are recognised when the entity becomes a party to the contractual provisions of the financial instrument.

(iii) Financial assets – classification and subsequent measurement – measurement categories

The Company classifies financial assets in the following measurement categories: FVTPL, FVOCI and AC. The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

Financial assets – classification and subsequent measurement – business model

The business model reflects how the Company manages the assets in order to generate cash flows – whether the Company's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows",) or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL.

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Company undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Company in determining the business model include past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed, how the assets' performance is assessed and how managers are compensated.

Financial assets – classification and subsequent measurement – cash flow characteristics

Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Company assesses whether the cash flows represent solely payments of principal and interest ("SPPI").

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature. In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

(iv) Financial assets – reclassification

Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model.

(v) Financial assets impairment – credit loss allowance for ECL

The Company assesses, on a forward-looking basis, the ECL for debt instruments measured at AC and FVOCI and for the exposures arising from loan commitments and financial guarantee contracts, for contract assets. The Company measures ECL and recognises net impairment losses on financial and contract assets at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Debt instruments measured at AC and trade and other receivables are presented in the statement of financial position net of the allowance for ECL. For loan commitments and financial guarantees, a separate provision for ECL is recognised as a liability in the statement of financial position. For debt instruments at FVOCI, changes in amortised cost, net of allowance for ECL, are recognised in profit or loss and other changes in carrying value are recognised in OCI as gains less losses on debt instruments at FVOCI.

3 Significant Accounting Policies (Continued)

The Company applies simplified approach for impairment of trade receivables. For other financial assets the Company applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. Note 32 provides information about inputs, assumptions and estimation techniques used in measuring ECL, including an explanation of how the Company incorporates forward-looking information in the ECL models.

(vi) Financial assets – derecognition

The Company derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Company has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

(vii) Classification of financial liabilities

Financial liabilities include financial liabilities carried at amortised cost.

(viii) Financial liabilities – derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

An exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

(ix) Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) in the event of default and (iii) in the event of insolvency or bankruptcy.

Intangible assets

(i) Recognition and evaluation of intangible assets

The Company's intangible assets have definite useful lives and primarily include computer software and licences. Purchased software and licences are capitalised on the basis of the costs incurred to acquire and bring them to use.

3 Significant Accounting Policies (Continued)

(ii) Amortisation of intangible assets

Intangible assets are amortised using the straight-line method over their useful lives:

	Useful lives in years
Licences	3 – 20 years
Software	1 – 14 years
Other	2 – 15 years

If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs of disposal.

Subsurface right

The subsurface right is recorded at cost less accumulated amortisation and impairment, where required. The acquisition cost of subsurface rights includes the subscription bonus, commercial discovery bonus, acquisition cost of subsurface rights and capitalised historical costs. The Company is obliged to compensate the historical costs incurred by the government regarding licensed territories prior to the issue of licenses. Reimbursement of historical costs is presented as cash outflow for operating activities in the statement of cash flows, as the payments represent fixed payments to the budget, which are made on a quarterly basis during 10 years after the commercial discovery.

These historical costs are recognised as part of the acquisition cost with respective recognition of a liability equal to the present value of payments made during the license period.

The subsurface rights are amortised using the production method, based on proved reserves, from the time of beginning of uranium mining.

The reserve calculation is based on the reserve reports, which are an integral part of each suburface contract. These reserve reports are included into the technical and economic models, which were approved by the competent authority, and in which the detailed information on expected volumes of production by years is presented.

Property, plant and equipment

(i) Recognition and evaluation of property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and provision for impairment (where needed). Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use. The cost of self-constructed assets includes the cost of materials, direct labor and an appropriate proportion of production overheads.

Certain significant parts of an item of property, plant and equipment, whose useful life differs from the useful life of this item as a whole, is recorded as separate items (components) and depreciated at rates reflecting assumed useful lives of these parts. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Special spare parts and auxiliary equipment with significant initial value and useful life of over one year are recorded within property, plant and equipment. Other spare parts and auxiliary equipment are reflected within inventories and reflected in profit and loss for the year during spending.

Costs of minor repairs and day-to-day maintenance are expensed when incurred. Cost of replacing major parts or components of property, plant and equipment items are capitalised and the replaced part is retired.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss for the year.

3 Significant Accounting Policies (Continued)

(ii) Depreciation of property, plant and equipment

Land is not depreciated. Depreciation of property, plant and equipment used in extraction of uranium mining and its preliminary processing is charged on a unit-of-production (UoP) method in respect of items for which this basis best reflects the pattern of consumption. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	Useful lives in years
Buildings and constructions – production	Production method
Buildings and constructions – residential	10 – 50
Machinery and equipment	3 – 50
Vehicles	3 – 10
Other	3 – 20

Estimated useful life of an item of property, plant and equipment depends both on its own useful life and current evaluation of economically recoverable reserves of the field, at which this item of property, plant and equipment is located.

The residual value of an asset is the estimated amount that the Company would currently obtain from the disposal of the asset less the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Production preparation costs

Capitalised production preparation costs are recorded at cost less accumulated depreciation and provision for impairment, where required.

Production preparation costs include drilling of process injection and extraction wells, trunk external framing of wells with surface utilities, equipment and instrumentation, cost of ion exchange resin, estimated site recovery costs and other production preparation costs. Production preparation costs are amortised at the level of the blocks (for mining preparatory works) or field (for other assets) using the production method. Unit-of-production rates are based on proved reserves estimated to be recovered from mines (blocks) using existing facilities and operating methods. The estimate of proved reserves is based on reserve reports which are integral part of each subsurface contract. These reserve reports are incorporated into feasibility models which are approved by the government and detail the total proven reserves and estimated scheduled extraction by year.

Exploration and evaluation assets

Exploration and evaluation assets are measured at cost less provision for impairment, where required. The Company classifies exploration and evaluation assets as tangible and intangible according to the nature of assets acquired.

Exploration and evaluation assets comprise the capitalised costs incurred after the Company has obtained the legal rights to explore a specific area and prior to proving that viable production is possible and include geological and geophysical costs, the costs of exploratory wells and directly attributable overheads associated with exploration activities.

Income less expenses from uranium sales at test production stage decrease the cost of exploration and evaluation assets.

Activities prior to the acquisition of subsurface rights are defined as pre-exploration. All pre-exploration costs are expensed as incurred and include such costs as project works, project feasibility studies and other overhead costs related to pre-exploration activities. The decision on conclusion or extension of the subsurface use contract upon expiry of the exploration and evaluation period is subject to the success of exploration and evaluation of mineral resources and the Company's decision on the transfer to the production (development) phase.

Tangible exploration and evaluation assets are transferred into production mine development assets upon demonstration of commercial viability of uranium production and amortised using unit-of-production method based on proved reserves. Once commercial reserves (proved or commercial reserves) are found, intangible exploration and evaluation assets are transferred to mineral rights. Accordingly, the Company does not amortise exploration and evaluation assets before commercial reserves (proved or commercial reserves) are found. If no commercial reserves are found, exploration and evaluation assets are expensed.

3 Significant Accounting Policies (Continued)

Exploration and evaluation assets are tested by the Company for impairment whenever facts and circumstances indicate assets' impairment. An impairment loss is recognised for the amount by which exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is higher of the exploration and evaluation assets' fair value less costs to sell and their value in use.

One or more of the following facts and circumstances indicate that the Company should test exploration and evaluation assets for impairment (the list is not exhaustive):

- the period for which the Company has the right to explore in the specific area has expired or will expire in the near future;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral reserves and the Company has decided to discontinue such operations in the specific area; and
- the Company has sufficient data to indicate that, although development works in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell (amount which could be obtained as a result of the sales of an asset or a cash generating unit in an arms-length transaction between knowledgeable, voluntary, independent parties, less cost of disposal) and its value in use (being the net present value of expected future cash flows of the relevant cash-generating unit).

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If it is not possible to estimate the recoverable amount of the individual asset, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The estimates used for impairment reviews are based on detailed life of mine plants and operating budgets, modified as appropriate to meet the requirements of IAS 36 "Impairment of Assets". Future cash flows are based on:

- estimates of the volumes of the reserves for which there is a high degree of confidence of economic extraction;
- future production levels and related services;
- future commodity prices (assuming the current market prices will revert to the Company's assessment of the long term average price, generally over a period of three to five years); and
- future costs of production, other operating and capital expenditures.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to profit and loss for the year so as to reduce the carrying amount in the statement of financial position to its recoverable amount. An impairment loss recognised for an asset in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell. This reversal is limited to the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised in prior years.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and are subsequently carried at amortised cost.

