Joint Venture South Mining Chemical Company LLP

Financial Statements
for the year ended
31 December 2017

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 2017, 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 2017, 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

Assel Khairova
General Director of KPMG Audit LLC
acting on the basis of the Charter

31 January 2018

'000 KZT	Note	2017	2016
Revenue	5	51,181,124	69,802,439
Cost of sales	6(a)	(25,011,968)	(28,286,413)
Gross profit		**26,169,156**	**41,516,026**
Distribution expenses		(1,104,211)	(1,711,151)
Administrative expenses	6(b)	(910,626)	(996,000)
Other expenses, net		(317,396)	(408,304)
Results from operating activities		**23,836,923**	**38,400,571**
Finance income	7	158,895	25,816
Finance costs	7	(186,129)	(393,893)
Net finance costs		**(27,234)**	**(368,077)**
Profit before income tax		**23,809,689**	**38,032,494**
Income tax expense	8	(5,085,937)	(7,955,606)
Profit and total comprehensive income for the year		**18,723,752**	**30,076,888**

These financial statements were approved by management on 31 January 2018 and were signed on its behalf by:

Uvarov A.D. *General Director*	Chebotaryova L.A. *Deputy General Director for Economics and Finance*	Churina Ye.S. *Chief Accountant*

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 41.

'000 KZT	Note	31 December 2017	31 December 2016
ASSETS			
Mine development assets	10	17,629,746	19,655,251
Property, plant and equipment	11	14,013,863	14,070,839
Intangible assets		161,863	131,669
VAT receivable		1,790,038	3,050,253
Restricted cash	12	1,923,540	425,035
Deferred tax asset	8	184,328	59,400
Other non-current assets		747,002	757,779
Non-current assets		**36,450,380**	**38,150,226**
Inventories	13	4,411,541	3,325,038
Trade and other receivables	14	21,919,526	16,168,942
Current income tax		-	720,581
Cash and cash equivalents	15	1,253,884	1,160,434
Current assets		**27,584,951**	**21,374,995**
Total assets		**64,035,331**	**59,525,221**
EQUITY AND LIABILITIES			
Equity			
Charter capital	16	64,000	64,000
Retained earnings		18,723,752	30,076,888
Total equity		**18,787,752**	**30,140,888**
Liabilities			
Site restoration provision	17	2,561,365	2,131,880
Historical costs liability	18	-	51,018
Non-current liabilities		**2,561,365**	**2,182,898**
Current liabilities			
Trade and other payables	19	4,574,882	2,755,915
Dividends payable	16	33,076,888	19,720,202
Other financial liabilities	20	4,624,910	4,725,318
Income tax payable		409,534	-
Current liabilities		**42,686,214**	**27,201,435**
Total liabilities		**45,247,579**	**29,384,333**
Total equity and liabilities		**64,035,331**	**59,525,221**

These financial statements were approved by management on 31 January 2018 and were signed on its behalf by:

Uvarov A.D.	Chebotaryova L.A.	Churina Ye.S.
General Director	*Deputy General Director for Economics and Finance*	*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 41.

'000 KZT	Charter capital	Retained earnings	Total
At 1 January 2016	64,000	34,720,202	34,784,202
Total comprehensive income for the period			
Profit and total comprehensive income for the year	-	30,076,888	30,076,888
Dividends declared	-	(34,720,202)	(34,720,202)
At 31 December 2016	**64,000**	**30,076,888**	**30,140,888**
At 1 January 2017	64,000	30,076,888	30,140,888
Total comprehensive income for the year			
Profit and total comprehensive income for the year	-	18,723,752	18,723,752
Dividends declared	-	(30,076,888)	(30,076,888)
At 31 December 2017	**64,000**	**18,723,752**	**18,787,752**

These financial statements were approved by management on 31 January 2018 and were signed on its behalf by:

Uvarov A.D.
General Director

Chebotaryova L.A.
Deputy General Director for Economics and Finance

Churina Ye.S.
Chief Accountant

Республика Казахстан Южно-Казахстанская обл.
Совместное предприятие "Южная горно-химическая компания"
Товарищество с ограниченной ответственностью

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 41.

