Joint Venture South Mining Chemical Company LLP

Financial Statements
for the year ended
31 December 2018

Contents

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Independent Auditors' Report

To Management of Joint Venture South Mining Chemical Company LLP

Opinion

We have audited the financial statements of Joint Venture South Mining Chemical Company LLP (the "Company"), which comprise the statement of financial position as at 31 December 2018, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 IFRS, 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

The engagement partner on the audit resulting in this independent auditors' report is:

Sergey Dementyev
Certified Auditor
of the Republic of Kazakhstan,
Auditor's Qualification Certificate
No. МФ-0000086 of 27 August 2012

KPMG Audit LLC

State Licence to conduct audit # 0000021 dated 6 December 2006 issued by the Ministry of Finance of the Republic of Kazakhstan

Sergey Dementyev
General Director of KPMG Audit LLC
acting on the basis of the Charter

31 January 2019

'000 KZT	Note	2018	2017*
Revenue	5	54,055,704	51,181,124
Cost of sales	6	(22,228,302)	(25,011,968)
Gross profit		**31,827,402**	**26,169,156**
Distribution expenses	7	(1,603,005)	(1,104,211)
Administrative expenses	8	(964,220)	(910,626)
Other expenses, net		(177,017)	(317,396)
Results from operating activities		**29,083,160**	**23,836,923**
Finance income	10	2,148,587	158,895
Finance costs	10	(253,516)	(186,129)
Net finance income/(costs)		**1,895,071**	**(27,234)**
Profit before income tax		**30,978,231**	**23,809,689**
Income tax expense	11	(6,062,548)	(5,085,937)
Profit for the year		**24,915,683**	**18,723,752**
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Equity investments at FVOCI – net change in fair value		(71,360)	-
Other comprehensive income, net of income tax		**(71,360)**	**-**
Total comprehensive income for the year		**24,844,323**	**18,723,752**

* The Company has initially applied IFRS 9 and IFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information is not restated (see Note 3(a)).

These financial statements were approved by management on 31 January 2019 and were signed on its behalf by:

Yessentugelov T.A.
General Director

Churina Ye.S.
Chief Accountant

"ОҢТҮСТІК ТАУ-ХИМИЯЛЫҚ КОМПАНИЯСЫ" БІРЛЕСКЕН КӘСІПОРЫН" Жауапкершілігі шектеулі серіктестігі ҚАЗАҚСТАН РЕСПУБЛИКАСЫ ТҮРКІСТАН ОБЛЫСЫ РЕСПУБЛИКА КАЗАХСТАН ТУРКЕСТАНСКАЯ ОБЛАСТЬ Товарищество с ограниченной ответственностью "СОВМЕСТНОЕ ПРЕДПРИЯТИЕ "ЮЖНАЯ ГОРНО-ХИМИЧЕСКАЯ КОМПАНИЯ"

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 10 to 44.

'000 KZT	Note	31 December 2018	31 December 2017*
ASSETS			
Non-current assets			
Mine development assets	12	20,261,391	17,629,746
Property, plant and equipment	13	12,289,751	14,013,863
Intangible assets		148,486	161,863
VAT receivable		3,319,935	1,790,038
Restricted cash	14	2,232,922	1,923,540
Deferred tax asset	11	425,553	184,328
Other non-current assets		583,326	747,002
Total non-current assets		**39,261,364**	**36,450,380**
Current assets			
Inventories	15	4,000,176	4,411,541
Trade and other receivables	16	19,996,471	21,919,526
Cash and cash equivalents	17	5,389,541	1,253,884
Total current assets		**29,386,188**	**27,584,951**
Total assets		**68,647,552**	**64,035,331**
EQUITY AND LIABILITIES			
Equity	18		
Charter capital		64,000	64,000
Other provisions		(237,386)	-
Retained earnings		24,845,061	18,723,752
Total equity		**24,671,675**	**18,787,752**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	19	4,468,853	-
Site restoration provision	20	3,160,912	2,561,365
Total non-current assets		**7,629,765**	**2,561,365**
Current liabilities			
Loans and borrowings	19	528,938	-
Trade and other payables	21	7,087,185	4,574,882
Dividends payable	18	27,800,640	33,076,888
Other financial liabilities	22	-	4,624,910
Income tax payable		929,349	409,534
Total current liabilities		**36,346,112**	**42,686,214**
Total liabilities		**43,975,877**	**45,247,579**
Total equity and liabilities		**68,647,552**	**64,035,331**

* The Company has initially applied IFRS 9 and IFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information is not restated (see Note 3(a)).

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General Director

"ОҢТҮСТІК ТАУ-ХИМИЯЛЫҚ КОМПАНИЯСЫ" БІРЛЕСКЕН КӘСІПОРЫН" Жауапкершілігі шектеулі серіктестігі ҚАЗАҚСТАН РЕСПУБЛИКАСЫ ТҮРКІСТАН ОБЛЫСЫ РЕСПУБЛИКА КАЗАХСТАН ТУРКЕСТАНСКАЯ ОБЛАСТЬ Товарищество с ограниченной ответственностью "СОВМЕСТНОЕ ПРЕДПРИЯТИЕ "ЮЖНАЯ ГОРНО-ХИМИЧЕСКАЯ КОМПАНИЯ"

Churina Ye.S.
Chief Accountant

The statement of financial position is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 10 to 44.

'000 KZT	Charter capital	Other reserves	Retained earnings	Total
At 1 January 2017	64,000	-	30,076,888	30,140,888
Total comprehensive income				
Profit and total comprehensive income for the year	-	-	18,723,752	18,723,752
Total comprehensive income for the year	**-**	**-**	**18,723,752**	**18,723,752**
Transactions with owners of the Company				
Dividends declared	-	-	(30,076,888)	(30,076,888)
At 31 December 2017	**64,000**	**-**	**18,723,752**	**18,787,752**
At 1 January 2018*	64,000	-	18,723,752	18,787,752
Adjustment on initial application of IFRS 9	-	(166,026)	(70,622)	(236,648)
Adjusted balance at 1 January 2018	**64,000**	**(166,026)**	**18,653,130**	**18,551,104**
Total comprehensive income				
Profit for the year	-	-	24,915,683	24,915,683
Other comprehensive income				
Equity investments at FVOCI – net change in fair value	-	(71,360)	-	(71,360)
Total comprehensive income for the year	**-**	**(71,360)**	**24,915,683**	**24,844,323**
Transactions with owners of the Company				
Dividends declared	-	-	(18,723,752)	(18,723,752)
At 31 December 2018	**64,000**	**(237,386)**	**24,845,061**	**24,671,675**

* The Company has initially applied IFRS 9 and IFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information is not restated (see Note 3(a)).

These financial statements were approved by management on 31 January 2019 and were signed on its behalf by:

Yessentugelov T.A.
General Director

Churina Ye.S.
Chief Accountant

The statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 10 to 44.

'000 KZT	2018	2017*
Cash flows from operating activities		
Cash receipts from customers	56,418,279	48,413,076
Other receipts	185,145	38,191
Proceeds from VAT refund	1,066,483	488,841
Payments to employees	(2,765,311)	(2,781,870)
Other payments	(1,209,970)	(1,500,355)
Advances paid to suppliers for goods and services	(11,450)	(6,848)
Cash paid to suppliers for goods and services	(11,739,406)	(10,222,943)
Payments under insurance contracts	(91,774)	(93,057)
Payments to the budget	(5,336,073)	(7,226,477)
Cash flows from operating activities before income tax and interest paid	**36,515,923**	**27,108,558**
Income tax paid	(5,783,958)	(4,080,750)
Interest paid	(2,584)	-
Net cash from operating activities	**30,729,381**	**23,027,808**
Cash flows from investing activities		
Receipt of liquidation fund from JV Betpak Dala LLP (Note 25(b))	-	1,207,320
Proceeds from sale of property, plant and equipment	4,290	-
Acquisition of intangible assets	(19,028)	(35,781)
Acquisition of property, plant and equipment and mine development assets	(4,034,943)	(6,283,299)
Bank deposits	(336,874)	(1,498,505)
Net cash used in investing activities	**(4,386,555)**	**(6,610,265)**
Cash flows from financing activities		
Proceeds from borrowings	4,824,040	-
Transaction costs related to loans and borrowings	(14,843)	-
Payment of dividends (net of withholding tax in the amount of KZT 840,000 thousand (2017: KZT 585,207 thousand))	(23,160,000)	(16,134,995)
Repayment of notes	(4,624,138)	(100,296)
Net cash used in financing activities	**(22,974,941)**	**(16,235,291)**
Net increase in cash and cash equivalents	**3,367,885**	**182,252**
Cash and cash equivalents as at 1 January	1,253,884	1,160,434
Effect of exchange rate fluctuations on cash and cash equivalents	769,445	(88,802)
Effect of movements in ECL on cash and cash equivalents	(1,673)	-
Cash and cash equivalents at 31 December (Note 17)	**5,389,541**	**1,253,884**

* The Company has initially applied IFRS 9 and IFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information is not restated (see Note 3(a)).

