Mining Company “Ortalyk” Limited Liability Partnership

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

31 December 2022

Translated from the Russian original

Contents

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 2022, 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 then ended;
- the statement of financial position as at 31 December 2022;
- the statement of changes in equity for the year then ended;
- the statement of cash flows 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.

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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
Audit partner
(Qualified Auditor's Certificate №0000745 dated 8 February 2019)

1 February 2023

Almaty, Kazakhstan

In thousands of Kazakhstani Tenge	Note	2022	2021
OPERATING ACTIVITIES			
Cash inflows from customers		89,197,685	47,963,265
Commission received		313,420	160,938
Other receipts		152,422	38,912
Payments to suppliers		(17,799,218)	(15,775,252)
Advances to suppliers of goods and services		(136,569)	(132,129)
Employee compensations		(3,342,719)	(2,456,861)
Other payments to the budget		(8,423,128)	(6,605,658)
Other payments		(3,035,992)	(897,148)
Cash flows from operating activities		**56,925,901**	**22,296,067**
Income taxes paid		(16,673,415)	(4,856,483)
Net cash from operating activities		**40,252,486**	**17,439,584**
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		435	7,203
Purchases of non-current assets (excluding VAT)		(10,411,802)	(2,190,567)
Purchases of property, plant and equipment (excluding VAT)		(232,155)	(151,144)
Purchases of intangible assets (excluding VAT)		(506,144)	(35,140)
Placement of funds on liquidation fund deposit	16	(1,338,723)	(157,821)
Net cash from investing activities		**(12,488,389)**	**(2,527,469)**
FINANCING ACTIVITIES			
Dividends paid	20	(37,380,195)	-
Other payments		(2,140)	(2,577)
Net cash from financing activities		**(37,382,335)**	**(2,577)**
Net (decrease)/increase in cash and cash equivalents		**(9,618,238)**	**14,909,538**
Effect of exchange rate changes on cash and cash equivalents		1,154,429	(30,937)
Cash and cash equivalents at the beginning of the year		16,864,501	1,985,900
Cash and cash equivalents at the end of the year	19	**8,400,692**	**16,864,501**

These financial statements were approved and signed by management on 1 February 2023:

Tashimov Y.L.
General Director

Alkeshova A. I.
Chief Accountant

In thousands of Kazakhstani Tenge	Note	31 December 2022	31 December 2021
ASSETS			
Non-current assets			
Intangible assets		576,901	642,853
Property, plant and equipment	13	11,280,735	11,066,614
Mine development assets	14	19,864,722	14,573,366
Subsurface rights	15	1,695,990	1,306,212
Other non-current assets	16	3,145,861	1,638,841
Total non-current assets		**36,564,209**	**29,227,886**
Current assets			
Inventories	17	5,190,872	3,685,624
Current income tax prepayments		752,054	-
Trade and other receivables	18	45,240,256	33,279,129
Other current assets		166,462	222,529
Cash and cash equivalents	19	8,400,692	16,864,501
Total current assets		**59,750,336**	**54,051,783**
TOTAL ASSETS		**96,314,545**	**83,279,669**
EQUITY			
Share capital	20	27,164,074	27,164,074
Retained earnings		60,092,749	44,025,793
Other reserves		(52,364)	(52,364)
TOTAL EQUITY		**87,204,459**	**71,137,503**
LIABILITIES			
Non-current liabilities			
Provision for asset retirement obligations	21	3,645,515	3,164,530
Deferred income tax liabilities		543,175	294,188
Employee benefits		105,406	82,673
Other non-current liabilities		34,757	31,859
Total non-current liabilities		**4,328,853**	**3,573,250**
Current liabilities			
Trade payables	22	2,079,243	2,442,247
Historical costs liabilities		-	232,299
Corporate income tax liability	12	-	2,188,696
Other taxes and compulsory payments payable		2,232,117	2,131,678
Employee benefits		14,831	9,646
Other current liabilities	23	455,042	1,564,350
Total current liabilities		**4,781,233**	**8,568,916**
TOTAL LIABILITIES		**9,110,086**	**12,142,166**
TOTAL LIABILITIES AND EQUITY		**96,314,545**	**83,279,669**

These financial statements were approved and signed by management on 1 February 2023:

Tashimov Y.L.
General Director

Alkeshova A. I.
Chief Accountant

The accompanying notes on pages 5 to 33 are an integral part of these financial statements.