3 Significant Accounting Policies (Continued)

Inventories

Inventories are recorded at the lower of cost and net realisable value. Upon the inventory issue or other disposal, its cost is determined on the weighted average basis. The cost of finished goods and work in progress comprises raw material, direct labour, other direct costs and related production overheads (based on the normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL. Features mandated solely by legislation, such as the bail-in legislation in certain countries, do not have an impact on the SPPI test, unless they are included in contractual terms such that the feature would apply even if the legislation is subsequently changed. Restricted balances are excluded from cash and cash equivalents for the purposes of the statement of cash flows. Balances restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period are included in other non-current assets.

Dividends

Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved. Any dividends declared after the reporting period and before the financial statements are authorised for issue are disclosed in the "Events after the reporting period" note.

Dividends are distributed on the basis of financial statements prepared under IFRS. Based on legislation of Republic of Kazakhstan, the calculation and distribution of dividends should be made after the approval of financial statements.

Value added tax

Output value added tax related to sales is payable to tax authorities when goods or services are delivered to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. Accordingly, VAT related to sales and purchases, which were not offset at the reporting date, is recognised in the statement of financial position on a net basis. The recoverable VAT is classified as a non-current asset, if it is not expected to be recovered during one year after completion of the reporting period.

Trade and other payables

Trade payables are accrued when the counterparty performs its obligations under the contract and are recognised initially at fair value and subsequently carried at amortised cost.

Provisions for other liabilities and charges

Provisions for liabilities and charges are non-financial liabilities with indefinite maturity or amount. They are accrued when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. The Company's provisions include site restoration (Note 27) and other provisions recorded in the financial statements.

3 Significant Accounting Policies (Continued)

Provision for asset retirement obligations

Assets retirement obligations are recognised when it is probable that the costs would be incurred and those costs can be measured reliably. Asset retirement obligations include the costs of rehabilitation and costs of liquidation (demolition of buildings, constructions and infrastructure, dismantling of machinery and equipment, transportation of the residual materials, environmental clean-up, monitoring of wastes and land restoration).

An estimated cost of dismantling and removal of an item of property, plant and equipment is added to the cost of the item at the time of acquisition of this item of property, plant and equipment or when the item is used for the purposes not related to production during a period in which the liability arises arising from a respective fact of disturbance of lands during contamination of environment, based on the discounted value of estimated future costs.

Changes in the estimate of the existing asset retirement obligation as a result of changes in estimated maturity or amount of respective costs or as a result of change in the discount rate are recorded as an adjustment of the cost of a respective asset in the current period. These costs are subsequently amortised during useful lives of assets, to which they are related, using the amortisation method appropriate to these assets. Changes in the provisions for asset retirement obligations related to damage during the production and processing phase are recorded in profit or loss for the year.

Provisions for asset retirement obligations do not include any additional obligations which are expected to arise from future disturbances. Estimated amounts of the costs are calculated annually in the course of operations taking into account known changes, for example, updated estimated amounts and revised useful lives of assets or set terms of operating activities, with conduct of official reviews on a regular basis. Although the final cost to be incurred is uncertain, the Company estimates its costs based on feasibility and engineering studies using current restoration standards and techniques for conducting restoration and retirement works.

The amortisation or "unwinding" of the discount applied in establishing the net present value of provisions is charged to profit or loss in each accounting period. The amortisation of the discount is disclosed as finance costs.

Foreign currency translation

The functional currency is the currency of the primary economic environment in which the Company operates. The functional currency and the presentation currency of the Company is the national currency of the Republic of Kazakhstan, Kazakhstani Tenge ("Tenge"). Exchange restrictions and currency controls exist in relation of converting Tenge into other currencies. Currently, Tenge is not freely convertible outside of the Republic of Kazakhstan.

Monetary assets and liabilities are translated into the functional currency using the market exchange rate prevailing at the end of the reporting period. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities into functional currency at the official year-end exchange rates are recognised in profit or loss for the year. Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the statement of profit or loss and other comprehensive income within finance income and costs. All other foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income within other income and expenses.

At 31 December 2021, the official closing exchange rate used for translating foreign currency balances was US Dollar 1 per Tenge 431.67 (2020: US Dollar 1 per Tenge 420.71).

Amendment of the financial statements after issue

Any changes to these financial statements after issue require approval of the Company's management, who authorised these financial statements for issue.

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Company makes estimates and assumptions that affect the amounts recognised in the financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

Uranium reserves

Uranium reserves are a critical component of the Company's projected cash flow estimates that are used to assess the recoverable values of assets and to determine depreciation and amortisation expense.

The Company uses a method of reserve evaluation based on Australasian Code for reporting on geological exploration works, mineral resources and ore reserves dated December 2012 ("JORC Code"), which requires the use of justified assumptions, including:

- evaluation of the future production, which includes proved and forecast reserves, evaluations of reserves and obligation on expansion;
- assumed future commodity prices based on the effective market price, forward price and the Company's estimate of long-term average price; and
- future cash costs of production, capital investments and restoration liabilities.

Impairment of non-financial assets

At the end of each reporting period, the Company assesses assets for any indication of their possible impairment. If any such indications exist, the recoverable amount of the assets is calculated and compared with their carrying amount. An excess of the carrying amount over the recoverable amount is recognised as impairment.

The recoverable amount of an asset or cash generating unit is the higher of value in use of the asset (unit) and its fair value less selling expenses. The calculation of the value in use requires the Company to estimate future cash flows of the Company from the use of the asset (cash generating unit). The evaluation of the future cash flows includes significant judgements regarding future commodity prices (for uranium and other products and services), volumes of sales, discount rates, growth rates, level of operating costs and other factors.

The review and calculations for impairment are based on assumptions corresponding to the business models of the Company. Due to its subjective nature, these estimates could differ from future actual results of operations and cash flows; any such difference may result in impairment in future periods which would decrease the carrying value of the respective asset.

To estimate impairment the assets are grouped on the lowest levels, for which there are separate identifiable cash flows significantly independent on cash flows from other assets or groups of assets (cash generating units). The Company determined each field (contract area) as a separate cash generating unit.

At the end of 2021 year, the carrying amount of exploration and evaluation assets was reclassified to mine development costs (Note 17) and subsurface rights (Note 18) due to the confirmation of the technical feasibility and commercial viability of extracting resources at the Zhalpak deposit and due to obtaining a Zhalpak subsurface contract based on the Addendum No. 1 dated 28 December 2021 (Note 1).

In relation to the subsurface contract for the uranium production at the Zhalpak deposit, in accordance with IFRS 6 and the Company's accounting policies, the Company performed an impairment test for the exploration and evaluation assets of the Zhalpak deposit as at 31 December 2021 to reclassify those assets to the mine development costs and subsurface rights. Based on the results of the impairment test, the Company concluded that as at 31 December 2021 the Company is not required to recognize any impairment in respect of these assets.

As of 31 December 2021 and 31 December 2020, the Company's management conducted an analysis and concluded that there were no indicators of impairment of the assets.

Provision for asset retirement obligations

According to environmental regulations, the Company has a legal obligation to remediate damage caused to the environment from its operations, dismantling of equipment and soil remediation after completion of activities. The provisions are made based on the discounted value of costs of liquidation and remediation as soon as the obligations arise from past operating activities.

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

Provision for asset retirement obligations is estimated based on the Company's interpretation of the current environmental legislation in the Republic of Kazakhstan and related remedial action programs at contract areas and other operating activities, supported by a feasibility study and engineering research according with the applicable restoration and retirement standards and techniques.

The estimates of the costs of damage elimination are subject to potential changes in environmental requirements and interpretations of the legislation. Liquidation obligations are recognised in case of a probability of their occurrence and possibility of their reasonable estimate.