These financial statements were approved by management on 31 January 2019 and were signed on its behalf by:

Yessentugelov T.A.
General Director

Churina Ye.S.
Chief Accountant

The statement of cash flows is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 10 to 44.

1 Reporting entity

(a) Organisation and operations

Joint Venture South Mining Chemical Company LLP (the "Company") was incorporated on 1 August 2014 under the laws of the Republic of Kazakhstan. On 17 October 2014 National Atomic Company "Kazatomprom" JSC (hereinafter, "NAC KAP") transferred the subsoil use rights in accordance with the Addendum No.4 to the Exploration and Production Contract No.1800 on the block 4 of Inkai deposit, and Addendum No.7 to the Exploration and Production Contract No.647 on Akdala deposit (hereinafter, the "Contracts") to the Company. The subsoil use contract for Akdala deposit is valid for 25 years, starting from 28 March 2001. The subsoil use contract for block 4 of Inkai deposit is valid for 24 years, starting from 8 July 2005.

Previously the Contracts as well as all mine development assets and property, plant and equipment for uranium extraction and primary processing were owned by JV Betpak Dala LLP, a related party. During 2014, according to the court decision, JV Betpak Dala LLP's contractual subsoil use rights were revoked and returned to the original owner – NAC KAP; all respective contractual mine development assets were acquired from JV Betpak Dala LLP at their carrying amounts. In accordance with the agreement between the shareholders of JV Betpak Dala LLP and NAC KAP, a new Company – Joint Venture South Mining Chemical Company LLP was incorporated, and NAC KAP transferred the Contracts and sold the mine development assets at their carrying amounts. During 2014 JV Betpak Dala LLP retained its ownership of property, plant and equipment for extraction and primary processing of uranium ore, and provided uranium extraction and primary processing services under the service contracts to the Company. In 2015, based on the decision of the Company's participants, the production assets were acquired from JV Betpak Dala LLP according to the sale-purchase agreement dated 1 October 2015.

As at the reporting date, the Company's principal activity is extraction and primary processing of uranium ore. Uranium ore is produced using the in-situ leaching method at the Company's block 4 of Inkai deposit and Akdala deposit located in South-Kazakhstan Oblast. Commercial production on block 4 of Inkai deposit and Akdala deposit started in 2004 and 2009, respectively. The Company produces its final product (U_3O_8) at the processing facilities located at South Inkai mine with capacity about 3,000 tons per year.

The Company's participants are NAC KAP and Uranium One Rotterdam B.V. that own 30% and 70% interests in the Company, respectively.

The Company's registered office is: apart. 36, h. 23, microdistrict 1, Kyzemshek Village, Suzaksky District, South-Kazakhstan Oblast, 161006, Republic of Kazakhstan.

Export of uranium from Kazakhstan is regulated by a respective export license. The Government of the Republic of Kazakhstan represented by the Committee for Atomic and Energetic Supervision and Control under the Ministry of Energy (hereinafter, the "MoE") and Ministry of Environment Protection and Water Resources and other authorised bodies exercise control over the operations, export and import of uranium products in Kazakhstan.

As at 31 December 2018 the Company's average annual number of employees was 843 (31 December 2017: 868).

(b) Kazakhstan business environment

The Company's operations are primarily located in Kazakhstan. Consequently, the Company is exposed to the economic and financial markets of Kazakhstan which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Kazakhstan. In addition, the depreciation of the Kazakhstan tenge which took place during 2015, and a reduction in the global price of oil, have increased the level of uncertainty in the business environment. The financial statements reflect management's assessment of the impact of the Kazakhstan business environment on the operations and the financial position of the Company. The future business environment may differ from management's assessment.

2 Basis of accounting

(a) Statement of compliance

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

This is the first set of the Company's annual financial statements in which IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments* have been applied. Changes to significant accounting policies are described in Note 3(a).

(b) Going concern

These financial statements have been prepared on a going concern basis, which assumes realisation of assets and settlement of liabilities in the ordinary course of business. As at 31 December 2018 the Company's current liabilities exceeded its current assets by KZT 6,959,924 thousand (2017: KZT 15,101,263 thousand).

As at 31 December 2018 the Company had dividends payable of KZT 27,800,640 thousand (2017: KZT 33,076,888 thousand).

In 2018 the General Meeting of the Participants made a decision to distribute 100% of net income for 2017 of KZT 18,723,752 thousand (2017: KZT 30,076,888 thousand) among the Company's participants. In 2017 for the purpose of distribution of dividends for 2016 the Company planned to attract bank financing in the amount of USD 95 million to enable the Company to comply with the dividend payment schedule. The issue of attracting the bank financing was submitted for approval to the General Meeting of the Participants, which was not held in 2017.

In August 2018 management resumed the work on attracting the bank financing, based on results of which the Company signed a loan agreement with SB Alfa-Bank JSC on opening of a non-revolving credit line of USD 20 million for a period of 5 years (Note 19); and in February 2019 the Company expects to sign a loan agreement with Halyk Bank of Kazakhstan JSC on opening of a revolving credit line of USD 65 million. Management believes that the participants will keep providing all necessary support to the Company and will not require immediate payment of dividends until the bank loans are obtained.

Having assessed the above circumstances, the Company's management have concluded that application of the going concern assumption is appropriate in the preparation of these financial statements and there is no material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(d) Functional and presentation currency

The national currency of the Republic of Kazakhstan is the Kazakh tenge ("KZT"), which is the Company's functional currency and the currency in which these financial statements are presented. All financial information presented in KZT has been rounded to the nearest thousand.

(e) Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2 Basis of accounting, continued

(e) Use of estimates and judgments, continued

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is disclosed to the following notes:

- Note 20 – Site restoration provision;
- Note 12 – Mine development assets.

Critical judgements also relate to the following:

(i) Useful lives of items of property, plant and equipment and mine development assets

The Company assesses the remaining useful lives of these assets at each reporting date, and, if the assumptions differ from prior periods estimates, the changes are accounted for as a change in the accounting estimate in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors.*

The factors affecting the estimated useful lives of mine development assets include the following:

- changes in proved and probable ore reserves;
- differences in the grade and quality of mineral reserves;
- changes in the actual commodity prices and their estimated prices used to assess the ore reserves;
- operating issues related to production at the deposits, and
- changes in production, processes, restoration costs, discount rates and currency exchange rates that may negatively affect the economic viability of uranium ore reserves production.

Any of these changes may impact future depreciation charges and carrying amounts of the capitalised costs. Management regularly reviews the appropriateness of the useful lives of the assets. The analysis is based on the current condition of the assets and the estimated period during which they will continue to generate economic benefits for the Company.

(ii) Uranium reserves

Uranium reserves represent a significant factor in the Company's activity. All reserves' estimates involve some degree of uncertainty, depending on the geological and engineering information available at the estimation date and interpretations thereof. Estimates may be reviewed as a result of implementation of new projects to improve production, changes in production capacity or changes in mine development strategy.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

- Note 11 – Recognition of deferred tax assets and liabilities;
- Notes 20 and 24 – Recognition and measurement of provisions and contingent liabilities, key assumptions for probability and amount of outflow of resources;
- Note 23(b) – Assessment of allowance for expected credit losses (ECL) on financial assets.

3 Significant accounting policies

Except for the cases describe in Note 3(a), the accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Changes in significant accounting policies

The Company has initially applied IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments* from 1 January 2018. A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the Company's financial statements.

3 Significant accounting policies, continued

(a) Changes in significant accounting policies, continued

Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

Therefore, IFRS 15 did not have a significant impact, on the timing of revenue recognition of the Company, its retained earnings as at 1 January 2018, statement of financial position as at 31 December 2018, and statements of profit or loss and other comprehensive income and cash flows for the year ended 31 December 2018. For additional information about the Company's accounting policies relating to revenue recognition, see Note 3(k).

IFRS 9 *Financial Instruments*

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement.*

As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IFRS 7 *Financial Instruments: Disclosures*, which are applied to disclosures for 2018 but are not applied, as a rule, to comparative information.

