

PRODUCTION AND EXTRACTION

World Leadership in Uranium Mining



NAC KAZATOMPROM JSC (HEREINAFTER REFERRED TO AS KAZATOMPROM) HOLDS A SIGNIFICANT POSITION ON THE INTERNATIONAL STAGE IN THE EXPORT AND IMPORT OF URANIUM AND ITS DERIVATIVES, NUCLEAR FUEL FOR NUCLEAR POWER PLANTS, AS WELL AS SPECIALIZED EQUIPMENT AND TECHNOLOGIES.

Kazakhstan has established itself as a global leader in uranium mining, providing about 39% of the world's supply.

Kazatomprom is recognized as the leading natural uranium producer in the world and has preferential access to one of the most significant resource bases. The Company operates uranium deposits suitable for in-situ leaching, an economically advantageous and environ-

mentally safer method of extraction. This, along with the prolonged operational life of its mining assets, allows Kazatomprom to maintain leading positions in the global market thanks to one of the lowest costs of uranium production.

Since November 2018, Kazatomprom's shares have been actively traded on the stock exchanges of the Astana International Financial Centre and the London Stock Exchange.

KEY PERFORMANCE RESULTS FOR 2023

Indicator	2022	2023
Production indicators, thousand tons:		
Uranium production	21.2	21.1
Uranium sales	16.4	18.1
Financial indicators¹⁶, KZT billion:		
Revenue	1,001.2	1,434.6
Dividends	227.4	200.9
Net profit	472.9	580.3
Operating income	455.9	680.8
Net debt	-32	125.5
Taxes paid	211	279.3
Sustainability indicators:		
Accidents	3	4
Fatal accidents	1	0

In 2023, 64% of all uranium shipments from Kazakhstan to Western countries were successfully carried out via the Trans-Caspian International Transport Route, which the Company has used as an alternative route since 2018. This was done to mitigate the potential risk of the route through the Russian Federation becoming unavailable.

The Company continues to monitor the situation with sanctions against Russia and their potential impact on the transportation of finished products through Russian territory. To date, there are no restrictions related to the delivery of finished products to the Company's clients worldwide.

Kazatomprom is closely monitoring the current situation and is prepared to make decisions that will minimize risks and ensure the continuity and efficiency of the holding's operations.

¹⁶ Financial indicators for 2022 are as per the Company's 2022 Consolidated Financial Statements



Net profit for the year amounted to

580

KZT billion

Consolidated sales volumes reached

18.069

million tons

THE COMPANY'S CONSOLIDATED REVENUE FOR THE YEAR EXCEEDED KZT 1.4 TRILLION, WHICH IS 43% HIGHER THAN THE PREVIOUS YEAR, PRIMARILY DUE TO AN INCREASE IN THE AVERAGE SELLING PRICE.

PROSPECTS

In light of the global energy crisis, triggered by soaring fossil fuel prices and the need to reduce carbon dioxide emissions, nuclear energy is increasingly viewed by countries as a stable and eco-friendly energy source.

The increased activity in the energy sector and changes in the nuclear power market, fueled by geopolitical situations, are prompting global producers to resume suspended production capacities and launch new ones.

Reflecting these trends, Kazatomprom demonstrated strong results in 2023 due to the positive dynamics of spot uranium prices. The Company's consolidated revenue for the year exceeded KZT 1.4 trillion, which is 43% higher than the previous year, primarily due to an increase in the average selling price.

Operating income reached KZT 681 billion, up 49% compared to 2022, reflecting the increase in average sales price. Net profit for the year amounted to KZT 580 billion, which is 23% higher than the previous year.

Production volumes remained nearly the same as last year, decreasing by 1% to 21.112 million tons on a 100% basis. Meanwhile, consolidated sales volumes increased by 10% compared to 2022, reaching 18.069 million tons.

The significant rise in the spot price of uranium also contributed to an increase in the average selling price to KZT 65.344 per kilogram of uranium (USD 55.09 per pound U₃O₈), which is 27% higher than in 2022.