Significant judgements in such estimations include the estimate of the discount rate, cost of work and timing of future cash outflows. The discount rate is applied to the nominal value of work which management is assuming to conduct to liquidate and restore assets in the future. Accordingly, management's estimates made on current prices were increased using the assumed long-term inflation rate (2021: 5.12%, 2020: 5.17%) and subsequently discounted based on the discount rate. The discount rate reflects current market estimates of time value of money and risks on obligations which were not accounted for in the best estimates of costs. The discount rate applied by the Company to calculate the provision at 31 December 2021 amounted to 9.85% (2020: 9.87%).

At 31 December 2021, the total carrying amount of the provision for asset retirement obligations amounted to Tenge 3,164,530 thousand (2020: Tenge 2,804,905 thousand) (Note 27).

Were the estimated inflation rate to differ by 10% from management's estimates, the impact on the carrying value of provision for asset retirement obligations for the year ended 31 December 2021 would be to increase it by Tenge 178,977 thousand or decrease it by Tenge 169,983 thousand (2020: increase by Tenge 168,913 thousand or decrease by Tenge 159,238 thousand). Were the estimated discount rate to differ by 10% from management's estimates, the impact on the carrying value of provision for asset retirement obligations for the year ended 31 December 2021 would be to increase it by Tenge 303,697 thousand or decrease it by Tenge 339,984 thousand (2020: increase by Tenge 293,477 thousand or decrease by Tenge 261,127 thousand).

Useful lives of property, plant and equipment

The estimation of the useful lives of items of property, plant and equipment is a matter of judgement based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets.

Management assesses the remaining useful lives of property, plant and equipment based on the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits. The following primary factors are considered: (a) the expected usage of the assets; (b) the expected physical wear and tear, which depends on operational factors and maintenance schedule; and (c) the technical or commercial obsolescence arising from changes in market conditions.

The Company's property, plant and equipment (except those used for uranium production and its pre-processing) are depreciated on a straight-line basis over their useful life. Management reviews compliance of useful lives of assets at least annually; any changes can impact perspective rates of depreciation and carrying amount of assets.

Estimated useful lives of assets related to uranium production

Property, plant and equipment related to uranium production are depreciated using the production method during the term of deposit mining based on the estimate of mineral reserves. In determining mineral reserves the assumptions which were valid during the evaluation can change upon arrival of new information. Any changes can affect the perspective rates of depreciation and carrying amount of an asset.

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

The calculation of the depreciation rate using the production method can be affected by the fact that the actual production will differ from the forecast production in the future. The deviation usually arises as a result of significant changes in the factors or assumptions used in the estimate of mineral reserves. Such factors can include:

- changes in the estimate of mineral reserves;
- significant change, from time to time, in a sort of mineral reserves;
- differences between actual commodity prices and estimated commodity prices used in the estimate of mineral reserves;
- unforeseen operating problems at the fields; and
- changes in capital and operating costs, costs of processing and remediation, discount rates and exchange rates, possibly adversely affecting economic characteristics of mineral reserves.

The estimates of reserves can change from period to period. It can affect financial results of the Company. Such changes in reserves can affect the accrual of depreciation, carrying amount of assets and amount of provision for asset retirement obligations. Management revises compliance of the useful lives of assets at least on an annual basis.

Tax legislation

Kazakhstani tax legislation is subject to different interpretations (Note 31).

5 Adoption of New or Revised Standards and Interpretations

The following amended standards became effective for the Company from 1 January 2021, but did not have any material impact on the Company:

- COVID-19-Related Rent Concessions - Amendment to IFRS 16 (issued on 28 May 2020 and effective for annual periods beginning on or after 1 June 2020).
- Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021).

6 New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2022 or later, and which the Company has not early adopted.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).
- IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2021).
- Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).
- Classification of liabilities as current or non-current - Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022).
- Classification of liabilities as current or non-current, deferral of effective date - Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023).
- Proceeds before intended use, Onerous contracts - cost of fulfilling a contract, Reference to the Conceptual Framework - narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 - amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).
- Covid-19-Related Rent Concessions – Amendments to IFRS 16 (issued on 31 March 2021 and effective for annual periods beginning on or after 1 April 2021).
- Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).
- Transition option to insurers applying IFRS 17 – Amendments to IFRS 17 (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023).

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Company's financial statements.

7 Balances and Transactions with Related Parties

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Transactions with other government owned entities are not disclosed when they are entered in the ordinary course of business with terms consistently applied to all public and private entities, i) when they are not individually significant, ii) if the Company's services are provided on standard terms available for all customers, or iii) where there is no choice of supplier of such services as electricity transmission services, telecommunications, etc.

At 31 December 2021, the outstanding balances with related parties were as follows:

In thousands of Kazakhstani Tenge	**Accounts receivable**	**Accounts payable**
NAC Kazatomprom JSC	32,428,369	101,573
Entities under control of NAC Kazatomprom JSC	97,760	1,555,051
Other entities under control of Samruk-Kazyna JSC	28	148
CGNM UK Limited	746,885	-
Total	**33,273,042**	**1,656,772**

7 Balances and Transactions with Related Parties (Continued)

The income and expense items with related parties for the year ended 31 December 2021 were as follows:

In thousands of Kazakhstani Tenge	**Sales of goods and services**	**Purchase of goods and services**
NAC Kazatomprom JSC	44,082,138	88,565
Entities under control of NAC Kazatomprom JSC	190,519	10,799,503
Other entities under control of Samruk-Kazyna JSC	300	128,073
CGNM UK Limited	14,912,357	-
Total	**59,185,314**	**11,016,141**

Company sells uranium product to the NAC Kazatomprom JSC and CGNM UK Limited based on the spot price, which is determined with reference to quotations of UX Consulting LLC and Trade Tech LLC, and adjusted by the fixed discount and transfer differential (the transfer differential is not included in the sales price calculation under the contract with CGNM UK Limited).

Purchase of goods and services include uranium transportation, scientific research, uranium processing to chemical concentrate of uranium and other services provided based on market conditions.

At 31 December 2020, the outstanding balances with related parties were as follows:

In thousands of Kazakhstani Tenge	**Accounts receivable**	**Accounts payable**
NAC Kazatomprom JSC	16,686,100	610
Entities under control of NAC Kazatomprom JSC	7,320	1,715,561
Other entities under control of Samruk-Kazyna JSC	112	151
Less: net impairment losses on financial and contract assets at 31 December*	(38,687)	-
Total	**16,654,845**	**1,716,322**

*Credit loss allowance refers to accounts receivable from NAC Kazatomprom JSC

The income and expense items with related parties for the year ended 31 December 2020 were as follows:

In thousands of Kazakhstani Tenge	**Sale of goods and services**	**Purchase of goods and services**	**Net impairment losses on financial and contract assets**
NAC Kazatomprom JSC	39,192,343	-	33,368
Entities under control of NAC Kazatomprom JSC	33,716	9,702,617	-
Other entities under control of Samruk-Kazyna JSC	300	57,218	-
Total	**39,226,359**	**9,759,835**	**33,368**

Settlements on related party transactions are payable by cash during a period of up to six months after the reporting date. All the liabilities are unsecured.

7 Balances and Transactions with Related Parties (Continued)

Key management compensation is presented below (2021: 5 directors, 2020: 5 directors):

	2021		2020	
In thousands of Kazakhstani Tenge	**Expenses**	**Liability**	**Expenses**	**Liability**
Short-term payments				
Salaries and bonuses	67,462	2,034	76,056	1,924
Total	**67,462**	**2,034**	**76,056**	**1,924**

In 2020 NAC Kazatomprom JSC increased the Company's share capital by the amount of Tenge 523,005 thousand in the form of a contribution of the ERP-SAP-Ortalyk Software (Note 25).

8 Revenue from contracts with customers

The Company recognises revenue from the transfer of goods at a point in time and revenue from sale of services over time for the following streams:

In thousands of Kazakhstani Tenge	**2021**	**2020**
Revenue from uranium sales	57,740,904	37,011,002
Transportation services	1,375,019	2,181,341
Other	68,852	36,972
Total revenue from contracts with customers	**59,184,775**	**39,229,315**

On 23 September 2021 the Company signed an agreement with CGNM UK Limited, under which the Company needs to sell and supply 292 tons (+/- 1%) of uranium oxide to CGNM UK Limited. The Company delivered uranium to its participant in November 2021.