Mining Company "Ortalyk" Limited Liability Partnership
Statement of Profit or Loss and Other Comprehensive Income

In thousands of Kazakhstani Tenge	Note	2022	2021
Revenue from contracts with customers	8	95,239,744	59,184,775
Cost of sales	9	(27,831,697)	(21,980,121)
Gross profit		**67,408,047**	**37,204,654**
Distribution costs		(149,138)	(56,151)
General and administrative expenses	10	(1,109,902)	(1,573,438)
Other income		59,394	56,832
Other expenses		(360,256)	(1,311,787)
Finance income	11	2,002,577	250,877
Finance costs		(410,846)	(336,697)
Profit before income tax		**67,439,876**	**34,234,290**
Income tax expense	12	(13,981,652)	(7,218,485)
PROFIT FOR THE YEAR		**53,458,224**	**27,015,805**
Other comprehensive (loss)/income:			
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefit obligations		(11,073)	2,263
Other comprehensive (loss)/income for the year		**(11,073)**	**2,263**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**53,447,151**	**27,018,068**

These financial statements were approved and signed by management on 1 February 2023:

Tashimov Y.L.
General Director

Alkeshova A. I.
Chief Accountant

In thousands of Kazakhstani Tenge	**Share capital**	**Retained earnings**	**Other reserves**	**Total equity**
At 1 January 2021	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**
At 31 December 2021	**27,164,074**	**44,025,793**	**(52,364)**	**71,137,503**
Profit for the year	-	53,458,224	-	53,458,224
Remeasurements of post-employment benefit obligations	-	(11,073)	-	(11,073)
Total comprehensive income for the year	**-**	**53,447,151**	**-**	**53,447,151**
Dividends declared (Note 20)	-	(37,380,195)	-	(37,380,195)
At 31 December 2022	**27,164,074**	**60,092,749**	**(52,364)**	**87,204,459**

These financial statements were approved and signed by management on 1 February 2023:

Tashimov Y.L.
General Director

Alkeshova A. I.
Chief Accountant

ҚАЗАҚСТАН ОБЛЫСЫ СОЗАҚ АУДАНЫ
ЖАУАПКЕРШІЛІГІ ШЕКТЕУЛІ СЕРІКТЕСТІГІ
ОРТАЛЫҚ
ӨНДІРУШІ КӘСІПОРНЫ
ДОБЫВАЮЩЕЕ ПРЕДПРИЯТИЕ
ТОВАРИЩЕСТВО С ОГРАНИЧЕННОЙ ОТВЕТСТВЕННОСТЬЮ
СУЗАКСКИЙ РАЙОН
КАЗАХСТАН, ТУРКЕСТАНСКАЯ ОБЛАСТЬ

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 2022 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 and 2022, 51% of the Company's participation interest was owned by NAC Kazatomprom JSC, the ultimate controlling party of which is the Government of the Republic of Kazakhstan, and 49% of the participation interest was owned 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, in accordance with Addendum No. 4 dated 19 October 2017 to Contract No. 3610-TPI dated 31 May 2010, the subsurface rights at the Zhalpak field was transferred to the Company.

On 14 December 2021, NAC Kazatomprom JSC, as a national uranium operator, in the manner prescribed by the legislation of the Republic of Kazakhstan, received the subsoil use right for uranium mining at the Zhalpak field and signed agreement No. 4996-TPI with the Ministry of Energy of the Republic of Kazakhstan. On 28 December 2021, the Company entered into with NAC Kazatomprom JSC and the Ministry of Energy of the Republic of Kazakhstan Addendum No. 1 to Contract No. 4996-TPI dated 14 December 2021 for uranium mining at the Zhalpak field. 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 Company's headcount at 31 December 2022 was 523 employees (2021: 465 employees).

2 Operating Environment of the Company

COVID-19

In March 2020, the World Health Organisation declared the outbreak of COVID-19 a global pandemic. In response to the pandemic, the Kazhakstani 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. Most of those measures were subsequently relaxed, however, as of 31 December 2022, there remains a risk that the authorities may impose additional restrictions in 2023 as a response to possible new variants of the virus. The Company's management is in the view that this virus outbreak event does not have a material impact on the valuation of assets and liabilities in the financial statements as at 31 December 2022.

War between Russia and Ukraine

On 21 February 2022 the Russian President announced that Russian government would recognise the Luhansk and Donetsk People's Republics. On 24 February the Russian president directed its military mobilized troops to the territory of Ukraine. As a response to the Russian actions, the United States, the European Union and a number of other states imposed sanctions against Russia including the disconnection of a number of Russian financial institutions from SWIFT. Russia is Kazakhstan's largest trade partner, accounting for up to 40% of non-oil exports, and is the key country of transit for trade, notably via the Caspian Pipeline Consortium (CPC) pipeline, through which up to 80% of Kazakh crude is exported.