THE FIRST DELIVERY OF KAZAKHSTAN'S NUCLEAR FUEL

In 2023, Ulba-FA LLP successfully delivered four batches of fuel assemblies (herein-after referred to as FA), containing just over 130 tons of low-enriched uranium. All delivered FAs underwent acceptance control and were approved by a nuclear power plant in China. The FA plant's products will be guaranteed for delivery to CGNPC nuclear power plants in China until 2040. In 2024, the project is expected to reach its design capacity for manufacturing FAs, with an annual output of 200 tons of low-enriched uranium.



Kazatomprom significantly increased its investment in safety, spending on occupational health, fire, and industrial safety programs

12.47

KZT billion

Costs for ensuring fire safety

1.3

KZT billion

SUSTAINABILITY

Kazatomprom places particular emphasis on sustainable development in its operations.

In 2023, the Company developed the Sustainable Development Program of NAC Kazatomprom JSC for 2023-2030, which was approved by the Company's Board of Directors.

As part of its commitment to environmental sustainability, Kazatomprom has approved the Radioactive Waste Management Program for 2023-2030, which sets a unified policy and comprehensive approach for the medium-term management of radioactive waste. In October 2023, the Company's Board of Directors approved the Water Resource Management Strategy for NAC Kazatomprom JSC for 2023-2030.

In December 2023, based on the Corporate Sustainability Assessment questionnaire, the international rating agency S&P Global Ratings evaluated Kazatomprom at the level of last year's assessment. In 2023, Kazatomprom disclosed data for the first time under the "Climate Change" category in the CDP (Carbon Disclosure Project) climate rating, receiving its first climate rating at the "B" level (management).

WELFARE OF THE COMPANY'S EMPLOYEES

The Company is committed to protecting the health, interests, and motivation of its personnel. Kazatomprom increased labor compensation expenses for its employees, actively supports the development and growth of the regions where the Company operates, finances socially significant projects, and contributes to improving the welfare of the local population.

In 2023, in accordance with subsoil use contracts, the holding's enterprises directed KZT 2.264 billion towards the development of their regions of presence. Additionally, in 2023, the atomic holding's enterprises initiated a number of socially significant projects in their regions, including funding the construction of a cultural center, building children's playgrounds and sports grounds, purchasing educational equipment, improving settlements, providing financial assistance to socially vulnerable layers of the population in the form of coal purchases, food baskets, school supplies, New Year's gifts, and other socially significant initiatives totaling more than KZT 580 million.

One of the Company's main priorities is the welfare of its employees. The Company implements a comprehensive set of measures aimed at ensuring social stability and creating a favorable moral and psychological climate in the workforce across four aspects: physical well-being and healthy lifestyles, mental well-being, financial well-being, and career and social well-being.

In the realm of financial well-being, to support the families of employees, attract employees and their family members to understand the values of the Company through active involvement, and support the younger generation by creating favorable conditions for personal development and fostering their interest in the nuclear industry, the Company organized the "IQanat High School of Burabay" summer educational camp in 2023.

To enhance mental well-being, the work of a corporate psychologist is conducted.

In terms of physical well-being and promoting healthy lifestyles, large-scale events such as the "Nomad time" national sports competitions and the Kazatomprom Marathon have been organized. The "Healthy Heart Days" campaign was also implemented, further promoting the health and well-being of the Company's employees.

OCCUPATIONAL HEALTH AND INDUSTRIAL SAFETY

For Kazatomprom, production safety has always been and remains an absolute priority. The indicators from recent years confirm a steady decrease in the number of industrial injuries, which demonstrates continuous improvement in working conditions and an increased level of safety.

Production is conducted in strict compliance with national and international standards, and comprehensive measures are implemented to prevent accidents and continuously improve the safety culture among all employees and management.

The safety measures adopted in 2023 helped prevent significant industrial accidents, including uncontrolled explosions, releases of hazardous substances, or the destruction of buildings at Kazatomprom's facilities. In 2023, Kazatomprom significantly increased its investment in safety, spending KZT 12.47 billion on occupational health, fire, and industrial safety programs, which is KZT 4.39 billion more than the previous year. It is worth noting that this amount for the reported year includes costs of about KZT 1.3 billion for ensuring fire safety.