(i) Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities.

For an explanation of how the Company classifies and measures financial instruments, treats modifications and accounts for related gains and losses under IFRS 9, see Note 3(c).

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 1 January 2018.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements for impairment and revaluation of fair value of equity securities on adoption of the new standard.

3 Significant accounting policies, continued

(a) Changes in significant accounting policies, continued

IFRS 9 *Financial Instruments*, continued

(i) Classification and measurement of financial assets and financial liabilities, continued

'000 KZT	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets					
Equity securities	(a)	Available-for-sale	FVOCI – equity instrument	403,617	237,591
Trade and other receivables	(b)	Loans and receivables	Amortised cost	19,164,796	19,118,312
Cash and cash equivalents and restricted cash	(b)	Loans and receivables	Amortised cost	3,177,424	3,153,286
Total financial assets				**22,745,837**	**22,509,189**

(a) These equity securities represent investments that the Company intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Company has designated these investments at the date of initial application as measured at FVOCI. Unlike IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

(b) Trade and other receivables as well as cash and cash equivalents and restricted cash that were classified as loans and receivables under IAS 39 are now classified at amortised cost. An increase of KZT 46,484 thousand in the allowance for impairment over these trade and other receivables and allowance for impairment over cash and cash equivalents and restricted cash of KZT 24,138 thousand was recognised in opening retained earnings at 1 January 2018 on transition to IFRS 9.

(ii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile.

The Company has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in an additional allowance for impairment as follows.

'000 KZT	
Loss allowance at 31 December 2017 under IAS 39	-
Additional impairment recognised at 1 January 2018 on:	
Trade and other receivables	46,484
Restricted cash	23,820
Cash and cash equivalents	318
Loss allowance at 1 January 2018 under IFRS 9	**70,622**

Additional information about how the Company measures the allowance for impairment is described in Note 23(b).

3 Significant accounting policies, continued

(a) Changes in significant accounting policies, continued

IFRS 9 *Financial Instruments*, continued

(iii) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- The Company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Therefore, comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 generally reflects rather the requirements of IAS 39 than those of IFRS 9.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
- The designation of certain investments in equity instruments not held for trading as at FVOCI.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(c) Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortised cost and FVOCI – equity investment.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

3 Significant accounting policies, continued

(c) Financial instruments, continued

(ii) Classification and subsequent measurement, continued

Financial assets – Policy applicable from 1 January 2018, continued

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets – Business model assessment: Policy applicable from 1 January 2018

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from 1 January 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

3 Significant accounting policies, continued

(c) Financial instruments, continued

(ii) Classification and subsequent measurement, continued

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from 1 January 2018, continued

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses: Policy applicable from 1 January 2018

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets – Policy applicable before 1 January 2018

The Company classified its financial assets into one of the following categories:

- loans and receivables; and
- available for sale.

Financial assets – Subsequent measurement and gains and losses: Policy applicable before 1 January 2018

Loans and receivables	Measured at amortised cost using the effective interest method.
Available-for-sale financial assets	Measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognised in OCI. When these assets were derecognised, the gain or loss accumulated in equity was reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different (referred to as 'substantial modification'), then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

3 Significant accounting policies, continued

(c) Financial instruments, continued

(iii) Modification of financial assets and financial liabilities, continued

Financial assets, continued

The Company performs a quantitative and qualitative evaluation of whether the modification is substantial, i.e. whether the cash flows of the original financial asset and the modified or replaced financial asset are substantially different. The Company assesses whether the modification is substantial based on quantitative and qualitative factors in the following order: qualitative factors, quantitative factors, combined effect of qualitative and quantitative factors. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset deemed to have expired. In making this evaluation the Company analogizes to the guidance on the derecognition of financial liabilities.

The Company concludes that the modification is substantial as a result of the following qualitative factors:

- change the currency of the financial asset;
- change in collateral or other credit enhancement;
- change of terms of financial asset that lead to non-compliance with SPPI criterion (e.g. inclusion of conversion feature).

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Financial liabilities

The Company derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

If a modification (or exchange) does not result in the derecognition of the financial liability the Company applies accounting policy consistent with the requirements for adjusting the gross carrying amount of a financial asset when a modification does not result in the derecognition of the financial asset, i.e. the Company recognises any adjustment to the amortised cost of the financial liability arising from such a modification (or exchange) in profit or loss at the date of the modification (or exchange).

Changes in cash flows on existing financial liabilities are not considered as modification, if they result from existing contractual terms.

The Company assesses whether the modification is substantial based on quantitative and qualitative factors in the following order: qualitative factors, quantitative factors, combined effect of qualitative and quantitative factors. The Company concludes that the modification is substantial as a result of the following qualitative factors:

- change the currency of the financial liability;
- change in collateral or other credit enhancement;
- inclusion of conversion feature;
- change the subordination of the financial liability.

3 Significant accounting policies, continued

(c) Financial instruments, continued

(iii) Modification of financial assets and financial liabilities, continued

Financial liabilities, continued

For the quantitative assessment 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 per cent 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.

(iv) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(d) Charter capital

Charter capital is classified as equity. Incremental costs directly attributable to increases in charter capital are recognised as a deduction from equity, net of any tax effects.

(e) Mine development costs

(i) Acquisition cost

Mine development costs are measured at cost less accumulated amortisation and accumulated impairment losses.

The Company incurs costs related to finding mineral resources on unexplored blocks of the Deposits. These costs are capitalised as exploration and evaluation assets until the reserve evaluation is completed. Once the technical feasibility and commercial viability of the project is demonstrable, costs associated with the exploration and evaluation activities including exploratory drilling, topographical, geological and geophysical studies and a pilot plant operation to develop uranium processing technology and confirm the economic feasibility of the project, are tested for impairment and reclassified to development assets.

3 Significant accounting policies, continued

(e) Mine development costs, continued

(i) Acquisition cost, continued

The Company also incurs costs to prepare the mining area for commercial extraction of uranium on producing blocks. These costs include costs directly attributable to construction of injection, pumping, inspection and exploratory wells, wells sub-drilling, surface infrastructure of the well field, including piping, solutions distribution units, infield roads, reagents piping racks etc. These well field costs are recognised as tangible mine development costs.

(ii) Amortisation

Amortisation commences on the start of commercial extraction of uranium. Intangible development costs are amortised using the unit-of-production method based on the recoverable reserves on the deposit to which the assets relate. Tangible mine development costs related to certain block are amortised using the unit-of-production method based on the current extraction and available reserves on this block, determined during the initial exploration and further exploration carried out during the process of well field construction. Tangible mine development costs related to the entire deposit are amortised using the units-of-production method based on the reserves of the deposit, which are planned to be extracted during the Contract's terms. The unit-of-production method is calculated as a proportion to the amount of reserves extracted.

(f) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, the costs of dismantling and transfer the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

(ii) Subsequent costs

The cost of replacing a significant component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use. Depreciation is based on the cost of an asset less its estimated residual value.

Buildings and constructions related to the facilities of the mining and industrial complex are depreciated using the unit-of production method based on proven reserves. Equipment that is inseparable from the buildings and constructions is also depreciated using the unit-of production method. However, the straight-line method of depreciation is applied to those machinery and equipment, which are available at the mine but which are used individually, are transportable and may be relocated to other places for operations.

3 Significant accounting policies, continued

(f) Property, plant and equipment, continued

(iii) Depreciation, continued

Depreciation is generally recognised in profit or loss on a straight-line basis over the estimated useful lives for other machinery and equipment, transport vehicles and other items of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives of significant items of property, plant and equipment for the current and comparative periods are as follows:

Buildings and constructions	unit-of-production method;
Residential buildings	20 years;
Machinery and equipment	3-10 years;
Vehicles	5-10 years;
Other	3-7 years.

Depreciation methods, expected useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Impairment

(i) Non-derivative financial assets

Policy applicable from 1 January 2018

Financial instruments

The Company recognises loss allowances for ECLs on

- financial assets measured at amortised cost;
- equity investments measured at FVOCI.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade and other receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

3 Significant accounting policies, continued

(h) Impairment, continued

(i) Non-derivative financial assets, continued

Policy applicable from 1 January 2018, continued

Financial instruments, continued

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company considers this to be Baa3 or higher per Moody's or BBB- or higher per Standard and Poor's.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

3 Significant accounting policies, continued

(h) Impairment, continued

(i) Non-derivative financial assets, continued

Presentation of allowance for ECL in the statement of financial position, continued

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Policy applicable before 1 January 2018

Non-derivative financial assets

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment.