CPC operations were interrupted in March 2022 officially due to storm damage, which did not have a significant budgetary economic impact because of rising oil prices. However, a prolonged closure by Russia of the CPC route for Kazakh crude oil would have serious consequences for Kazakh exports and the economy as a whole. The Kazakh authorities consider alternative routes to the Caspian Sea, including through Azerbaijan, Georgia and Turkey, but these will require significant additional infrastructure and it will take many years to replace the CPC route.

In connection with the conflict between Russia and Ukraine and its consequences, the Tenge exchange rate began to be more volatile and inflation index reached almost 20.3% in December 2022. To date, the National Bank of the Republic of Kazakhstan has taken a number of measures to maintain the stability of the Kazakhstan financial system.

2 Operating Environment of the Company (continued)

Following events did not have a material impact on the Company's operations. The Company does not export goods through the territory of Russia, and also conducts transactions to a greater extent with domestic producers with a large share of local content, as a result of which the risks associated with the execution of deliveries are assessed by the Company's management as minimal. The company constantly monitors the potential impact of sanctions on the ability to transport finished products. As at the date of preparation of the financial statement, there are no restrictions on the Company's activities related to the supply of the Company's products to end customers.

The long-term effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from the actual results.

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. Higher inflation, challenges posted by the recent domestic unrest in January 2022, ongoing political tension in the region, volatility of exchange rate have 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 implement of new monetary policy, which is based on inflation targeting regime, cancellation of exchange rate trading band and start 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 460.51 per US Dollar 1 compared to Tenge 462.65 per US Dollar 1 as at 31 December 2022 (as at 31 December 2021: 431.67 tenge per 1 US Dollar). 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 2022 S&P Global Ratings, international rating agency affirmed the credit rating of Kazakhstan of "BBB-". The outlook on sovereign credit rating is downgraded to negative as a result of the growth of external and financial risks. Fitch Ratings affirmed Kazakhstan long-term rating at "BBB" with a stable outlook. The stable outlook is supported by the government's strong fiscal and external balance sheets, financing flexibility underpinned by accumulated oil revenue savings, net fiscal creditor position as well as measures implemented by the Government of the Republic of Kazakhstan.

Challenges posed by social tension resulted in domestic unrest in early 2022 and spillover from the Russia/Ukraine conflict and associated sanctions are balanced by high prices for key export commodities and the increase in oil production from 2024 when the Tengiz oil field's expansion starts to come onstream. According to the analysts' forecasts, the growth rate of the national economy in 2022-2025 will amount, on average, to about 3.6%.

The economic environment has a significant impact on the Group's operations and financial position. Management is taking necessary measures to ensure sustainability of the Group'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 2022, and after the prolonged fluctuations, as at 31 December 2022, the average spot price settled at US Dollars 47.68 per pound U308 (31 December 2021: US Dollars 42.05 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.

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.

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.

3 Significant Accounting Policies (continued)

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.

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.

3 Significant Accounting Policies (continued)

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.

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.

3 Significant Accounting Policies (continued)

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.

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.

3 Significant Accounting Policies (continued)

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.

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 25 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.

3 Significant Accounting Policies (continued)

(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.

(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.

3 Significant Accounting Policies (continued)

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.

(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.

3 Significant Accounting Policies (continued)

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.

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.

3 Significant Accounting Policies (continued)

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 21) and other provisions recorded in the financial statements.

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.

3 Significant Accounting Policies (continued)

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 2022, the official closing exchange rate used for translating foreign currency balances was US Dollar 1 per Tenge 462.65 (2021: US Dollar 1 per Tenge 431.67).

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:

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.

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

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.

As of 31 December 2022 and 31 December 2021, the Company's management performed 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.

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.

In accordance with the Roadmap for the implementation of the Environmental and Social Action Plan (ESAP), in order to bring uniformity to the procedure for calculating costs and estimated costs during the liquidation of subsoil use facilities, the Standard of NAC Kazatomprom JSC "Methodological guidelines for calculating estimated cost of liquidation of enterprises” was developed and approved in 2022. As part of the implementation of this Standard, the Company updated projects and plans with up-to-date calculations of the cost of eliminating the consequences of subsoil use during the extraction of uranium by the method of in-situ leaching with calculations of reclamation work. When calculating the amounts for eliminating the consequences of subsoil use, the Company took into account the description of the technical solutions for the planned elimination of consequences for each subsoil area, such as a geotechnological test site, infrastructure connecting technological units with processing plants, industrial sites of closed and open access, and other facilities. When assessing the reclamation period, the Company took into account the aspects of changes in market conditions that may affect the value of the obligation.

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 (2022: 5.99%, 2021: 5.12%) 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 2022 amounted to 11.55% (2021: 9.85%).