PLANS FOR 2024

Kazatomprom's plans for 2024 align with a market-oriented strategy. The Company anticipates that the uranium production level for most of its mining assets will be at -20% relative to the subsoil use contracts, and it will make every effort to avoid any breaches of production volume commitments under these contracts. However, enterprises that hold subsoil use rights for newly commissioned deposits/sections face a risk of reducing production levels by more than 20% from contract obligations due to delays in the construction of surface complexes and infrastructure.

It is expected that in 2024, uranium production volumes will range from 21,000 to 22,500 tons, while consolidated sales volumes are forecasted to be between 15,000 and 16,500 tons. The Company's financial results may be influenced by various factors, including logistical complexities, changes in the tax legislation of the Republic of Kazakhstan, and potential changes in social contributions.

In 2023, Kazatomprom reaffirmed its leadership as a leading global producer and supplier of natural uranium, strengthening its position in the international market and highlighting the long-term prospects for the development of the nuclear industry. The Company's strategic priorities remain unchanged: Kazatomprom continues to adhere to strict market discipline in production and sales, which allows it to maximize benefits and create significant value for all stakeholders. Kazatomprom is committed to maintaining the highest international standards in key aspects of its operations such as transparency, corporate governance, and occupational and environmental safety.

Mining and metallurgical industry



“NATIONAL MINING COMPANY “TAU-KEN SAMRUK” JOINT STOCK COMPANY (HEREINAFTER — TAU-KEN SAMRUK), FOUNDED IN 2009, IS A VERTICALLY INTEGRATED COMPANY WHOSE KEY TASK IS TO STRENGTHEN THE ECONOMIC AND STRATEGIC POSITIONS OF THE STATE IN THE MANAGEMENT OF PUBLIC ASSETS IN THE MINING AND METALLURGICAL INDUSTRY AND TO DEVELOP KAZAKHSTAN'S MINERAL RESOURCE COMPLEX.

Gold produced

52.2

tons

NEW DEVELOPMENT STRATEGY

In December 2023, the Board of Directors approved the Company's Development Strategy for 2024-2033, highlighting the following strategic directions:

- ◆ Comprehensive development of the mining industry to increase the investment attractiveness of the Company.
- ◆ Effective management of the portfolio to form a high-quality asset portfolio.
- ◆ Sustainable development aimed at implementing and adhering to ESG principles.

The Company aims to fully unlock the potential of the country's mineral resources by attracting leading international partners and innovative technologies. By 2033, Tau-Ken Samruk envisions itself as a reliable partner in the global mining arena.

KEY PERFORMANCE RESULTS FOR 2023

Indicator	2022	2023
Production indicators, tons:		
Gold production volume	55.6	52.2
Silver production volume	8.3	5.2
Gold sales volume	55.6	48.7
Silver sales volume	4.3	9.1
Financial indicators¹⁷, KZT billion:		
Revenue	947	816
Dividends	89	-
Net profit	-16.9	-47.3
Costs	976	817
Operating income	1.1	-1.1
Net debt	55	83
Taxes paid	2.7	1.6
Income tax paid	1	0.7
Other taxes and payments	1.7	0.9
Sustainability indicators:		
CO ₂ emissions into the atmosphere, tons	189.9	127.62
Volume of disposed waste, tons	416	379
Accidents	1	0
Fatal accidents	0	0

In 2023, Tau-Ken Samruk continued to implement its existing geological exploration, mining, and metallurgical projects. Additionally, in 2023, the registration of the transfer of 100% of the shares of Kazgeology JSC from the RSI "Committee on State Property and Privatization" of the Ministry of Finance of the Republic of Kazakhstan to Samruk-Kazyna JSC was completed, with subsequent transfer to Tau-Ken Samruk.