Objective evidence that financial assets were impaired included:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer would enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there was a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in an equity instrument, objective evidence of impairment included a significant or prolonged decline in its fair value below its cost.

Financial assets measured at amortised cost	The Company considered evidence of impairment for these assets at an individual asset level. An impairment loss was calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Company considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.
Available-for-sale financial assets	Impairment losses on available-for-sale financial assets were recognised in profit or loss. The amount was the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale were not reversed through profit or loss.

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

3 Significant accounting policies, continued

(h) Impairment, continued

(i) Non-derivative financial assets, continued

Policy applicable before 1 January 2018, continued

Non-derivative financial assets, continued

Objective evidence that financial assets (including equity securities) are impaired can include:

- default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- economic terms, correlated with defaults;
- the disappearance of an active market for security, or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Available-for-sale financial assets

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Financial assets measured at amortised cost

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between an asset's carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) 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, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Company's corporate assets do not generate separate cash inflows and are utilised by more than one unit, generating cash flow. Corporate assets are allocated to CGU on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

3 Significant accounting policies, continued

(h) Impairment, continued

(ii) Non-financial assets, continued

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of the cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Employee benefits

(i) Defined contribution plans

The Company does not incur any expenses in relation to provision of pensions or other post-employment benefits to employees. In accordance with the State pension social insurance regulations, the Company withholds pension contributions from employee salaries and transfers them into pension funds. Once the pension contributions have been paid, the Company has no further pension obligations. Upon retirement of employees, all pension payments are administrated by the pension fund directly.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(j) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of discount is recognised as finance cost.

Site restoration

Mining operations of the Company are subject to various environmental laws and regulations. The Company estimates the provision for site restoration obligation based on management's understanding of the current legal requirements and terms of the Contract. Provision is determined based on net present value of site restoration costs when such liability arises. The actual costs incurred in future may substantially differ from the provision amount. Future amendment of environmental laws and regulations, field valuation terms and discount rates may also affect the carrying amount of the provision.

(k) Revenue

(i) Sale of finished goods

Customers obtain control of finished goods when the goods are delivered to and have been accepted at the destination point. The destination point under the contract is the customer's warehouse, the seller's warehouse, a convertor or a processing factory. Invoices are generated at this point in time. Invoices are usually payable within 30-60 days.

3 Significant accounting policies, continued

(k) Revenue, continued

(i) Sale of finished goods, continued

Revenue recognition under IFRS 15 (applicable from 1 January 2018)

All contracts on sale of finished goods have one performance obligation. Revenue is recognised at a point of time when the goods have been delivered and accepted at the customer's warehouse, the seller's warehouse, a convertor or a processing factory.

Revenue is measured based on the consideration specified in a contract with a customer. According to IFRS 15, revenue is recognised on these contracts to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Based on its assessment, the Company also believes that its existing contracts with customers do not contain a significant financing component as there is no difference between the transaction price and the price that would have been paid for the uranium if the customer had paid cash for the finished goods when they are transferred to the customer (i.e. their cash selling price); and there is no significant impact from the period between the moment when the obligation is performed and the moment when the payment is made.

Revenue recognition under IAS 18 (applicable before 1 January 2018)

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement. For sales of uranium, the transfer of risks and rewards usually occurs when uranium is delivered to a convertor, certain processing factory or warehouse specified in the agreement.

(l) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from dividends.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3 Significant accounting policies, continued

(m) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019 and have not been applied in preparing these financial statements. The following amended standards and interpretations are not expected to have a significant impact on the Company's operations. The Company plans to adopt these pronouncements when they become effective.

- **IFRS 16 *Leases***

The Company is required to adopt IFRS 16 *Leases* from 1 January 2019.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases - Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

(i) Transition

The Company plans to apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

The Company is completing assessment of impact on its financial statements resulting from the application of IFRS 16. The new Standard is not expected to have a significant effect on the financial statements of the Company.

- **Other standards**

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

- IFRIC 23 *Uncertainty over Tax Treatments*;
- *Annual Improvements to IFRS Standards 2015–2017 Cycle – various standards;*
- *Amendments to References to Conceptual Framework in IFRS Standards.*

4 Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and for disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Trade and other receivables and loans issued

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. Fair value of trade and other receivable with short maturity does not differ much from the carrying amount as the impact of the time value of money is insignificant.

(b) Non-derivative financial liabilities

Fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Management believes that fair value of the financial asset and liabilities of the Company approximates their carrying amount.

5 Revenue

The impact of the initial application of IFRS 15 on the Company's revenue from contracts with customers is described in Note 3(a). Due to the transition method chosen by the Company in applying IFRS 15, comparative information was not restated in to reflect requirements of the new standard.

'000 KZT	2018	2017
Sale of uranium oxide	54,055,510	51,179,291
Other revenue	194	1,833
Revenue from contracts with customers	**54,055,704**	**51,181,124**

During 2018, the Company sold 88% and 12% of uranium produced to "Uranium One Inc." (Canada) and NAC KAP (Kazakhstan), respectively (2017: 72% and 28% - to "Uranium One Inc." and NAC KAP, respectively). The entire revenue was recognised at a certain point in time, when the products were delivered to the customers.

The Company concludes contracts with customers for a period of 1 year for an approximate volume of planned shipments. Uranium selling prices are determined on the basis of the arithmetic weighted average value of spot prices adjusted for discounts agreed by the parties. The Company determined that each shipment represent one performance obligation and revenue thereon is recognised when the goods have been delivered to and accepted on the territory agreed on in the contracts.

The Company may also have a performance obligation to store and/or transport the goods to the specified destination after sales of the goods; however, due to short-term nature of such obligations and insignificance of costs related to such obligations, the Company considers that revenue from such services is insignificant and, therefore, does not separate the performance obligation under such contracts.

6 Cost of sales

'000 KZT	2018	2017
Raw materials and consumables	7,451,608	8,464,241
Taxes (including mineral extraction tax)	4,098,828	4,531,757
Depreciation of mine development assets	3,187,460	4,345,385
Wages and salaries	2,680,915	2,527,942
Depreciation and amortisation	1,943,690	2,208,219
Third party services	956,609	890,812
Vacation and bonus accruals	388,286	361,427
Salary related taxes	381,265	359,473
Depreciation of exploration costs	343,931	505,872
Repair and technical maintenance	169,077	104,278
Ion-exchange resin	122,248	128,281
Depreciation of site restoration assets	28,227	223,661
Other	476,315	360,620
	22,228,302	**25,011,968**

7 Distribution expenses

'000 KZT	2018	2017
Transportation expenses on finished goods	1,554,938	1,055,003
Wages and salaries	29,470	29,547
Salary related taxes	2,970	3,238
Other	15,627	16,423
	1,603,005	**1,104,211**

8 Administrative expenses

'000 KZT	2018	2017
Wages and salaries	488,039	445,168
Third party services	268,545	240,815
Salary related taxes	47,144	48,598
Depreciation and amortisation	37,072	46,924
Membership fee	14,975	10,445
Raw materials and consumables	14,262	22,920
Accrual of impairment loss allowance for trade receivables	5,503	-
Vacation and bonus accruals	(889)	33,999
Other	89,569	61,757
	964,220	**910,626**

9 Personnel costs

'000 KZT	2018	2017
Wages and salaries	3,526,476	3,494,711
Social tax and social contributions	290,261	325,938
Obligatory professional pension contributions	93,919	103,355
Obligatory social security contributions	39,211	12,497
	3,949,867	**3,936,501**

10 Finance income and costs

'000 KZT	2018	2017
Interest income on deposits	239,566	158,895
Net foreign exchange gain	1,909,021	-
Finance income	**2,148,587**	**158,895**
Unwinding of discount on provisions (Note 20)	(232,059)	(158,681)
Interest and other finance expense on loans and borrowings	(20,301)	-
Unwinding of discount on historical costs liability	(1,156)	(3,784)
Interest expense on other financial liabilities	-	(4,650)
Net foreign exchange loss	-	(19,014)
Finance costs	**(253,516)**	**(186,129)**
Net finance income/(costs) recognised in profit or loss	**1,895,071**	**(27,234)**

11 Income tax expense

In 2018, the Company's applicable tax rate is the income tax rate of 20% for Kazakhstan companies.