9 Cost of sales

In thousands of Kazakhstani Tenge	**2021**	**2020**
Depreciation and amortisation	4,911,485	2,977,348
Materials and supplies	4,046,714	2,781,576
Mineral extraction tax	3,320,669	2,557,916
Outsourced services	2,954,552	3,433,083
Payroll and related deductions	2,766,258	2,601,509
Transportation expenses	1,795,689	1,606,283
Fuel and electricity	1,073,141	940,604
Repairs and maintenance of property, plant and equipment	493,757	424,891
Taxes and duties other than income tax	231,620	246,060
Security services	124,879	64,661
Professional training and qualification advancement costs	103,135	81,476
Insurance costs	50,968	31,880
Communication services	48,041	10,838
Rent expenses	40,057	24,040
Business trip expenses	19,156	8,189
Total cost of sales	**21,980,121**	**17,790,354**

10 General and Administrative Expenses

In thousands of Kazakhstani Tenge	**2021**	**2020**
Penalties and fines	608,466	2,917
Payroll and related deductions	496,248	475,123
Expenses on cultural and sport events	77,567	2,080
Depreciation and amortisation	59,624	45,161
Rent expenses	54,699	53,830
Training	44,907	63,971
Consulting services	38,685	31,340
Communication services	33,361	43,417
Business trip expenses	15,012	9,373
Audit services	9,439	4,280
Security services	8,117	7,928
Materials	7,992	18,686
Taxes other than income tax	3,552	886
Repairs and maintenance of property, plant and equipment	3,430	8,175
Bank services	657	692
(Reversal)/accrual of provision for expected credit losses	(38,477)	35,001
Other expenses	150,159	125,179
Total general and administrative expenses	**1,573,438**	**928,039**

11 Other Expenses

In thousands of Kazakhstani Tenge	**2021**	**2020**
Social sphere expenses (Note 29)	643,353	83,121
Costs associated with the suspension of production at Zhalpak mine (Note 1)	517,391	325,743
Research and development costs	100,829	110,200
Loss on disposal of property, plant and equipment	1,529	3,928
Other expenses	48,685	39,958
Total other expenses	**1,311,787**	**562,950**

12 Payroll

In thousands of Kazakhstani Tenge	**2021**	**2020**
Salaries	3,074,133	2,984,705
Social tax, social deductions, deductions to mandatory medical insurance fund	378,085	384,756
Total payroll	**3,452,218**	**3,369,461**

13 Finance income and costs

In thousands of Kazakhstani Tenge	**2021**	**2020**
Finance income		
Interest income on term deposits, demand deposits and current accounts	160,954	135,159
Net foreign exchange gains	65,614	79,070
Other	24,309	4,319
Total finance income	**250,877**	**218,548**
Finance costs		
Unwinding of discount on reserves	289,001	265,149
Other	47,696	26,495
Total finance costs	**336,697**	**291,644**

14 Income Tax Expense

(a) Components of income tax expense

Income tax expense recorded in profit or loss for the year comprises the following:

In thousands of Kazakhstani Tenge	**2021**	**2020**
Current tax	7,425,721	3,971,063
Deferred tax	(207,236)	109,754
Income tax expense	**7,218,485**	**4,080,817**

(b) Reconciliation between the tax expense and accounting profit multiplied by applicable tax rate

The income tax rate applicable to the Company's 2021 and 2020 income is 20%. A reconciliation between the expected and the actual taxation charge is provided below.

In thousands of Kazakhstani Tenge	**2021**	**2020**
Profit before tax	34,234,290	19,848,368
Theoretical tax charge at statutory rate of 20% (2020: 20%):	6,846,858	3,969,674
Tax effect of items which are not deductible or assessable for taxation purposes:		
Additional accrual of tax for prior years	153,243	110,701
Non-deductible expenses and other items	218,384	442
Income tax expense for the year	**7,218,485**	**4,080,817**

14 Income Tax Expense (Continued)

(c) Deferred taxes analysed by type of temporary difference

Differences between IFRS and statutory taxation regulations in Kazakhstan give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below and recorded at the rate of 20% (2020: 20%).

In thousands of Kazakhstani Tenge	1 January 2021	Charged to profit or loss	31 December 2021
Tax effect of deductible/(taxable) temporary differences			
Property, plant and equipment and other non-current assets	(1,033,686)	(53,711)	(1,087,397)
Provisions	349,594	117,709	467,303
Inventories	18,524	(4,441)	14,083
Taxes	124,544	121,068	245,612
Other accruals	39,600	26,611	66,211
Recognised deferred tax liability	**(501,424)**	**207,236**	**(294,188)**

The tax effect of the movements in the temporary differences for the year ended 31 December 2020 is:

In thousands of Kazakhstani Tenge	1 January 2020	Charged to profit or loss	31 December 2020
Tax effect of deductible/(taxable) temporary differences			
Property, plant and equipment and other non-current assets	(1,152,285)	118,599	(1,033,686)
Provisions	586,113	(236,519)	349,594
Inventories	20,050	(1,526)	18,524
Taxes	126,808	(2,264)	124,544
Other accruals	27,644	11,956	39,600
Recognised deferred tax liability	**(391,670)**	**(109,754)**	**(501,424)**

The Company's management expects that deferred tax liability in the amount of Tenge 684,001 thousand (2020: Tenge 802,177 thousand) will be realised within the period of more than 12 months after the reporting period. Accordingly, the deferred tax assets in the amount of Tenge 389,813 thousand (2020: Tenge 300,753 thousand) will be realised within the period up to 12 months after the end of the reporting period.

15 Intangible Assets

In thousands of Kazakhstani Tenge	Licenses	Software	Other	Total
Cost				
At 1 January 2020	5,482	57,572	55,963	119,017
Additions	43,479	558,145	-	601,624
At 31 December 2020	**48,961**	**615,717**	**55,963**	**720,641**
Additions	8,454	78,063	-	86,517
Disposals	(10,306)	-	-	(10,306)
At 31 December 2021	**47,109**	**693,780**	**55,963**	**796,852**
Accumulated amortisation				
At 1 January 2020	(5,460)	(17,831)	(26,261)	(49,552)
Amortisation for the year	(1,834)	(36,892)	(3,910)	(42,636)
At 31 December 2020	**(7,294)**	**(54,723)**	**(30,171)**	**(92,188)**
Amortisation for the year	(3,810)	(54,123)	(3,878)	(61,811)
At 31 December 2021	**(11,104)**	**(108,846)**	**(34,049)**	**(153,999)**
Net carrying amount				
At 31 December 2020	41,667	560,994	25,792	628,453
At 31 December 2021	**36,005**	**584,934**	**21,914**	**642,853**

16 Property, Plant and Equipment

Movements in the carrying amount of property, plant and equipment were as follows:

In thousands of Kazakhstani tenge	Land	Buildings and constructions	Plant and equipment	Vehicles	Other	Construction in progress	Total
Cost							
At 1 January 2020	279	9,813,264	3,718,176	329,976	365,611	3,669,366	17,896,672
Additions	-	36,579	3,571	-	28,665	712,892	781,707
Transfers	-	3,919,493	164,443	-	52,653	(4,136,589)	-
Transfers related to inventories	-	-	892	(749)	-	-	143
Disposals	-	-	(50,478)	-	(1,330)	-	(51,808)
At 31 December 2020	**279**	**13,769,336**	**3,836,604**	**329,227**	**445,599**	**245,669**	**18,626,714**
Changes in accounting estimates	-	(48,079)	-	-	-	-	(48,079)
Additions	-	-	17,134	-	3,500	489,008	509,642
Transfers	-	67,281	304,179	-	38,862	(410,322)	-
Transfers related to inventories	-	-	-	-	-	(5,279)	(5,279)
Disposals	-	-	(19,259)	(21,012)	(5,758)	-	(46,029)
Transfers between categories	-	111,202	(51,200)	(13,888)	(36,580)	-	9,534
At 31 December 2021	**279**	**13,899,740**	**4,087,458**	**294,327**	**445,623**	**319,076**	**19,046,503**
Accumulated Depreciation							
At 1 January 2020	-	(3,059,012)	(2,645,993)	(262,758)	(225,075)	-	(6,192,838)
Depreciation charge	-	(434,120)	(325,346)	(18,137)	(40,313)	-	(817,916)
Disposals	-	-	1,111	-	33	-	1,144
At 31 December 2020	**-**	**(3,493,132)**	**(2,970,228)**	**(280,895)**	**(265,355)**	**-**	**(7,009,610)**
Depreciation charge	-	(617,135)	(316,804)	(15,803)	(55,503)	-	(1,005,245)
Disposals	-	-	17,735	21,012	5,753	-	44,500
Transfers between categories	-	(111,202)	51,200	13,888	36,580	-	(9,534)
At 31 December 2021	**-**	**(4,221,469)**	**(3,218,097)**	**(261,798)**	**(278,525)**	**-**	**(7,979,889)**
Net carrying amount							
At 31 December 2020	279	10,276,204	866,376	48,332	180,244	245,669	11,617,104
At 31 December 2021	**279**	**9,678,271**	**869,361**	**32,529**	**167,098**	**319,076**	**11,066,614**

Depreciation charges of Tenge 924,936 thousand (2020: Tenge 647,795 thousand) were recorded in cost of sales in line 'depreciation and amortisation', Tenge 10,086 thousand (2020: Tenge 45,161 thousand) in general and administrative expenses, Tenge 70,223 thousand (2020: Tenge 124,960 thousand) in work in progress (inventories).