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

At 31 December 2022, the total carrying amount of the provision for asset retirement obligations amounted to Tenge 3,645,515 thousand (2021: Tenge 3,164,530 thousand) (Note 21).

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 2022 would be to increase it by Tenge 239,333 thousand or decrease it by Tenge 225,563 thousand (2021: increase by Tenge 178,977 thousand or decrease by Tenge 169,983 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 2022 would be to increase it by Tenge 454,419 thousand or decrease it by Tenge 399,313 thousand (2021: increase by Tenge 303,697 thousand or decrease by Tenge 339,984 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.

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 24).

5 Adoption of New or Revised Standards and Interpretations

The following revised standards became mandatory for the Company from 1 January 2022, but did not have a material impact on the Company:

- 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).
- 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).

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 2023 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 2023).
- 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).
- 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).
- 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).
- 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).
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).
- Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024).

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..

7 Balances and Transactions with Related Parties (Continued)

At 31 December 2022, the outstanding balances with related parties were as follows:

In thousands of Kazakhstani Tenge	**Trade receivables**	**Trade payables**
NAC Kazatomprom JSC	30,569,071	49,037
Entities under control of NAC Kazatomprom JSC	11,994	1,357,275
Other entities under control of Samruk-Kazyna JSC	56	28,115
CGNM UK Limited	14,646,189	-
Total	**45,227,310**	**1,434,427**

The income and expense items with related parties for the year ended 31 December 2022 were as follows:

In thousands of Kazakhstani Tenge	**Sales of goods and services**	**Purchase of goods and services**
NAC Kazatomprom JSC	46,298,888	34,340
Entities under control of NAC Kazatomprom JSC	227,562	17,091,904
Other entities under control of Samruk-Kazyna JSC	300	524,808
CGNM UK Limited	48,799,851	-
Total	**95,326,601**	**17,651,052**

The 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 2021, the outstanding balances with related parties were as follows:

In thousands of Kazakhstani Tenge	**Trade receivables**	**Trade payables**
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**

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**

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 (2022: 4 directors, 2021: 5 directors):

	2022		2021	
In thousands of Kazakhstani Tenge	**Expenses**	**Liability**	**Expenses**	**Liability**
Short-term payments				
Salaries and bonuses	111,018	-	67,462	2,034
Total	**111,018**	**-**	**67,462**	**2,034**

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	2022	2021
Revenue from uranium sales	95,160,947	57,740,904
Transportation services	6,977	1,375,019
Other	71,820	68,852
Total revenue from contracts with customers	**95,239,744**	**59,184,775**

Revenue from contracts with customers increased compared to 2021 due to fluctuations in the spot price of uranium during 2022, the average sale price in 2022 was 41% higher than the average sale price in 2021.

9 Cost of Sales

In thousands of Kazakhstani Tenge	2022	2021
Depreciation and amortisation	6,430,468	4,911,485
Materials and supplies	5,441,666	4,046,714
Mineral extraction tax	4,499,971	3,320,669
Payroll and related deductions	4,014,349	2,766,258
Outsourced services	3,510,196	2,954,552
Fuel and electricity	1,311,018	1,073,141
Repairs and maintenance of property, plant and equipment	1,013,463	493,757
Transportation expenses	762,689	1,795,689
Taxes and duties other than income tax	344,140	231,620
Security services	168,779	124,879
Professional training and qualification advancement costs	112,049	103,135
Communication services	89,180	48,041
Insurance costs	54,971	50,968
Business trip expenses	44,365	19,156
Rent expenses	34,393	40,057
Total cost of sales	**27,831,697**	**21,980,121**

10 General and Administrative Expenses

In thousands of Kazakhstani Tenge	2022	2021
Payroll and related deductions	577,161	496,248
Expenses on cultural and sport events	64,808	77,567
Training	61,219	44,907
Depreciation and amortisation	59,853	59,624
Rent expenses	53,220	54,699
Communication services	52,632	33,361
Consulting services	45,170	38,685
Business trip expenses	16,670	15,012
Materials	13,135	7,992
Security services	12,587	8,117
Repairs and maintenance of property, plant and equipment	5,357	3,430
Taxes other than income tax	4,773	3,552
Audit services	4,260	9,439
Bank services	773	657
Penalties and fines	-	608,466
(Reversal) of provision for expected credit losses	-	(38,477)
Other expenses	138,284	150,159
Total general and administrative expenses	**1,109,902**	**1,573,438**

11 Finance Income

In thousands of Kazakhstani Tenge	2022	2021
Net foreign exchange gains	1,685,643	65,614
Interest income on term deposits, demand deposits and current accounts	313,461	160,954
Other	3,473	24,309
Total finance income	**2,002,577**	**250,877**

12 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	2022	2021
Current tax	13,732,665	7,425,721
Deferred tax	248,987	(207,236)
Income tax expense	**13,981,652**	**7,218,485**

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

The income tax rate applicable to the Company's 2022 and 2021 income is 20%. A reconciliation between the expected and the actual taxation charge is provided below.