'000 KZT	2018	2017
Current tax expense		
Current income tax	6,593,546	5,210,865
Adjustments for prior years	(289,773)	-
Deferred tax benefit		
Origination and reversal of temporary differences	(241,225)	(124,928)
	6,062,548	**5,085,937**

Reconciliation of effective tax rate:

	2018		2017	
	'000 KZT	**%**	**'000 KZT**	**%**
Profit before income tax	**30,978,231**	**100.0**	**23,809,689**	**100.0**
Income tax at applicable tax rate	6,195,646	20.0	4,761,938	20.0
Non-deductible expenses	156,675	0.5	323,999	1.4
Adjustments for prior years	(289,773)	(0.9)	-	-
	6,062,548	**19.6**	**5,085,937**	**21.4**

11 Income tax expense, continued

(a) Recognised deferred tax assets and liabilities

Under the current tax legislation of the Republic of Kazakhstan, the Company is obligated to maintain separate tax accounting records of the contractual and non-contractual activities. The taxable income for the contractual operations is determined based on the amount of extracted uranium and taxable income from non-contractual activity is determined as a positive difference between the income in the financial statements and income from contractual operations.

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
'000 KZT	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Intangible assets	-	-	(18,695)	(17,877)	(18,695)	(17,877)
Property, plant and equipment	-	-	(168,326)	(206,121)	(168,326)	(206,121)
Site restoration asset	-	-	(103,113)	(32,619)	(103,113)	(32,619)
Historical costs asset	-	-	(23,323)	(25,691)	(23,323)	(25,691)
Vacation and bonus accruals	50,545	49,988	-	-	50,545	49,988
Historical cost liability	-	10,744	-	-	-	10,744
Taxes	477,357	243,697	-	-	477,357	243,697
Site restoration provision	180,100	127,565	-	-	180,100	127,565
Impairment loss allowances	26,334	28,655	-	-	26,334	28,655
Other payables	4,674	5,987	-	-	4,674	5,987
	739,010	**466,636**	**(313,457)**	**(282,308)**	**425,553**	**184,328**

(b) Movement in temporary differences during the year

'000 KZT	1 January 2018	Recognised in profit or loss	31 December 2018
Intangible assets	(17,877)	(818)	(18,695)
Property, plant and equipment	(206,121)	37,795	(168,326)
Site restoration asset	(32,619)	(70,494)	(103,113)
Historical costs asset	(25,691)	2,368	(23,323)
Vacation and bonus accruals	49,988	557	50,545
Historical cost liability	10,744	(10,744)	-
Taxes	243,697	233,660	477,357
Site restoration provision	127,565	52,535	180,100
Impairment loss allowances	28,655	(2,321)	26,334
Other payables	5,987	(1,313)	4,674
	184,328	**241,225**	**425,553**

'000 KZT	1 January 2017	Recognised in profit or loss	31 December 2017
Intangible assets	(9,725)	(8,152)	(17,877)
Property, plant and equipment	(232,002)	25,881	(206,121)
Site restoration asset	(257,853)	225,234	(32,619)
Historical costs asset	(30,013)	4,322	(25,691)
Vacation and bonus accruals	38,136	11,852	49,988
Historical costs liability	30,960	(20,216)	10,744
Taxes	142,863	100,834	243,697
Site restoration provision	341,369	(213,804)	127,565
Impairment loss allowances	35,665	(7,010)	28,655
Other payables	-	5,987	5,987
	59,400	**124,928**	**184,328**

12 Mine development assets

Costs of development of block 4 of Inkai deposit and Akdala deposit are classified as assets related to the mining of mineral resources.

'000 KZT	Site restoration	Historical costs liability	Development costs	Exploration costs	Ion exchange resin	Total
At 1 January 2017	1,289,263	150,063	8,833,366	7,559,380	1,823,179	19,655,251
Additions	-	-	2,745,991	206,695	-	2,952,686
Transfer from inventories	-	-	1,215,952	-	327,600	1,543,552
Depreciation	(189,654)	(21,608)	(4,235,330)	(584,957)	(133,240)	(5,164,789)
Transfer to inventories	-	-	-	(420,438)	-	(420,438)
Change in estimates (Note 20)	(936,516)	-	-	-	-	(936,516)
At 31 December 2017	**163,093**	**128,455**	**8,559,979**	**6,760,680**	**2,017,539**	**17,629,746**
At 1 January 2018	163,093	128,455	8,559,979	6,760,680	2,017,539	17,629,746
Additions	-	-	3,337,090	1,274,134	-	4,611,224
Transfer from inventories	-	-	952,044	-	250,051	1,202,095
Depreciation	(15,018)	(11,838)	(3,233,893)	(166,401)	(122,012)	(3,549,162)
Change in estimates (Note 20)	367,488	-	-	-	-	367,488
At 31 December 2018	**515,563**	**116,617**	**9,615,220**	**7,868,413**	**2,145,578**	**20,261,391**

Depreciation was recognised in cost of sales and has been charged to the finished goods and work-in-progress.

In December 2014, the Company acquired the mining and geological exploration assets calculated based on reserves prepared for mining from NAC KAP in the amount of KZT 14,321,421 thousand, including VAT in the amount KZT 1,718,586 thousand, and recognised trade payables for the same amount. In December 2014, the Company issued promissory notes for the amount of KZT 14,321,421 thousand as a repayment of trade payables. In 2015, these notes payable were transferred to JV Betpak Dala LLP. The notes are payable on demand. As at 31 December 2018, the notes were repaid in full (Note 22).

The amount of change in estimates for 2017 includes KZT 1,207,320 thousand, which represents cash of the accumulated liquidation fund to finance site restoration works transferred to the Company by previous subsoil user, JV Betpak Dala LLP, in April 2017.

During 2017, transfer to inventories comprises finished goods and work in progress for pilot production at Block 1И of the Inkuduk Horizon of block 4 of the Inkai deposit transferred to inventories due to recognition of the economic feasibility of production at the Inkuduk Horizon.

13 Property, plant and equipment

'000 KZT	Buildings and constructions	Machinery and equipment	Vehicles and other	Under construction	Total
Cost					
Balance 1 January 2017	9,468,666	4,786,293	975,509	1,737,841	16,968,309
Additions	4,850	166,762	15,111	1,580,047	1,766,770
Transfer	1,751,891	870,775	220,140	(2,842,806)	-
Disposals	-	(83,015)	(29,048)	-	(112,063)
Transfer from inventories	-	-	-	460,362	460,362
Balance at 31 December 2017	**11,225,407**	**5,740,815**	**1,181,712**	**935,444**	**19,083,378**
Balance at 1 January 2018	11,225,407	5,740,815	1,181,712	935,444	19,083,378
Additions	48,668	130,268	51,005	82,760	312,701
Transfer	208,349	40,001	(120,467)	(127,883)	-
Disposals	-	(36,587)	(10,022)	(97,113)	(143,722)
Transfer from inventories	-	16,808	6	38	16,852
Balance at 31 December 2018	**11,482,424**	**5,891,305**	**1,102,234**	**793,246**	**19,269,209**
Depreciation and impairment losses					
Balance at 1 January 2017	(1,540,522)	(1,180,664)	(176,284)	-	(2,897,470)
Depreciation for the year	(1,078,859)	(995,085)	(205,128)	-	(2,279,072)
Disposals	-	81,455	25,572	-	107,027
Balance at 31 December 2017	**(2,619,381)**	**(2,094,294)**	**(355,840)**	**-**	**(5,069,515)**
Balance at 1 January 2018	(2,619,381)	(2,094,294)	(355,840)	-	(5,069,515)
Depreciation for the year	(808,109)	(970,585)	(170,722)	-	(1,949,416)
Impairment loss	-	-	-	(4,500)	(4,500)
Disposals	-	34,414	9,559	-	43,973
Balance at 31 December 2018	**(3,427,490)**	**(3,028,301)**	**(519,167)**	**(4,500)**	**(6,979,458)**
Carrying amount					
At 31 December 2017	**8,606,026**	**3,646,521**	**825,872**	**935,444**	**14,013,863**
At 31 December 2018	**8,054,934**	**2,863,004**	**583,067**	**788,746**	**12,289,751**

Depreciation was recognised in cost of sales, administrative expenses, finished goods and work-in-progress.

In October 2015, the Company acquired property, plant and equipment from JV Betpak Dala LLP in the amount of KZT 18,311,932 thousand, including VAT of KZT 2,197,432 thousand by issuing notes payable on demand in favour of JV Betpak Dala LLP for the same amount. As at 31 December 2018, the notes were repaid in full (Note 22).