17 Mine development assets

In thousands of Kazakhstani Tenge	Field preparation	Field restoration	Ion exchange resin	Total
At 1 January 2020				
Cost	15,584,407	2,662,764	1,556,129	19,803,300
Accumulated amortisation and impairment losses	(5,891,802)	(312,785)	(211,418)	(6,416,005)
Carrying amount	**9,692,605**	**2,349,979**	**1,344,711**	**13,387,295**
Additions	3,249,481	-	217,243	3,466,724
Changes in accounting estimates	-	(1,174,201)	-	(1,174,201)
Amortisation charge	(2,146,595)	(132,216)	(81,094)	(2,359,905)
At 31 December 2020				
Cost	18,833,888	1,488,563	1,773,372	22,095,823
Accumulated amortisation and impairment losses	(8,038,397)	(445,001)	(292,512)	(8,775,910)
Carrying amount	**10,795,491**	**1,043,562**	**1,480,860**	**13,319,913**
At 31 December 2021				
Additions	4,146,087	-	195,633	4,341,720
Transfers from exploration and evaluation assets (Note 19)	648,677	384,245	-	1,032,922
Changes in accounting estimates	-	130,860	-	130,860
Amortisation charge	(4,028,007)	(75,305)	(148,737)	(4,252,049)
At 31 December 2021				
Cost	23,628,652	2,003,668	1,969,005	27,601,325
Accumulated amortisation and impairment losses	(12,066,404)	(520,306)	(441,249)	(13,027,959)
Carrying amount	**11,562,248**	**1,483,362**	**1,527,756**	**14,573,366**

18 Subsurface Rights

In thousands of Kazakhstani tenge	Subscription bonus	Commercial discovery bonus	Historical costs	Total
At 1 January 2020				
Cost	8,494	175,204	237,449	421,147
Accumulated amortisation and impairment losses	(1,122)	(23,197)	(28,768)	(53,087)
Carrying amount	**7,372**	**152,007**	**208,681**	**368,060**
Amortisation charge	(412)	(8,552)	(11,743)	(20,707)
At 31 December 2020				
Cost	8,494	175,204	237,449	421,147
Accumulated amortisation and impairment losses	(1,534)	(31,749)	(40,511)	(73,794)
Carrying amount	**6,960**	**143,455**	**196,938**	**347,353**
At 1 January 2021				
Additions	86,892	-	-	86,892
Transfers from exploration and evaluation assets (Note 19)	16,225	-	880,809	897,034
Amortisation charge	(503)	(10,353)	(14,211)	(25,067)
At 31 December 2021				
Cost	111,611	175,204	1,118,258	1,405,073
Accumulated amortisation and impairment losses	(2,037)	(42,102)	(54,722)	(98,861)
Carrying amount	**109,574**	**133,102**	**1,063,536**	**1,306,212**

During 2021, additions in the amount of Tenge 86,892 thousand represent a signature bonus under a new uranium mining contract at the Zhalpak field, which was transferred to the Company on 28 December 2021 (Note 1).

19 Exploration and Evaluation Assets

In thousands of Kazakhstani Tenge	Tangible assets	Intangible assets	Field restoration	Total
Carrying amount				
At 1 January 2020	603,812	928,019	197,213	1,729,044
Additions	10,114	-	-	10,114
Changes in accounting	-	-	187,286	187,286
Transfer to intangible assets	(5,943)	(48,985)	(254)	(55,182)
At 31 December 2020	**607,983**	**879,034**	**384,245**	**1,871,262**
Additions	58,694	-	-	58,694
Transfers	(18,000)	18,000	-	-
Transfers to mine development assets and subsurface rights (Notes 17 and 18)	(648,677)	(897,034)	(384,245)	(1,929,956)
At 31 December 2021	**-**	**-**	**-**	**-**

19 Exploration and Evaluation Assets (Continued)

At the end of 2021 year, the carrying amount of exploration and evaluation assets was reclassified to mine development costs (Note 17) and subsurface rights (Notes 18) due to the confirmation of the technical feasibility and commercial viability of extracting resources at the Zhalpak deposit and due to obtaining a Zhalpak subsurface contract based on the Addendum No. 1 dated 28 December 2021 (Note 1).

During 2021 and 2020, the Company did not sell products extracted at Zhalpak field and accrued expenses from geological exploration to other expenses (Notes 1 and 11).

During 2021 and 2020 the Company has incurred the following cash outflows related to the exploration and evaluation activities:

In thousands of Kazakhstani Tenge	**2021**	**2020**
Cash used in investing activities	-	12,589

20 Other Non-Current Assets

In thousands of Kazakhstani Tenge	**2021**	**2020**
Cash on deposit bank accounts – liquidation fund	1,638,484	1,444,017
Other non-current assets	1,702	1,702
Provision for cash on deposit bank accounts	(1,345)	(25,654)
Total other non-current assets	**1,638,841**	**1,420,065**

The cash in deposit bank accounts represents a liquidation fund in the amount of Tenge 1,638,484 thousand (2020: Tenge 1,444,017 thousand), which is required for future fulfilment of the obligation to liquidate and restore assets. These deposits are subject to regulatory restrictions stipulated by subsurface contracts and are therefore not available for general use by the Company. The Company has applied the practical expedient for calculation of the expected credit losses for cash on deposit bank accounts and estimated this reserve based on 12 months model of expected credit losses as this cash is deposited in bank with good credit rating. The liquidation fund is denominated in US dollars. In 2021 the fixed annual interest rate for Mynkudyk and Zhalpak deposits were 0.3% and 0.1%, respectively (2020: for Mynkudyk and Zhalpak deposits were 0.3% and 0.1% respectively).

21 Inventory

In thousands of Kazakhstani Tenge	**2021**	**2020**
Work in progress	2,250,338	1,505,438
Raw materials	869,438	339,576
Finished goods	540,635	540,577
Fuel	25,213	23,546
Total inventories	**3,685,624**	**2,409,137**

The movements in provision for obsolete and slow moving inventories is as follows:

In thousands of Kazakhstani Tenge	**2021**	**2020**
Balance at 1 January	92,621	100,249
Reversal of provision for obsolete and slow moving inventories	(22,204)	(7,628)
Balance at 31 December	**70,417**	**92,621**

22 Trade Receivables

In thousands of Kazakhstani Tenge	2021	2020
Trade receivables from related parties	33,273,042	16,693,532
Oher trade receivables	6,297	13,131
Less credit loss allowance	(210)	(38,687)
Total receivables	**33,279,129**	**16,667,976**

Trade receivables are denominated in the following currencies:

In thousands of Kazakhstani tenge	2021	2020
Tenge	32,532,454	16,706,663
US Dollars	746,885	-
Total trade receivables	**33,279,339**	**16,706,663**

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Since the Company sells uranium products to NAC Kazatomprom JSC and CGNM UK Limited (Note 7), the estimated credit loss allowance for trade receivables from related parties is estimated on an individual basis with a default interest in 2021 of 16% (2020: 15.19%), taking into account the historical data on payments and the number of days since the occurrence of receivables. The credit loss allowance at 31 December 2021 was Tenge 210 thousand (2020: Tenge 38,687 thousand).