12 Income Tax Expense (Continued)

In thousands of Kazakhstani Tenge	2022	2021
Profit before tax	67,439,876	34,234,290
Theoretical tax charge at statutory rate of 20% (2021: 20%):	13,487,975	6,846,858
Tax effect of items which are not deductible or assessable for taxation purposes:		
Additional accrual of tax for prior years	82,616	153,243
Non-deductible expenses and other items	411,061	218,384
Income tax expense for the year	**13,981,652**	**7,218,485**

13 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 construc-tions	Plant and equipment	Vehicles	Other	Construc-tion in progress	Total
Cost							
At 1 January 2021	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**
Changes in accounting estimates	-	691,153	-	-	-	-	691,153
Additions	-	30,344	199,826	74,473	56,011	91,913	452,567
Transfers	-	56,009	10,947	10,960	595	(78,511)	-
Disposals	-	1,457,440	(1,601,042)	110,268	(1,148)	-	(34,482)
Impairment	-	-	-	-	-	(32,032)	(32,032)
At 31 December 2022	**279**	**16,134,686**	**2,697,189**	**490,028**	**501,081**	**300,446**	**20,123,709**
Accumulated Depreciation							
At 1 January 2021	-	(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)**
Depreciation charge	-	(652,238)	(59,495)	(131,220)	(54,149)	-	(897,102)
Disposals	-	(1,263,183)	1,296,077	-	1,123	-	34,017
At 31 December 2022	**-**	**(6,136,890)**	**(1,981,515)**	**(393,018)**	**(331,551)**	**-**	**(8,842,974)**
Net carrying amount							
At 31 December 2021	279	9,678,271	869,361	32,529	167,098	319,076	11,066,614
At 31 December 2022	**279**	**9,997,796**	**715,674**	**97,010**	**169,530**	**300,446**	**11,280,735**

Depreciation charges of Tenge 819,867 thousand (2021: Tenge 924,936 thousand) were recorded in cost of sales in line ‘depreciation and amortisation’, Tenge 11,523 thousand (2021: Tenge 10,086 thousand) in general and administrative expenses, Tenge 65,712 thousand (2021: Tenge 70,223 thousand) in work in progress (inventories).

14 Mine Development Assets

In thousands of Kazakhstani Tenge	**Field preparation**	**Field restoration**	**Ion exchange resin**	**Total**
At 1 January 2021				
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**
Additions	4,146,087	-	195,633	4,341,720
Transfers from exploration and evaluation assets	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**
Additions	11,370,339	-	456,717	11,827,056
Changes in accounting estimates	-	(521,874)	-	(521,874)
Amortisation charge	(5,780,842)	(96,836)	(136,148)	(6,013,826)
At 31 December 2022				
Cost	34,998,991	1,481,794	2,425,722	38,906,507
Accumulated amortisation and impairment losses	(17,847,246)	(617,142)	(577,397)	(19,041,785)
Carrying amount	**17,151,745**	**864,652**	**1,848,325**	**19,864,722**

At the end of 2021, the carrying amount of exploration and evaluation assets was reclassified to pre-production costs and subsoil use rights (Note 15) in connection with the confirmation of the technical feasibility and commercial viability of extracting resources from the Zhalpak field and obtaining a contract for the Zhalpak field in accordance with Addendum No. 1 from 28 December 2021 (Note 1).

15 Subsurface Rights

In thousands of Kazakhstani tenge	Subscription bonus	Commercial discovery bonus	Historical costs	Total
At 1 January 2021				
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**
Additions	86,892	-	-	86,892
Transfers from exploration and evaluation assets (Note 14)	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**
Additions	-	-	419,252	419,252
Amortisation charge	(826)	(10,352)	(18,296)	(29,474)
At 31 December 2022				
Cost	111,614	175,204	1,537,507	1,824,325
Accumulated amortisation and impairment losses	(2,866)	(52,454)	(73,015)	(128,335)
Carrying amount	**108,748**	**122,750**	**1,464,492**	**1,695,990**

During 2022, proceeds in the amount of Tenge 419,252 thousand represent compensation for losses of agricultural land under a new uranium mining contract at the Zhalpak field, the subsoil use right for which was transferred to the Company on 28 December 2021 (Appendix 1).