14 Restricted cash

'000 KZT	31 December 2018	31 December 2017
Liquidation fund deposit	2,260,414	1,923,540
Cash pledged	1,000	-
	2,261,414	**1,923,540**
Impairment loss allowance	(28,492)	-
	2,232,922	**1,923,540**

The Company's exposure to credit and currency risks, and risk of impairment losses related to financial assets are disclosed in Note 23.

15 Inventories

'000 KZT	31 December 2018	31 December 2017
Finished goods	2,198,528	2,605,351
Raw materials and consumables	1,251,022	1,151,458
Work-in-progress	672,295	798,005
Impairment loss allowance	(121,669)	(143,273)
	4,000,176	**4,411,541**

16 Trade and other receivables

'000 KZT	31 December 2018	31 December 2017
Trade receivables from related parties	18,726,987	19,002,656
Other receivables	215,128	162,140
	18,942,115	**19,164,796**
Impairment loss allowance	(8,326)	-
Total financial assets	**18,933,789**	**19,164,796**
VAT receivable	988,822	2,673,206
Other receivables	73,860	81,524
Total non-financial assets	**1,062,682**	**2,754,730**
	19,996,471	**21,919,526**

As at 31 December, trade and other receivables were denominated in the following currencies:

'000 KZT	31 December 2018	31 December 2017
USD	18,137,838	12,630,490
KZT	1,858,633	9,289,036
	19,996,471	**21,919,526**

The Company's exposure to credit and currency risks, and risk of impairment losses related to financial assets are disclosed in Note 23.

17 Cash and cash equivalents

'000 KZT	31 December 2018	31 December 2017
Cash on current bank accounts – KZT	3,077,711	1,057,475
Cash on current bank accounts – USD	2,313,503	196,409
	5,391,214	**1,253,884**
Impairment loss allowance	(1,673)	-
	5,389,541	**1,253,884**

The Company's exposure to credit and currency risks. and risk of impairment losses related to financial assets are disclosed in Note 23.

18 Equity

(a) Equity

'000 KZT	31 December 2018	Ownership	31 December 2017	Ownership
Uranium One Rotterdam B.V.	44,800	70%	44,800	70%
NAC KAP	19,200	30%	19,200	30%
	64,000	**100%**	**64,000**	**100%**

(b) Dividends

In accordance with Kazakhstan legislation the Company's distributable reserves are limited to the balance of retained earnings as recorded in the Company's financial statements prepared in accordance with IFRS. As at 31 December 2018, the Company's distributable reserves amounted to KZT 24,845,061 thousand (2017: KZT 18,723,752 thousand).

During 2018 the General Meeting of the Participants decided to distribute 100% of the net profit for 2017 in the amount of KZT 18,723,752 thousand among the Company's participants. The amount of KZT 24,000,000 thousand of the distributed net profits for 2015-2016 was partially repaid to the participants during 2018, in proportion to their interests. As at 31 December 2018, dividends payable amounted to KZT 27,800,640 thousand, of which KZT 9,076,888 thousand relate to 2016 and KZT 18,723,752 thousand relate to 2017.

(c) Other reserves

Other reserves comprise the cumulative net changes in fair value of equity securities designated per Company's discretion at FVOCI on transition to IFRS 9 (2017: available-for-sale financial assets). The amount of adjustment as at 1 January 2018 represents the effect of change in the fair value of investment in Uranenergo LLP as a result of adoption of IFRS 9.

19 Loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Company's exposure to interest rate, foreign currency and liquidity risk, see Note 23.

'000 KZT	31 December 2018	31 December 2017
Non-current liabilities		
Secured loan from SB Alfa-Bank JSC	4,468,853	-
	4,468,853	-
Current liabilities		
Current portion of secured loan from SB Alfa-Bank JSC	525,747	-
Interest payable	3,191	-
	528,938	-

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

				31 December 2018		31 December 2017	
'000 KZT	Currency	Nominal interest rate, %	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
Secured loan from SB Alfa-Bank JSC	USD	4.6	2023	4,994,600	4,997,791	-	-
Total interest liabilities				**4,994,600**	**4,997,791**	-	-

During 2018, the Company entered into a loan agreement for a long-term bank facility of USD 20 million at a rate of 4.6% per annum with maturity in 2023. Under this loan agreement, on 26 December 2018 the Company received the first tranche of USD 13 million (equivalent to KZT 4,824,040 thousand). The Company pledged cash on its current account of KZT 1,000 thousand as collateral under this loan facility. In addition, in 2019 the Company has to pledge future cash inflows under the sales contract with NAC KAP.

19 Loans and borrowings, continued

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities	
'000 KZT	**Loans and borrowings**	**Other financial liabilities (Note 22)**
Balance at 1 January 2018	**-**	**4,624,910**
Changes from financing cash flows		
Proceeds from borrowings	4,824,040	-
Transaction costs related to loans and borrowings	(14,843)	-
Repayment of borrowings	-	(4,624,138)
Total changes from financing cash flows	**4,809,197**	**(4,624,138)**
The effect of changes in foreign exchange rates	**170,560**	**-**
Other changes		
Liability related		
Interest expense	18,034	2,267
Interest paid (including withholding tax in the amount of KZT 455 thousand)	-	(3,039)
Total liability-related other changes	**18,034**	**(772)**
Balance at 31 December 2018	**4,997,791**	**-**

20 Site restoration provision

'000 KZT	**31 December 2018**	**31 December 2017**
At the beginning of the year	2,561,365	2,131,880
Change in estimate (Note 12)	367,488	270,804
Unwinding of discount (Note 10)	232,059	158,681
At the end of the year	**3,160,912**	**2,561,365**

In accordance with the Contracts, the Company will incur site restoration costs in future. The expected future cash flows were discounted to the net present value using a nominal risk-free discount rate of 7.45% (2017: 9.06%) including estimated inflation rate of 5.30% (2017: 5.40%). It is expected that the major part of expenses will be incurred during the period of 2020-2027, at the end of the production life of the Deposits.

The Company is also obliged to hold cash on a long-term bank deposit to finance future site reclamation works in accordance with the Contract (Note 14).

In view of the long-term nature of reclamation liabilities, there is uncertainty concerning the actual amount of expenses that will be incurred in performing the site restoration activities and discount rate used to present value of these future obligations.

21 Trade and other payables

'000 KZT	**31 December 2018**	**31 December 2017**
Trade payables to third parties	2,949,075	1,294,758
Taxes payable	2,685,272	1,384,866
Trade payables to related parties	651,945	1,088,244
Current portion of historical cost liabilities	-	53,721
Other payables	800,893	753,293
	7,087,185	**4,574,882**

As at 31 December 2018 the Company has fully repaid to the Government of the Republic of Kazakhstan the historical cost liability according to the contracts on subsoil use of the deposits (2017: the Company's liability amounted to USD 161,649). The liability was recognised by discounting the present value of future cash outflows at a discount rate of 3.3% p.a. (2017: 3.3%).

As at 31 December 2018 taxes payable include a commercial discovery bonus payable in the amount of KZT 1,239,109 thousand accrued as a result of increase in uranium reserves on block 4 of Inkai deposit by 43,376 tons in 2018.

22 Other financial liabilities

In December 2014, the Company issued 5 notes in the total amount of KZT 14,321,421 thousand in favour of NAC KAP. They were issued as a settlement for the mine development assets acquired from NAC KAP.

In 2015, the claim right of the notes has been reassigned to JV Betpak Dala LLP, the previous owner of the Contracts. During 2015 and 2016, KZT 5,321,421 thousand and KZT 6,000,000 thousand were paid to JV Betpak Dala LLP under these notes, respectively.

In October 2015, the Company issued the notes in the total amount of KZT 18,311,932 thousand to JV Betpak Dala LLP for production and other assets, including VAT of KZT 2,197,432 thousand. During 2016, the Company issued the notes in the amount of KZT 1,884,307 thousand, including VAT of KZT 193,678 thousand. During 2016, the notes totalling to KZT 18,471,805 thousand were paid. During 2017, the Company settled the notes in the amount of KZT 100,296 thousand. During 2018, the remaining debt was repaid in full.

23 Financial instruments

The main risks inherent in the Company's daily operations are currency risk, interest rate risk and credit risk. The Company does not use hedging instruments to minimise those risks.

(a) Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Supervisory Board has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has not established a Risk Management Committee that is why the management is responsible for developing and monitoring the Company's risk management policies. Management reports regularly to the Supervisory Board on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Financial instruments of the Company comprise receivables, payables, loans and borrowings and cash. The Company's accounting policy with regard to the financial instruments is disclosed in Note 3(c). The Company does not use financial instruments for speculative transactions and does not use the derivative financial instruments for hedging risks exposure.