23 Cash and Cash Equivalents

In thousands of Kazakhstani Tenge	2021	2020
Current bank accounts	16,865,200	1,986,086
Cash on hand	1,561	3
Credit loss allowance	(2,260)	(189)
Total cash and cash equivalents	**16,864,501**	**1,985,900**

As of 31 December, cash on current bank accounts was denominated in the following currencies:

In thousands of Kazakhstani Tenge	2021	2020
Tenge	10,474,213	1,969,126
US Dollars	6,382,893	16,960
GBP	8,094	-
Total cash and cash equivalents	**16,865,200**	**1,986,086**

23 Cash and Cash Equivalents (Continued)

The table below discloses the credit quality of cash and cash equivalents balances based on credit risk grades at 31 December 2021. Refer to Note 32 for the description of the Company's credit risk grading system.

In thousands of Kazakhstani Tenge	Bank balances payable on demand	Term deposits	Total
- Excellent	-	-	-
- Good	16,865,200	-	16,865,200
- Satisfactory	-	-	-
- Special monitoring	-	-	-
Total cash and cash equivalents, excluding cash on hand	**16,865,200**	**-**	**16,865,200**

The table below discloses the credit quality of cash and cash equivalents balances based on credit risk grades at 31 December 2020. Refer to Note 32 for the description of the Company's credit risk grading system.

In thousands of Kazakhstani Tenge	Bank balances payable on demand	Term deposits	Total
- Excellent	-	-	-
- Good	1,986,086	-	1,986,086
- Satisfactory	-	-	-
- Special monitoring	-	-	-
Total cash and cash equivalents, excluding cash on hand	**1,986,086**	**-**	**1,986,086**

24 Other Current Assets

In thousands of Kazakhstani Tenge	2021	2020
Advances paid	132,129	80,014
Prepayment of other taxes to the budget	54,543	214,019
Other current assets	35,857	15,788
Total other current assets	**222,529**	**309,821**

25 Share Capital

The Company's share capital at 31 December 2021 was fully paid and amounts to Tenge 27,164,074 thousand (2020: Tenge 27,164,074 thousand).

During 2021 and 2020, the following dividends were declared and paid:

In thousands of Kazakhstani Tenge	2021	2020
Dividends payable at 1 January	-	-
Dividends declared during the year	-	11,725,438
Dividends paid during the year	-	(11,725,438)
Dividends payable at 31 December	**-**	**-**

26 Historical Costs Liabilities

In thousands of Kazakhstani Tenge	2021	2020
Carrying amount at 1 January	445,560	597,728
Charged to taxes payables	(231,020)	(209,313)
Unwinding of discount	12,157	18,734
Exchange difference	5,602	38,411
Total historical cost liabilities	**232,299**	**445,560**
Obligations with maturity of:		
- less than 1 year	232,299	231,130
- 1 - 5 years	-	214,430

The obligations to the Republic of Kazakhstan are represented by obligations to repay historical costs. Under the terms of the subsurface contract, the Company has obligations to repay certain historical costs of US Dollars 3,076 thousand. At 31 December 2021, the Company's undiscounted obligation on historical costs amounted to Tenge 232,299 thousand (2020: Tenge 462,040 thousand) which is equal to US Dollars 549 thousand (2020: US Dollars 1,098 thousand). The expected future payments were discounted at the rate of 3.3%.

27 Provision for Asset Retirement Obligations

In thousands of Kazakhstani Tenge	2021	2020
Provision at 1 January	2,804,905	3,575,911
Changes in estimates as a result of which the provision is adjusted, which is considered in the cost of property, plant and equipment	(48,079)	(30,506)
Increase/(decrease) in the asset due to changes in inflation rate, discount rate and nominal costs	130,860	(986,915)
Unwinding of discount	276,844	246,415
Provision at 31 December	**3,164,530**	**2,804,905**

The provision for asset retirement obligations is determined using current prices (prices at the reporting date) on expenses to be incurred and by applying a projected rate of inflation for the period until maturity date of the obligation. The provision was recognised at present value with using the discount rate of 9.85% (2020: 9.87%), being a risk-free rate, since the future cash outflows reflect risks inherent to this obligation, and inflation rate of 5.12% (2020: 5.17%). Considering the long-term nature of the obligation, there is uncertainty regarding the actual value of costs.

The evaluation of the asset retirement obligation at 31 December 2021 was conducted by an independent international consulting company. At 31 December 2021, the current discounted cost of estimated obligations amounted to Tenge 3,164,530 thousand (2020: Tenge 2,804,905 thousand). The change in the value of the obligation in 2021 is associated with a change in the discount rate, inflation rate and the nominal costs. A significant part of the costs for environmental protection measures falls on 2032 for the Central Mynkuduk field and in 2042 for the Zhalpak field.

In determining the provision, the Company's management used assumptions and estimates based on the experience of decommissioning and remediation activities of a similar nature. The estimated assumptions and estimates were presented by the Company's engineers and professional consultants based on the best interpretation of the effective environmental regulations.

28 Trade Payables

In thousands of Kazakhstani Tenge	2021	2020
Trade payables to related parties	1,656,772	1,716,322
Trade payables on construction in progress items	308,969	189,334
Other trade payables	476,506	166,786
Total trade payables	**2,442,247**	**2,072,442**

Information on the Company's exposure to foreign exchange risk and liquidity risk regarding trade payables is disclosed in Note 32.

29 Other Current Liabilities

In thousands of Kazakhstani Tenge	2021	2020
Liabilities for social sphere expenses	600,000	-
Liabilities for fines and penalties	585,566	-
Accrued liabilities on unused vacation and other employee benefits	256,258	98,575
Payroll payable	108,983	106,972
Advances from customers	13,543	3,940
Other liabilities	-	2,122
Total other current liabilities	**1,564,350**	**211,609**

Liabilities for fines and penalties include a corporate income tax penalty for 2021 in the amount of Tenge 430,000 thousand for exceeding the calculated tax over advance payments for 2021, a penalty under the act of a comprehensive tax audit for 2017-2019 in the amount of Tenge 92,000 thousand, as well as fine for non-fulfilment of license and contract terms for 2020 in the amount of Tenge 63,566 thousand. The liabilities for social sphere expenses includes the social and economic development costs of the Turkestan region, which the Company is required to incur in the first quarter of 2022 under a new subsurface contract for the Zhalpak field in the amount of Tenge 600,000 thousand (Note 11).

30 Other taxes and obligatory payments liabilities

In thousands of Kazakhstani Tenge	2021	2020
Mineral extraction tax	1,123,620	560,444
VAT payable	759,944	-
Other taxes payable	248,114	127,651
Total other taxes and obligatory payments liabilities	**2,131,678**	**688,095**

31 Contingencies and Commitments

Legal proceedings

From time to time and in the normal course of business, claims against the Company may be received. On the basis of its own estimates, management is of the opinion that no material losses will be incurred in respect of claims in excess of provisions that have been made in these financial statements.

Taxation

Tax conditions in the Republic of Kazakhstan are subject to changes and inconsistent application and interpretation. In particular, current subsurface contracts do not contain tax stability from 1 January 2009, and tax liabilities are calculated per the standard procedure, which can lead to unfavourable changes in tax positions of the subsoil users, including the Company's position. Discrepancies in interpretation of Kazakhstan laws and regulations by the Company and Kazakhstani authorities may lead to accrual of additional taxes, penalties and interest.

31 Contingencies and Commitments (Continued)

Kazakhstani tax legislation and practice is in a state of continuous development, and therefore is subject to varying interpretations and frequent changes, which may be retroactive. In certain cases to determine the taxable basis tax legislation refers to IFRS provisions, however the interpretation of IFRS provisions by Kazakhstani tax authorities may differ from accounting policies, judgements and estimates applied by management in preparation of these financial statements, which may lead to additional tax liabilities of the Company. Tax authorities can conduct a retroactive review for five years after the end of the tax year.

The Company's management believes that its interpretation of respective legislation is acceptable and the Company's tax position is justified. In the opinion of the Company's management, the Company will not incur significant losses on current and potential tax claims.

Transfer pricing law

A transfer pricing law was enacted as at 1 January 2009. The law applies to cross-border transactions involving sales of goods and services. In addition, the transfer pricing law applies to in-country sales and purchases of goods and services, if these transactions are determined to be effected not at arm's length.