16 Other Non-Current Assets

In thousands of Kazakhstani Tenge	2022	2021
Cash on deposit bank accounts – liquidation fund	3,065,346	1,638,484
Other non-current assets	81,726	1,702
Provision for cash on deposit bank accounts	(1,211)	(1,345)
Total other non-current assets	**3,145,861**	**1,638,841**

Cash in deposit bank accounts represents a liquidation fund of Tenge 3,065,346 thousand (2021: Tenge 1,638,484 thousand) required to meet the obligation to liquidate and restore assets in the future. These funds are subject to restrictions under subsoil use contracts and are therefore not available for use by the Company. In 2022, the Company replenished the bank account under the liquidation fund in the amount of 1,338,723 thousand tenge in the equivalent in US dollars. The Company has applied a practical exemption to calculate expected credit losses on cash in deposit bank accounts and has measured this allowance based on a twelve-month expected credit loss model, as these cash are placed with banks with good credit ratings. The liquidation fund is denominated in US dollars. In 2022, the fixed annual interest rate on the deposit of the Central Mynkuduk field was 0% and on the deposit of the Zhalpak field was 0.1% (2021: on the deposit of the Central Mynkuduk field was 0.3% and on the deposit of the Zhalpak field was 0.1%).

17 Inventories

In thousands of Kazakhstani Tenge	2022	2021
Work in progress	2,387,633	2,250,338
Raw materials	2,092,880	869,438
Finished goods	663,204	540,635
Fuel	47,155	25,213
Total inventories	**5,190,872**	**3,685,624**

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

In thousands of Kazakhstani Tenge	2022	2021
Balance at 1 January	70,417	92,621
Accrual/(reversal) of provision for obsolete and slow moving inventories	9,371	(22,204)
Balance at 31 December	**79,788**	**70,417**

18 Trade and Other Receivables

In thousands of Kazakhstani Tenge	2022	2021
Trade receivables from related parties	45,227,476	33,273,042
Oher trade receivables	12,990	6,297
Less credit loss allowance	(210)	(210)
Total trade and other receivables	**45,240,256**	**33,279,129**

Trade receivables are denominated in the following currencies:

In thousands of Kazakhstani tenge	2022	2021
Tenge	30,594,277	32,532,454
US Dollars	14,646,189	746,885
Total trade receivables	**45,240,466**	**33,279,339**

19 Cash and Cash Equivalents

In thousands of Kazakhstani Tenge	2022	2021
Current bank accounts	5,744,080	16,865,200
Short - term bank deposits	2,653,000	-
Cash on hand	4,156	1,561
Credit loss allowance	(544)	(2,260)
Total cash and cash equivalents	**8,400,692**	**16,864,501**

19 Cash and Cash Equivalents (Continued)

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

In thousands of Kazakhstani Tenge	2022	2021
US Dollars	4,632,458	6,382,893
KZT	1,111,622	10,474,213
GBP	-	8,094
Total cash and cash equivalents	**5,744,080**	**16,865,200**

The table below discloses the credit quality of cash and cash equivalents balances based on credit risk grades at 31 December 2022. Refer to Note 25 for the description of the Company's credit risk grading system.

In thousands of Kazakhstani Tenge	Bank balances payable on demand	Short - term bank deposits	Total
- Excellent	-	-	-
- Good	5,744,080	2,653,000	8,397,080
- Satisfactory	-	-	-
- Special monitoring	-	-	-
Total cash and cash equivalents, excluding cash on hand	**5,744,080**	**2,653,000**	**8,397,080**

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 25 for the description of the Company's credit risk grading system.

In thousands of Kazakhstani Tenge	Bank balances payable on demand	Short - term bank 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**

20 Share Capital

The company is a limited liability partnership. As of December 31, 2022 and 2021, contributions to the authorized capital and voting interests in the Company are distributed as follows:

In thousands of Kazakhstani Tenge	%	2022	%	2021
NAC Kazatomprom JSC	51	13,853,678	51	13,853,678
CGNM UK Limited	49	13,310,396	49	13,310,396
Total share capital	**100**	**27,164,074**	**100**	**27,164,074**

All dividends are declared and paid in Kazakhstani Tenge. In accordance with Kazakhstani legislation, the Company distributes profits for the current or previous years (if the income was not used to cover the losses of the Company) as dividends based on financial statements prepared in accordance with international accounting standards, among the owners in proportion to their share of ownership. During 2022, the Company declared dividends in the amount of Tenge 37,380,195 thousand and paid dividends of Tenge 19,063,900 thousand to NAC Kazatomprom JSC and Tenge 18,316,295 thousand (including corporate income tax withheld at source in the amount of Tenge 915,815 thousand) to CGNM UK Limited.