10 YEARS OF PERFECT WORK IN TAU-KEN ALTYN LLP

A solemn event dedicated to the 10th anniversary of the plant took place on July 13, 2023. Tau-Ken Altyn LLP (hereinafter — Tau-Ken Altyn) participated in the "EXPO Central Asia — 2023" exhibition, which was timed to coincide with the 5th Consultative Meeting of the Heads of State of the region.

Tau-Ken Altyn also participated in the 2nd International Metallurgical Summit "Metals and Alloys. Kazakhstan", where industry

leaders gathered to exchange experiences and discuss current trends in industrial development. At the summit, representatives of the plant detailed the technology of vacuum distillation of silver, as well as the features of the equipment used.

Additionally, Tau-Ken Altyn launched a new workshop for processing production waste, capable of handling up to 15 tons of solid waste annually, including slag and thermal processing waste.



INTERNATIONAL COOPERATION

TAU-KEN SAMRUK AND D MINERAL SIGNED A TERMS SHEET FOR THE EXPLORATION AND STUDY OF PROSPECTIVE AREAS, AIMING TO SUBSEQUENTLY OBTAIN LICENSES FOR GEOLOGICAL EXPLORATION AND TO ESTABLISH A JOINT VENTURE. TAU-KEN SAMRUK ALSO SIGNED A MEMORANDUM OF UNDERSTANDING WITH THE CHINESE COMPANY ZIJIN MINING.

Additionally, Tau-Ken Samruk and the European Bank for Reconstruction and Development (hereinafter referred to as EBRD), with the participation of the European Commission, signed a Memorandum of Understanding aimed at consolidating efforts to modernize the mining sector and enhance its investment attractiveness.

Tau-Ken Samruk, the European Commission, and the EBRD also signed a "Statement of Intent on Technical Support for Raw Material Projects". According to this document, signed during the Raw Materials Week in Brussels, the EU and EBRD will allocate a grant of 400,000 euros to conduct research on two projects: the extraction of lithium from the Aral Sea salt flats and the development of the Upper Kairakty tungsten deposit.

¹⁷ Financial indicators for 2022 are as per the Company's 2022 Consolidated Financial Statements



CONTRIBUTION TO THE ECONOMIC AND INDUSTRIAL DEVELOPMENT OF THE COUNTRY AND MAJOR PROJECTS IMPLEMENTED IN 2023

Co-operation with Discovery Ventures Kazakhstan Ltd (Discovery)

Since 2022, Tau-Ken Samruk and Discovery have been implementing a joint project for geological exploration aimed at searching for polymetallic deposits, where Tau-Ken Samruk owns 20% of the shares, and Discovery owns 80%. Discovery is a Kazakhstani junior company, a subsidiary of the British company East Star Resources PLS, specializing in the exploration of copper ores and resource development.

In 2023, extensive desktop studies were conducted to further explore the areas of interest according to historical reports and the results of the 2022 aerial electromagnetic survey. Additional geological work, including soil sampling and geophysical surveys of the sites, has been completed on the licensed areas. Based on the results, a decision was made to further study the sites under three licenses.

Continuation of drilling operations is planned for 2024.

Co-operation with Esan Eczacıbaşı Endüstriyel Hammaddeler San. ve Tic. A.Ş. (hereinafter – Esan)

Since 2022, Tau-Ken Samruk and the Turkish mining company Esan, part of Çalık Holding, have been conducting a joint geological exploration project aimed at searching for copper deposits. Within the project, Tau-Ken Samruk owns 20% of the shares, and Esan owns 80%.

In the second quarter of 2023, core drilling work commenced in the Aktobe region. At the licensed sites "Geological", "Auliesai", and "Milyasha", 22 boreholes totaling 6,796.3 linear meters were drilled to assess the potential of these areas.

In the third quarter of 2023, geophysical research began to identify anomalies. On the "Geological" and "Milyasha" sites, a scheme for ground geophysical survey covering 33.4 linear kilometers was developed.

In September 2023, the Company received two additional exploration licenses in the Aktobe region. Additionally, 1,087 soil samples were collected for analysis.

Continuation of geological exploration work for copper deposits and the acquisition of new licenses are planned for 2024.