Also, the law excluded the 10 percent price safe harbor provision. Accordingly, the tax authorities are now entitled to review prices under any transaction, if the negotiated price varies from the price of transaction on commercial terms by any percentage. Management of the Company considers these requirements while assessing its income tax liabilities.

In September 2021, the tax authorities initiated a thematic tax audit on the transfer pricing issue for the Company's three-year tax period, from 1 January 2016 to 31 December 2018. However, on 1 November 2021, the transfer pricing audit was suspended by the tax authorities and, as of 31 December 2021, has not been resumed. The tax audit was suspended due to the need for additional assessment of transfer pricing based on the documents provided by the Company to justify the application of the transport differential for uranium sales to the People's Republic of China. The tax authorities sent inquiries to various transport companies to confirm the transport differential applied by the Company. The total amount of the transport differential, which was included in the selling price for the supply of uranium to the People's Republic of China for 2017-2021, amounted to Tenge 4,165,258 thousand. The management of the Company believes that the risk of additional taxation based on the results of the tax audit is not probable, since the management will be able to substantiate its position and provide all the necessary documentation confirming the formation of export prices in the event that the Company's transfer pricing policy will be challenged by the tax authorities. Accordingly, as at the reporting date, the Company's financial statements did not reflect any liabilities.

Capital expenditure commitments

The Company has to follow the terms provided by the subsurface contract. Non-fulfilment of the terms can lead to negative implications, including termination of the contract. Management believes that the Company was in compliance with all contractual obligations as at 31 December 2021 and for the 12 months then ended, however, as at 31 December 2020, there was non-fulfilment of certain contractual obligations.

In 2020, the Company, as the holder of the subsurface right at Mynkuduk field under Contract No. 1796-TPI dated 8 July 2005, amended the working program of the above-mentioned contract in terms of reducing the volume of uranium production. The technical task for making amendments and additions to the current development project was agreed with NAC Kazatomprom JSC on the basis of the adopted Strategy of the Sole participant. Due to the reduction in production volumes and operating costs, there was a deviation of contractual obligations for the following items: investments, production costs. Also, the current failure to comply with the "Licensing Contract Conditions" report is due to a general decrease in uranium mining in the Republic of Kazakhstan, as well as due to the circumstances that have developed in connection with the recognition by the World Health Organisation of COVID-19 as a pandemic.

On 13 August 2021, the Company received Notification No. 04-12/4139-I from the Ministry of Energy of the Republic of Kazakhstan about the breach of obligations under contract No. 1796 dated July 8, 2005, which indicates the failure to fulfill the volume of financial obligations in the amount of Tenge 6,356,681 thousand and the need to pay a fine , in accordance with the terms of the Contract, in the amount of Tenge 63,566 thousand. As of 31 December 2021, the Company recognised a liability for a fine of Tenge 63,566 thousand (Note 29).

31 Contingencies and Commitments (Continued)

The Work Program (appendix to Contract No. 1796 dated 8 July 2005) specifies production volumes and planned financial obligations by years. Financial liabilities are directly linked to the physical volumes of production. Thus, non-fulfillment of production volumes in the accounting period affects the fulfillment of financial obligations. Whereas the actual changes in financial obligations in the event of the fulfillment of the envisaged physical production volumes are not a violation of the terms of the Contract in accordance with subparagraph 3 of paragraph 26 of the subsurface Contract.

In 2020, the production volume amounted to 1,322 tons, with the planned production under the work program of 2,000 tons. The non-fulfillment of production volumes is due to the instruction of NAC Kazatomprom JSC on a mandatory reduction in production volumes by 20% during 2018-2022 and the introduction of a state of emergency throughout the territory of the Republic of Kazakhstan associated with the COVID-19 coronavirus infection pandemic.

In 2021, the Company began the procedure for amending the Work Program for "Project for the development of the Mynkuduk uranium field of the Central site in the Turkestan region of the Republic of Kazakhstan", in which the volumes not produced for all previous years were distributed for future periods with the completion of the full development of the Central site in 2033.

The "Project for the development of the Mynkuduk uranium field of the Central site in the Turkestan region of the Republic of Kazakhstan" was considered by the Central Commission for the development of fields for the extraction of uranium of the Republic of Kazakhstan by a protocol dated 30 September 2021, and a positive state expert opinion was issued with project indicators from 2021, taking into account the outstanding production volumes with distribution for future periods, excluding adjustments for 2020.

The Company has received the letter from the Ministry of National Economy of the Republic of Kazakhstan #03-19/14333 from 27 January 2022 for the "Project for the development of the Mynkuduk uranium field of the Central site in the Turkestan region of the Republic of Kazakhstan" with the positive assessment of Addendum #4 based on the results of economic expertise of the documents provided by the competent authority. At the moment the Company conducts the required internal procedures to sign Addendum # 4 to the Contract and sending it for approval by the Ministry of Energy of the Republic of Kazakhstan, in which adjusted production volumes for future periods will be determined until the end of the field development with the corresponding financial indicators.

Thus, the Company will adjust production volumes and related financial obligations in future periods until the end of the field development. The Company submitted all reports on the fulfillment of license and contract conditions for 2018-2021, which were accepted by the competent authority.

Failure to comply with the report "Licensing Contract Conditions" was due to the overall reduction in uranium mining in the Republic of Kazakhstan, as well as the circumstances that have arisen in connection with the recognition of COVID-19 by the World Health Organization as a pandemic. Failure to fulfill obligations caused by the occurrence of force majeure circumstances, namely the measures taken and temporary restrictions as part of the introduction of the State of Emergency in the Republic of Kazakhstan, does not entail property liability under the subsurface contract. Management believes that the failure to fulfill obligations under the subsurface contract for 2020 will not have a material impact on the Company's financial statements.

Insurance

The insurance industry in the Republic of Kazakhstan is in a developing stage and many forms of insurance protection common in other parts of the world are not yet generally available in the Republic of Kazakhstan. The Company does not have full coverage for its plant facilities, losses caused by business interruptions or third party liabilities in respect of property or environmental damage arising from accidents or the Company's activities. Until the Company obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Company's operations and financial position.

Environmental commitments

The enforcement of environmental regulation in the Republic of Kazakhstan is evolving and the enforcement posture of government authorities of the Republic of Kazakhstan is continually being reconsidered. The Company periodically evaluates its environmental commitments. As obligations are determined, they are recognised immediately in the financial statements.

31 Contingencies and Commitments (Continued)

Potential obligations, which can arise as a result of changes to effective regulations, as a result of a civil action or per legislation, cannot be estimated but can be material. However, per the current interpretation of the current legislation, management believes that the Company does not have material obligations in addition to the amounts already accrued and recorded in these financial statements, which would have a material adverse effect on the operating results or the financial position of the Company.

In 2021, the new Environmental Code of the Republic of Kazakhstan came into force. One of the innovations in the regulation of the economic activities of operators is the issue of obtaining integrated environmental permits associated with the use of the best available techniques ("BAT"). At the first stage, it is planned to transfer 50 largest enterprises from the oil and gas, mining and metallurgical, chemical and electric power industries to BAT. The uranium mining enterprises of NAC Kazatomprom JSC were not included in the list of the 50 largest enterprises; nevertheless, the Company owns Category I facilities, i.e. objects that have a significant negative impact on the environment. The operation of these facilities will require an integrated environmental permit from 2025. Guided by the list of areas of application of BAT (Appendix 3 of the Environmental Code of the Republic of Kazakhstan), for the current period, uranium mining/processing does not require the introduction of BAT. However, this situation may change if new Kazakh BAT reference books are developed and introduced by 2023.

One of the key changes to the Code is the Automated Emission Monitoring System ("AMS"). ASM are subject to:

- stationary sources of emissions with emissions of more than 500 tons/year from one source; and
- 4 main components for continuous monitoring - nitrogen oxides, sulfur dioxide, carbon monoxide and suspended solids.

However, the Company is not expected to install ACM in the coming years, due to the absence of the above requirements.