21 Provision for Asset Retirement Obligations

In thousands of Kazakhstani Tenge	2022	2021
Provision at 1 January	3,164,530	2,804,905
Changes in estimates as a result of which the provision is adjusted, which is considered in the cost of property, plant and equipment	691,153	(48,079)
(Decrease)/increase in the asset due to changes in inflation rate, discount rate and nominal costs	(521,874)	130,860
Unwinding of discount	311,706	276,844
Provision at 31 December	**3,645,515**	**3,164,530**

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 11.55% (2021: 9.85%), being a risk-free rate, since the future cash outflows reflect risks inherent to this obligation, and inflation rate of 5.99% (2021: 5.12%). Considering the long-term nature of the obligation, there is uncertainty regarding the actual value of costs.

The assessment of the obligation to liquidate and restore assets as of 31 December 2022 was carried out in accordance with the Guidelines for calculating the estimated cost of liquidation works by the Standard of NAC Kazatomprom JSC, developed by the Center for Environmental Design and Monitoring of the Institute of High Technologies LLP. As at 31 December 2022, the present value of the estimated liabilities was Tenge 3,645,515 thousand (2021: Tenge 3,164,530 thousand). The change in the value of the obligation in 2022 is associated with a change in the discount rate, inflation rate and the cost of work. A significant part of the costs for environmental protection measures falls on 2033 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.

22 Trade Payables

In thousands of Kazakhstani Tenge	2022	2021
Trade payables to related parties	1,385,390	1,656,772
Trade payables on construction in progress items	-	308,969
Other trade payables	693,853	476,506
Total trade payables	**2,079,243**	**2,442,247**

Information on the Company’s exposure to foreign exchange risk and liquidity risk regarding trade payables is disclosed in Note 25.

23 Other Current Liabilities

Other current liabilities in 2021 included a liability for social expenses - expenses for the social and economic development of the Turkestan region, which the Company was required to incur in the first quarter of 2022 under a new subsoil use contract at the Zhalpak field in the amount of 600,000 thousand tenge. Also, other current liabilities as at 31 December 2021 included liabilities for fines and penalties in respect of corporate income tax for 2021 in the amount of Tenge 430,000 thousand for the excess of assessed tax over advance payments for 2021, a fine under the act of a comprehensive tax audit for 2017 -2019 in the amount of Tenge 92,000 thousand, as well as a fine for non-fulfillment of license and contract terms for 2020 in the amount of Tenge 63,566 thousand. As at 31 December 2022, these type of obligations did not arise.

24 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.

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 issue of transfer pricing 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 2022, has not been resumed. The tax audit was suspended due to the need for additional assessment of transfer pricing based on documents provided by the Company to justify the application of the transport differential for uranium supplies 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 2017-2022, amounted to Tenge 4,622,125 thousand. The management of the Company believes that the risk of additional taxation based on the results of a tax audit is not probable, since 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 is challenged by the tax authorities. Accordingly, as of the reporting date, the Company's financial statements did not reflect any liabilities.

24 Contingencies and Commitments (Continued)

Compliance with contractual obligations

The company is obliged to comply with the conditions stipulated by the subsoil use contract. Failure to comply with the conditions may lead to negative consequences, including termination of the contract. As of 31 December 2022 and during the 12 months ended as of that date, the Company did not fulfill contractual obligations for the Zhalpak field in terms of production and sales volumes, and in connection with this, contractual obligations for production costs were not fulfilled in the amount of Tenge 687,202 thousand. Under the contract for uranium mining at the Zhalpak field, failure to meet financial obligations may result in a fine of 10% of the amount of the defaulted obligation. As of the release of the financial statements, the Company's management has not received notices from the Ministry of Energy of the Republic of Kazakhstan in connection with these violations. Management believes that the failure to fulfill obligations under the subsoil use contract for 2022 will not have a material impact on the Company's financial statements.

In 2021, the Company began the procedure for amending the Working Program for the "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 unproduced reserves for all previous years were distributed for future periods with the completion of the full development of the Central site in 2033. On 21 November 2022, the Company signed Addendum No. 4 to the Contract, which defines the adjusted production volumes for future periods until the end of the mining of the Mynkuduk uranium field with the corresponding financial indicators. Thus, the Company has carried out the adjustment of 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 2018-2022, which were accepted by the competent authority.

Insurance

The insurance services market in Kazakhstan is in its infancy, and many forms of insurance common in other countries are not yet available. The Company does not have full insurance coverage in respect of its production facilities, losses caused by production stoppages, or arising liabilities to third parties in connection with damage to property or the environment as a result of accidents or the Company's activities. Until the Company has adequate insurance coverage, there is a risk that the loss or damage to certain assets could have a material adverse effect on the Company's operations and financial condition.