The exposure to credit risk, liquidity risk and market risk arise in the normal course of business of the Company.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The carrying amount of financial assets represents the maximum credit risk exposure.

23 Financial instruments, continued

(b) Credit risk, continued

Credit risk exposure

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

'000 KZT	31 December 2018	31 December 2017
Trade receivables	18,721,484	19,002,656
Other receivables	212,305	162,140
Restricted cash	2,232,922	1,923,540
Cash and cash equivalents	5,389,541	1,253,884
	26,556,252	**22,342,220**

(i) *Trade and other receivables*

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Total Company's revenue is attributable to sales transactions with two buyers. Details of concentration of revenue are included in Note 5.

100% of the Company's customers have been shareholders and clients of the Company for over four years, and none of these customers' balances have been written off or are credit-impaired at the reporting date.

A summary of the Company's exposure to credit risk for trade and other receivables is as follows:

'000 KZT	31 December 2018 Not credit-impaired	31 December 2018 Credit-impaired
External credit ratings at least Baa3 from Moody's or BBB- from Standard & Poor's	18,726,987	-
Other customers:		
– Four or more years' trading history with the Company	215,128	-
Total gross carrying amount	**18,942,115**	-
Impairment loss allowance	(8,326)	-
	18,933,789	-

Comparative information under IAS 39

An analysis of the credit quality of trade and other receivables that were neither past due nor impaired as at 31 December 2017 is as follows.

'000 KZT	31 December 2017
Neither past due nor impaired	
External credit ratings at least Baa3 from Moody's or BBB- from Standard & Poor's	19,002,656
Other customers:	
– Four or more years' trading history with the Company	162,140
Total not impaired trade receivables	**19,164,796**

As at 31 December 2017 trade and other receivables were neither past due nor impaired.

Expected credit loss assessment for corporate customers as at 1 January and 31 December 2018

The Company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions from agencies Moody's and Standard & Poor's.

On initial application of IFRS 9, the Company recognised an impairment allowance as at 1 January 2018 in the amount of KZT 46,484 thousand. The amount of the allowance decreased to KZT 8,326 thousand as at 31 December 2018.

23 Financial instruments, continued

(b) Credit risk, continued

(i) Trade and other receivables, continued

Expected credit loss assessment for corporate customers as at 1 January and 31 December 2018, continued

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables as at 31 December 2018.

	31 December 2018	
'000 KZT	**Gross carrying amount**	**Loss allowance**
Current (not past due)	18,942,115	(8,326)
	18,942,115	**(8,326)**

(ii) Restricted cash

The Company held restricted cash of KZT 2,261,414 thousand at 31 December 2018 (2017: KZT 1,923,540 thousand) placed with the bank rated BB- based on rating agency Standard & Poor's ratings (Note 14).

Impairment on restricted cash has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its restricted cash has low credit risk based on the external credit ratings of the counterparties.

On initial application of IFRS 9, the Company recognised an impairment allowance of KZT 23,820 thousand as at 1 January 2018. The allowance increased to KZT 28,492 thousand as at 31 December 2018.

(iii) Cash and cash equivalents

The Company held cash and cash equivalents of KZT 5,391,214 thousand at 31 December 2018 (2017: KZT 1,253,884 thousand). The cash and cash equivalents are held with banks and financial institutions rated from B- to BB- based on rating agency Standard & Poor's ratings.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

On initial application of IFRS 9, the Company recognised an impairment allowance of KZT 318 thousand as at 1 January 2018. The allowance increased to KZT 1,673 thousand as at 31 December 2018.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations – in accordance with the contract term; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities, not including estimated interest payments and excluding the impact of netting agreements. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts. Liquidity of the financial instruments is disclosed on the basis of discounted cash flows of financial assets and liabilities pursuant to the expected cash inflow (or outflow) date.

23 Financial instruments, continued

(c) Liquidity risk, continued

At 31 December 2018	Carrying amount	Weighted average effective interest rate %	Total	On demand	0-3 months	3 months - 1 year	1-5 years	More than 5 years
Financial assets:								
Cash and cash equivalents	5,389,541	0.8%	5,391,214	5,391,214	-	-	-	-
Restricted cash	2,232,922	10.0%	4,367,439	-	-	226,041	904,166	3,237,232
Trade receivables from Uranium One Inc.	18,137,838	interest free	18,142,284	-	18,142,284	-	-	-
Trade receivables from NAC KAP	583,646	interest free	584,703	-	584,703	-	-	-
Other receivables	212,305	interest free	215,128	-	215,128	-	-	-
Total	**26,556,252**		**28,700,768**	**5,391,214**	**18,942,115**	**226,041**	**904,166**	**3,237,232**
Financial liabilities:								
Trade and other payables, including dividends payable	(32,202,553)	interest free	(32,202,553)	-	(32,202,553)	-	-	
Loans and borrowings	(4,997,791)	4.6%	(5,653,591)	-	(57,438)	(693,426)	(4,902,727)	-
Total	**(37,200,344)**		**(37,856,144)**	-	**(32,259,991)**	**(693,426)**	**(4,902,727)**	-
Net balance position	**(10,644,092)**		**(9,155,376)**	**5,391,214**	**(13,317,876)**	**(467,385)**	**(3,998,561)**	**3,237,232**

At 31 December 2017	Carrying amount	Weighted average effective interest rate %	Total	On demand	0-3 months	3 months - 1 year	1-5 years	More than 5 years
Financial assets:								
Cash and cash equivalents	1,253,884	0.62%	1,253,884	1,253,884	-	-	-	-
Restricted cash	1,923,540	10.0%	3,906,561	-	-	192,354	769,416	2,944,791
Trade receivables from Uranium One Inc.	12,630,490	interest free	12,630,490	-	12,630,490	-	-	-
Trade receivables from NAC KAP	6,372,166	interest free	6,372,166	-	6,372,166	-	-	-
Other receivables	162,140	interest free	162,140	-	162,140	-	-	-
Total	**22,342,220**		**24,325,241**	**1,253,884**	**19,164,796**	**192,354**	**769,416**	**2,944,791**
Financial liabilities:								
Historical costs liabilities (current portion)	(53,721)	3.30%	(53,721)	-	(26,122)	(27,599)	-	-
Trade and other payables, including dividends payable	(36,213,183)	interest free	(36,213,184)	-	(36,213,184)	-	-	-
Other financial liabilities	(4,624,910)	0.10%	(4,624,910)	(4,624,910)	-	-	-	-
Total	**(40,891,814)**		**(40,891,814)**	**(4,624,910)**	**(36,239,305)**	**(27,599)**	-	-
Net balance position	**(18,549,594)**		**(16,566,573)**	**(3,371,026)**	**(17,074,509)**	**164,755**	**769,416**	-

23 Financial instruments, continued

(d) Capital and financial risk management

The Company manages capital to ensure the continued operations. The capital structure of the Company comprises the Company's equity (including the issued stock, retained earnings). The Company is not subject to externally imposed capital requirements. Management reviews the capital structure on the annual basis. Based on the review results the Company takes measure to balance the entire capital structure through increase of the charter capital.

(e) Market risk

Market risk is the risk that changes in market prices, such as spot quotations, foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company neither buys nor sells derivatives, no incurs financial liabilities, in order to manage market risks. The Company does not apply special hedge accounting in order to manage volatility in profit or loss.

(i) Market price risk

The Company is exposed to the effect of fluctuations in the price of uranium, which is quoted in US Dollars on the international markets. The Company prepares an annual budget in respect of various levels of uranium prices in the future. Uranium prices historically fluctuate and are affected by numerous factors outside of the Company's control, including, but not limited to, levels of natural uranium production, depleting levels of secondary sources such as recycling and blended down highly enriched stocks available to close the gap of the excess demand over supply, regulations by International Atomic Energy Agency and other factors related specifically to uranium.

At the reporting date there was no significant impact of commodity price risk on financial assets and liabilities recognised by the Company.

The Company does not hedge its exposure to the risk of fluctuations in the price of uranium.