At the same time, the Code was amended in the field of waste management. Currently, the Company is working to determine the list and amount of waste in accordance with the amendments to the Code. In the future, the Company plans to engage the services of third-party organisations to conduct an inventory and passportisation of waste, after which the requirements for their further accounting and handling will be determined. At the moment it is impracticable to estimate the financial implications of new requirements until the full assessment is finalised. But it is expected that the cost of compliance with ecological requirements will increase, either in the form of additional investment required into the waste management and respective monitoring processes, or higher payment for waste.

Capital commitments

As at 31 December 2021, the Company had capital commitments totaling Tenge 700,878 thousand (2020: Tenge 16,000 thousand). The management of the Company believes that future net income will be sufficient to cover these or similar liabilities.

32 Financial Risk Management

The risk management function within the Company is carried out with respect to financial risks, operational risks and legal risks. Financial risks comprise credit risk, liquidity risk and market risk (including currency risk, interest rate risk and other price risk). The Company's risk management policy was developed to identify and analyse risks, to which the Company is exposed, establish admissible risk limits and respective controls, and monitor risks and observance of set limits. The risk management policy and systems are regularly analysed for the need to make changes due to changes in market conditions and the Company's operations. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise these risks.

This note presents information on the Company's exposure to each of the said financial risks, on the Company's goals, its policy and procedures of risk evaluation and management and on the Company's approaches to management of capital. Additional quantitative information is disclosed throughout these financial statements.

NAC Kazatomprom JSC and CGNM UK Limited are in charge of setting the Company's objectives and approval of the risk management policy. Management is in charge of implementing the risk management policy and organising an efficient risk management system and is responsible for its implementation and regularly reports on its work to the participants.

32 Financial Risk Management (Continued)

Credit risk

The Company takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Company's sales of products on credit terms and other transactions with counterparties giving rise to financial assets. Credit risk is related mainly to the Company's receivables from buyers and customers and cash and cash equivalents.

Credit risk related to cash and cash equivalents and long-term deposit (Note 20), 100% placed in the Republic of Kazakhstan, is limited since the counterparties are represented by banks with good available (In the Republic of Kazakhstan) credit ratings assigned by international rating agencies.

The table below shows the credit ratings (if any) at the end of the corresponding reporting period:

In thousands of Kazakhstani tenge	**Rating (Moody's)**	**31 December 2021**	**31 December 2020**
Financial trade receivables (Note 22)	Not present	33,279,339	16,706,663
Deposits (Note 20)			
ForteBank JSC	B+	37,104	1,444,017
Citibank Kazakhstan JSC	A+	1,601,380	-
Cash and cash equivalents (Note 23)			
ForteBank JSC	B+	3,408,992	16,960
National Bank of Kazakhstan JSC	BBB-	11,918,413	1,969,077
Citibank Kazakhstan JSC	A+	396,000	49
Alfa-Bank JSC	BB-	1,042,996	-
Kaspi Bank JSC	BB	98,799	-
Total cash at current bank accounts and restricted deposits		**18,503,684**	**3,430,103**
Total maximum exposure to credit risk		**51,783,023**	**20,136,766**

The Company is exposed to concentrations of credit risk, since approximately 99% of the Company's revenue is attributable to sales transactions with two main customers – NAC Kazatomprom JSC and CGNM UK Limited (Note 7).

Expected credit loss (ECL) measurement

Assessment of expected credit losses is a significant estimate, for which the assessment methodology, models an initial data are used. The following components have significant impact on credit loss allowance: determination of default, a significant increase in credit risk, the probability of default, exposure to default risk and the amount of loss in the event of default, as well as models of macroeconomic scenarios. The Company regularly checks and confirms models and initial data for models in order to reduce discrepancies between estimated expected credit losses and actual credit loss allowance.

The Company incorporated supportable forward-looking information for assessment of expected credit losses, which was mainly based on the forecasted macro-economic model adopted by NAC Kazatomprom JSC. The following easily interpreted assumptions were used for analysis: growth rate of GDP, inflation rate, foreign exchange rate and economic indicator. The final macro-economic function includes only the assumption of inflation. Information about prospects is included in the parameters of the probability of default during the next 12 months after the reporting date.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to daily calls on its available cash resources. Management monitors monthly rolling forecasts of the Company's cash flows.

32 Financial Risk Management (Continued)

The Company seeks to maintain a stable funding base primarily consisting of trade and other payables. The Company's approach to liquidity risk management is to ensure the continuous and sufficient liquidity to meet the Company's liabilities as they fall due (both under standard and non-standard situations), preventing unacceptable losses or damage to the Company's reputation.

The Company usually ensures presence of cash available on first demand, in the amount sufficient to cover expected operating expenses. It does not consider potential impact of exceptional circumstances.

The table below shows liabilities by their remaining contractual maturity. When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. Foreign currency payments are translated using the spot exchange rate by the reporting date.

In thousands of Kazakhstani Tenge	Carrying amount	Contractual cash flows	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	Over 1 year
Trade payables (Note 28)						
At 31 December 2021	2,442,247	2,442,247	2,174,728	267,519	-	-
At 31 December 2020	2,072,442	2,072,442	1,773,522	298,920	-	-
Historical costs liabilities (Note 26)						
At 31 December 2021	232,299	232,299	-	58,075	174,224	-
At 31 December 2020	445,560	462,040	-	57,755	173,265	231,020

Market risk

The following is information on the Company's exposure to the impact of market risks, i.e. risks that a change in market prices will have an adverse impact on the Company's profit or on the cost of its financial instruments.

Currency risk

In respect of currency risk, management sets limits on the level of exposure by currency, which is monitored daily.

The table below summarises the Company's exposure to foreign currency exchange rate risk at the end of the reporting period:

	At 31 December 2021			At 31 December 2020		
In thousands of Kazakhstani Tenge	Monetary assets	Monetary liabilities	Net position	Monetary assets	Monetary liabilities	Net position
US Dollars	8,768,262	(232,299)	8,535,963	1,460,977	(445,560)	1,015,417
Total	**8,768,262**	**(232,299)**	**8,535,963**	**1,460,977**	**(445,560)**	**1,015,417**

The following table presents sensitivities of profit or loss and equity to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency, with all other variables held constant:

	At 31 December 2021		At 31 December 2020	
In thousands of Kazakhstani Tenge	Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity
US Dollar strengthening by 20% (2020: strengthening by 20%)	1,365,754	1,365,754	162,467	162,467
US Dollar weakening by 20% (2020: weakening by 20%)	(1,365,754)	(1,365,754)	(162,467)	(162,467)

32 Financial Risk Management (Continued)

Fair value versus carrying amount

The Company believes that the carrying amount of current financial assets and financial liabilities recognised in the financial statements approximates their fair value due to their short-term nature.

Management of capital

The Company pursues a policy of sustaining a stable capital basis to safeguard the Company's ability to continue as a going concern, keep confidence of investors, creditors and market, to provide an acceptable level of profit for the shareholder, to maintain an optimal capital structure to minimise the cost of capital, and to ensure future business development. Capital includes share capital, other reserves and retained earnings of the Company. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to the shareholder, and sell assets to reduce debt. The Company managed capital at 31 December 2021 was Tenge 71,137,503 thousand (2020: Tenge 44,119,435 thousand).

During the year ended 31 December 2021, there were no changes in capital management goals, policies and processes.

33 Events after the Reporting Period

At the very beginning of 2022, following civil protests related to a significant increase in the cost of liquefied petroleum gas, that began in Mangystau region, Kazakhstan, protests spread to major centres, leading to serious unrest in Almaty. A state of emergency was declared until 19 January 2022 and included a curfew and a ban on mass gatherings.

The Government has attempted to stabilise the socio-economic situation with the return of price caps on fuel. The Kazakhstani Government resigned on 5 January 2022 and a new government was appointed and functional on 11 January 2022. The large-scale anti-terrorism operations which included both Kazakhstani police, security and military forces, as well as support from the regional Collective Security Treaty Organisation (CSTO), has since been concluded.

As of the date of these financial statements, the situation throughout the country stabilised, the state of emergency was lifted, and the withdrawal of units of the CSTO forces from Kazakhstan was completed. Utilities and life support systems have been fully restored, and restrictions on communication and transportation of both people and vehicles have been relieved. These events have not had a material impact on the Company's operations. The Company's risk management and business continuity plans proved to be robust, with no delays or disruptions to the Company's uranium production, deliveries or sales plans.