Environmental Commitment

Legislation on environmental protection in the Republic of Kazakhstan is in its infancy, and the position of the state bodies of the Republic of Kazakhstan regarding its enforcement is constantly changing. The Company periodically evaluates its obligations related to environmental impact. Liabilities are recognized immediately as they are identified.

Potential liabilities that may arise as a result of changes in existing regulations, as a result of a civil action or under the law, cannot be estimated, but may be material. However, under the current interpretation of applicable law, management believes that the Company does not have any material liabilities, in addition to the amounts already accrued and recognized in these financial statements, that would have a material adverse effect on the Company's results of operations or financial position.

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. According to the analysis of the experts on the impact of changes in the Environmental Code, the Company came to the conclusion that at the end of 2022 there were no significant impacts on the financial position, however, additional obligations are more likely to arise during the construction and commissioning of new facilities and structures. If any, the Company intends to change the estimates of the estimated cost of objects subject to liquidation in the future.

One of the key changes to the Code is the Automated Emission Monitoring System (“AEMS”) 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 AEMS in the coming years, due to the absence of the abovementioned requirements.

24 Contingencies and Commitments (Continued)

Capital commitments

As at 31 December 2022, the Company had capital commitments totaling Tenge 1,717,646 thousand (2021: Tenge 700,878 thousand). The Company's management believes that future net income will be sufficient to cover these or similar liabilities.

25 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.

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 trade receivables from customers and suppliers and cash and cash equivalents.

Credit risk related to cash and cash equivalents and long-term deposit (Note 19), 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 2022**	**31 December 2021**
Financial trade receivables (Note 18)	Not present	45,240,466	33,279,339
Deposits (Note 16)			
Citibank Kazakhstan JSC	A1	3,025,553	1,601,380
ForteBank JSC	Ba3	39,793	37,104
Cash and cash equivalents (Note 19)			
National Bank of Kazakhstan JSC	Ba1	4,113,777	11,918,413
Citibank Kazakhstan JSC	A1	2,767,464	396,000
ForteBank JSC	Ba3	847,650	3,408,992
Altyn Bank JSC	Baa3	668,189	-
Alfa-Bank JSC	BB-	-	1,042,996
Kaspi Bank JSC	Ba3	-	98,799
Total cash at current bank accounts and restricted deposits		**11,462,426**	**18,503,684**
Total maximum exposure to credit risk		**56,702,892**	**51,783,023**

25 Financial Risk Management (Continued)

The Company is exposed to concentrations of credit risk, since approximately 99.9% of the Company's revenue is attributable to sales transactions with two main customers (in 2021: 99.7% the Company's revenue is attributable to sales with two main customers) – NAC Kazatomprom JSC and CGNM UK Limited (Note 8).

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.

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 occurrence of which could not reasonably be foreseen, for example, natural disasters.

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**	**On demand and less than 1 month**	**From 1 to 3 months**	**From 3 to 12 months**	**Over 1 year**
Trade payables (Note 22)						
At 31 December 2022	2,079,243	2,079,243	-	2,079,243	-	-
At 31 December 2021	2,442,247	2,442,247	2,174,728	267,519	-	-
Historical costs liabilities						
At 31 December 2022	-	-	-	-	-	-
At 31 December 2021	232,299	232,299	-	58,075	174,224	-

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.

25 Financial Risk Management (Continued)

Currency risk

In respect of currency risk, management sets limits on the level of risk exposure by currency, which are monitored on periodical basis.

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

In thousands of Kazakhstani Tenge	At 31 December 2022			At 31 December 2021		
	Monetary assets	**Monetary liabilities**	**Net position**	**Monetary assets**	**Monetary liabilities**	**Net position**
US Dollars	22,342,782	-	22,342,782	8,768,262	(232,299)	8,535,963
Total	**22,342,782**	**-**	**22,342,782**	**8,768,262**	**(232,299)**	**8,535,963**

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:

In thousands of Kazakhstani Tenge	At 31 December 2022		At 31 December 2021	
	Impact on profit or loss	**Impact on equity**	**Impact on profit or loss**	**Impact on equity**
US Dollar strengthening by 2020 (2021: strengthening by 20%)	3,574,845	3,574,845	1,365,754	1,365,754
US Dollar weakening by 20% (2021: weakening by 20%)	(3,574,845)	(3,574,845)	(1,365,754)	(1,365,754)

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 2022 was Tenge 87,204,459 thousand (2021: Tenge 71,137,503 thousand).

During the year ended 31 December 2022, there were no changes in capital management goals, policies and processes.