Co-operation with Fortescue Metals Group Ltd (Fortescue)

Since 2020, Tau-Ken Samruk, in collaboration with Fortescue, a global leader in the iron ore industry, has been implementing a geological exploration project aimed at searching for copper deposits. Fortescue is recognized for its high production culture, innovations, and development of world-class infrastructure, particularly in the Pilbara mining industry in Western Australia. Tau-Ken Samruk owns a 20% stake in the project, while Fortescue controls 80%. This project makes a significant socio-economic contribution, including creating jobs and tax contributions.

In 2023, the following geological exploration activities were continued:

- ◆ Digitization and analysis of historical exploration reports for the "Zhezdy-1,2,3" licenses, followed by the creation of a database for the locations.
- ◆ Verification of data correlation from drilling results for the years 2021-2022.
- ◆ Analysis of historical reports and interpretation of obtained field data, as well as refinement of the database for drilling wells.

Continuation of geological exploration work to search for copper deposits is planned for 2024.

ESG INITIATIVES BASED ON THE RESULTS OF 2023

In December 2023, the development strategy for the Company for the period 2024–2033 was approved, which includes an important goal – the implementation of ESG principles. The main task of the strategy is to reduce the net carbon footprint by 10% and obtain a corresponding ESG rating, which facilitates the implementation of environmentally friendly, energy-efficient, and low-carbon projects.

Additionally, in the same month, an internal audit of the human resource management system was conducted. For the first time in the history of the Company, the procedure for verifying sustainable development indicators for the annual report for 2022 was completed. A production safety management system was developed, and a roadmap was created to obtain the ESG rating.

In October 2023, a facility for processing its own solid production waste was successfully launched at Tau-Ken Altyn. Business processes in the fields of environmental protection and occupational safety at this enterprise were also automated, and the "Aspans Safe Production" digital platform was implemented.

Furthermore, the Company actively worked on aligning its business processes with international standards, as evidenced by obtaining the ISO 37001:2016 certification – an anti-bribery management system. In 2023, training sessions on the Code of Business Ethics were also conducted, highlighting the Company's commitment to principles of honest and responsible business conduct.

SOCIAL WELFARE

The share of women on the Boards of Directors of subsidiary organizations has been increased to 30%. A memorandum of cooperation was signed between Tau-Ken Samruk and the Center for International Programs. This document regulates joint activities aimed at meeting the staffing needs of the mining company.

At the production site of ShalkiyaZinc LTD JSC, exercises were conducted to localize and eliminate a fire in the mine, as well as the emergency evacuation of personnel to the surface. The exercises tested the joint action algorithms of emergency rescue services and workers in the event of emergencies. Employees of ShalkiyaZinc LTD JSC and contracting organizations participated in the training session: the branch of the emergency rescue service CRH MPERS LLP, Kingka Mining Construction LLP, Sherif-H LLP as well as representatives of interested government bodies, Tau-Ken Samruk, and Samruk-Kazy-na JSC.

The Youth Council of the Tau-Ken Samruk Group of Companies was established. In October 2023, the first forum of the Council of Young Professionals of the Company's Group was held to discuss topical issues of youth policy, such as staffing of the production facilities under construction, representation of interests of young employees, interaction of young people with the management of the companies, as well as familiarization with the work of miners at the first horizon of the mine shaft of ShalkiyaZinc LTD JSC. Kasymkhan Tileubekov, Chief Surveyor of ShalkiyaZinc Ltd JSC, was announced as a finalist of the "Best Employee" contest.

PLANS FOR 2024

- ◆ Development and implementation of proactive tools for accident prevention;
- ◆ Completion of the divestment transaction of Tau-Ken Temir LLP and Silicon Mining LLP as part of the transfer to a competitive environment;
- ◆ Fulfillment of refined gold production volume;
- ◆ Attraction of partners for the implementation of projects in the mining sector;
- ◆ Implementation of geological exploration projects;
- ◆ Execution of the roadmap for the implementation of the Company's development strategy for 2024-2025;
- ◆ Execution of activities provided in the unified roadmap for obtaining an ESG rating in 2025.