(ii) Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between currencies in which sales, purchases and borrowings are denominated and the respective functional currency of the Company. The currency in which these transactions primarily are denominated is US Dollars.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Exposure to currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts:

'000 KZT	USD-denominated 31 December 2018	USD-denominated 31 December 2017
Cash and cash equivalents	2,313,503	196,409
Accounts receivable	18,137,838	12,630,490
Accounts payable	-	(2,492)
Loans and borrowings	(4,997,791)	-
Historical costs liability	-	(53,721)
Net exposure	**15,453,550**	**12,770,686**

The following exchange rates applied during the year:

KZT	Average rate 2018	Reporting date spot rate 2018	Average rate 2017	Reporting date spot rate 2017
USD 1	344.71	384.20	326.00	332.33

23 Financial instruments, continued

(e) Market risk, continued

(ii) Currency risk, continued

Sensitivity analysis

Weakening of KZT, as indicated below, against USD at 31 December would have increased profit net of taxes by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

'000 KZT	**Profit or loss**	
	Strengthening of KZT	**Weakening of KZT**
31 December 2018		
KZT/USD (20% movement)	(2,472,568)	2,472,568

'000 KZT	**Profit or loss**	
	Strengthening of KZT	**Weakening of KZT**
31 December 2017		
KZT/USD (20% movement)	(2,043,310)	2,043,310

(iii) Interest rate risk

Changes in interest rates impact primarily other financial liabilities, by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). Management does not have a formal policy of determining how much of the Company's exposure should be to fixed or variable rates. However, at the time of raising new loans or borrowings management uses its judgement to decide whether it believes that a fixed or variable rate would be more favourable to the Company over the expected period until maturity.

Profile

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

Fixed rate instruments **'000 KZT**	**Carrying amount 2018**	**Carrying amount 2017**
Restricted cash (Note 14)	2,232,922	1,923,540
Loans and borrowings (Note 19)	(4,997,791)	-
Other financial liabilities (Note 22)	-	(4,624,910)
	(2,764,869)	**(2,701,370)**

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed-rate financial instruments as fair value through profit or loss or as available-for-sale. Therefore a change in interest rates at the reporting date would not have an effect in profit or loss or in equity.

(f) Fair value

Management believes that the fair value of its financial assets and liabilities approximates their carrying amounts. Fair values have been determined for measurement and disclosure purposes based on the following methods.

Fair value hierarchy

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

23 Financial instruments, continued

(f) Fair value, continued

Fair value hierarchy, continued

Before 1 January 2018 the Company held equity securities categorised as available-for-sale under IAS 39. Starting from 1 January 2018 these securities have been categorised as measured at fair value through other comprehensive income under IFRS 9 (see Note 3(a)).

The Company owns 7.07% interest in Uranenergo LLP which is not listed on a stock exchange and this investment is accounted for as investment at fair value through other comprehensive income under IFRS 9. Because of limited market activity in the shares, the valuation is not benchmarked against observed transaction prices. Instead, the Company applies a model, in which certain inputs are unobservable. Hence, this investment has been included in Level 3 of fair value hierarchy.

24 Commitments and contingencies

(a) Taxation contingencies

The taxation system in Kazakhstan is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities, including opinions with respect to IFRS treatment of revenues, expenses and other items in the financial statements. Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines and interest charges. A tax year generally remains open for review by the tax authorities for five subsequent calendar years; however, under certain circumstances a tax year may remain open longer.

These circumstances may create tax risks in Kazakhstan that are more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

Transfer pricing law

A new transfer pricing law was enacted as at 1 January 2009. As before, the new 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 harbour provision that existed under the previous transfer pricing law (except for the sales of agricultural produce). Accordingly, the tax authorities are now entitled to review prices under any transaction, subject to 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.

(b) Environmental issues

The Company believes that currently it is in compliance with all existing Republic of Kazakhstan environmental laws and regulations. However, Kazakhstan environmental laws and regulations may change in the future. The Company is unable to predict the timing or extent to which these environmental laws and regulations may change. Such changes, if made, may require the Company to modernize technology to meet more stringent standards.

(c) Compliance with Work Program

All mineral reserves in Kazakhstan are owned by the State; in this regard the authorised Competent Authority grants the rights for exploration and production to the third parties. Subsoil use rights are granted for a limited period of time and any extensions have to be approved prior to the relevant contract or license has expired. These rights may be terminated by the Competent Authority if the Company fails to meet its contractual obligations.

Under the Work Programs for two deposits approved by the Competent Authority, the contractual liabilities are denominated in tenge.

24 Commitments and contingencies, continued

(c) Compliance with Work Program, continued

(i) Social commitments

Training of Kazakhstan specialists

Akdala subsoil use contract

In accordance with the subsoil use contract, the Company is committed to provide financing for professional education of local staff in the amount not less than 1% of exploration costs during the exploration period and not less than 0.05% of production costs during the production period.

Subsoil use contract for block 4 of Inkai deposit

In accordance with the subsoil use contract, the Company is committed to provide annual financing for professional training for local staff in the amount not less than 1% of exploration costs and not less than 1% of production costs during the production period.

Development of the social sphere

Akdala subsoil use contract

In accordance with the subsoil use contract, the Company is committed to pay an annual amount not less than USD 75,000 for the social and economic development of the region and its infrastructure by means of transfer to the budget of the local executive body.

Subsoil use contract for block 4 of Inkai deposit

In accordance with the subsoil use contract, the Company is committed to pay an annual amount not less than USD 150,000 for the social and economic development of the region and its infrastructure by means of transfer to the budget of the local executive body.

Management believes that as at 31 December 2018 the Company is in compliance with its commitments stated in subsoil use contracts.

(ii) Site restoration liabilities

Within two years after transition to the commercial production under the Contracts the Company is required to provide a reclamation plan for the Deposits to the Competent Authority. To comply with this requirement the Company approved the site restoration program in 2017. Once the program is approved by the Competent Authorities, the Company is obligated to comply with it.

(iii) Liquidation fund

Pursuant to the Liquidation Program, the Company is obligated to accumulate cash on a special bank account to meet its site restoration liability related to the obligations to rehabilitate land and make mines safe after termination of their use, and the estimate costs of cleaning up after any chemical leakage.

The Company has accumulated cash on a special account with SB Alfa-Bank JSC. This deposit may be used only for the purpose of site restoration as agreed with the respective authority. As at 31 December 2018 the deposit amounted to KZT 2,231,922 thousand (2017: KZT 1,923,540 thousand) (Note 14).

Management believes that as at 31 December 2018 the Company is in compliance with its commitments stated in subsoil use Contracts.

(iv) Annual production volume

In accordance with the Contract, the Company is obligated to produce a certain amount of uranium per year. An annual output on block 4 of Inkai deposit and Akdala deposit for 2018 was established at the levels of 2,000 tons and 1,000 tons, respectively. The actual output of the Company in 2018 was 1,617 tons and 800 tons, respectively, taking into account a permitted deviation of 20% (2017: 1,982 tons and 900 tons, respectively).

24 Commitments and contingencies, continued

(c) Compliance with Work Program, continued

(v) Investments to the mine development assets

Management believes that as at 31 December 2018 the Company is in compliance with its commitments stated in subsoil use Contracts.

25 Related parties

(a) Control relationship

Uranium One Rotterdam B.V. is a subsidiary of Uranium One Inc. incorporated in Canada. The ultimate owner of Uranium One Inc. is Rosatom State Atomic Energy Corporation ("Rosatom"). NAC CAP produces publicly available financial statements.

(b) Related party transactions

During the year, the Company have made a number of transactions with the related parties:

'000 KZT	Sales 2018	Purchase of services 2018	Purchase of production and other assets 2018	Sales 2017	Purchase of services 2017	Purchase of production and other assets 2017
Shareholders	54,055,510	-	-	51,179,291	1,053	860
Companies under common or joint control of the shareholders	5,208	920,567	6,353,880	15,878	966,232	7,067,920

Balance payable/receivable as at the end of the reporting period:

'000 KZT	Receivables from related parties 2018	Trade payables to related parties 2018	Receivables from related parties 2017	Trade payables to related parties 2017
Shareholders	18,721,484	-	19,002,656	964
Companies under common or joint control of the shareholders	411	651,945	7,037	1,087,280

In April 2017 JV Betpak Dala LLP transferred to the Company the funds of the accumulated liquidation fund in the amount of KZT 1,207,320 thousand to finance the site restoration works.

(c) Key management remuneration

'000 KZT	2018	2017
Salaries and bonuses	71,690	81,853
Contributions to pension funds	4,867	5,748
	76,557	**87,601**

(d) Transactions with government and government-related companies

In the ordinary course of business the Company conducts transactions with government bodies and companies under control of the Government of the Republic of Kazakhstan. These transactions were conducted on the terms, which are comparable with those of other counteragents.