'000 KZT	2017	2016
Cash flows from operating activities		
Cash receipts from customers	48,413,076	73,242,699
Other receipts	38,191	40,317
Payments to employees	(2,781,870)	(2,880,628)
Other payments	(1,500,355)	(1,710,977)
Advances paid to suppliers for goods and services	(6,848)	(6,445)
Cash paid to suppliers for goods and services	(10,222,943)	(11,446,601)
Payments under insurance contracts	(93,057)	(74,064)
Payments to the budget	(6,737,636)	(7,350,751)
Cash flows from operating activities before income tax and interest paid	**27,108,558**	**49,813,550**
Income tax paid	(4,080,750)	(9,556,305)
Net cash from operating activities	**23,027,808**	**40,257,245**
Cash flows from investing activities		
Receipt of liquidation fund from JV Betpak Dala LLP (Note 22 (c))	1,207,320	-
Acquisition of intangible assets	(35,781)	(13,855)
Acquisition of property, plant and equipment and mine development assets	(6,283,299)	(7,163,427)
Bank deposits	(1,498,505)	(250,035)
Net cash used in investing activities	**(6,610,265)**	**(7,427,317)**
Cash flows from financing activities		
Payment of dividends (net of withholding tax in the amount of KZT 585,207 thousand (2016: KZT 525,000 thousand))	(16,134,995)	(14,475,000)
Repayment of notes	(100,296)	(24,471,805)
Net cash used in financing activities	**(16,235,291)**	**(38,946,805)**
Net increase/(decrease) in cash and cash equivalents	**182,252**	**(6,116,877)**
Cash and cash equivalents as at 1 January	1,160,434	8,394,486
Effect of exchange rate fluctuations on cash and cash equivalents	(88,802)	(1,117,175)
Cash and cash equivalents as at 31 December (Note 15)	**1,253,884**	**1,160,434**

These financial statements were approved by management on 31 January 2018 and were signed on its behalf by:

Uvarov A.D. *General Director*	Chebotaryova L.A. *Deputy General Director for Economics and Finance*	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 41.

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 to the Company the subsoil use rights in accordance with the Addendum No.4 to the Exploration and Production Contract No.1800 on the block of South Inkai deposit, and Addendum No.7 to the Exploration and Production Contract No.647 on the block of Akdala deposit (hereinafter, the "Contracts"). The subsoil use contract for Akdala deposit is valid for 25 years, starting from 28 March 2001. The subsoil use contract for South 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 the Company uranium extraction and primary processing services under the service contracts. 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 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 South Inkai and Akdala deposits located in South-Kazakhstan Oblast. Commercial production on South Inkai and Akdala deposits started in 2004 and 2009, respectively. The Company produces the final product (U3O8) 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, 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 2017 the Company's average annual number of employees was 868 (31 December 2016: 928).

1 Reporting entity, continued

(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").

(b) Going concern

The financial statements have been prepared on a going concern basis, which assumes realisation of assets and settlement of obligations in the ordinary course of business. As at 31 December 2017 the Company's current liabilities exceeded its current assets by KZT 15,101,263 thousand (2016: KZT 5,826,440 thousand).

As at 31 December 2017 the Company's dividends payable amounts to KZT 33,076,888 thousand (2016: KZT 19,720,202 thousand).

In 2017 the General Meeting of the Participants made decision to distribute 100% of net income for 2016 – KZT 30,076,888 thousand – among the Company's participants. When distributing dividends for 2016 it was planned to attract debt financing from bank to enable the Company to comply with the dividend payment schedule. The issue of attracting the debt financing from bank was submitted for approval to the General Meeting of the Participants, which was not held in 2017.

In 2018 management has resumed the work on attracting the bank financing and is now at the stage of signing the loan agreements. Management believes that the participants will keep providing support as needed and will not require immediate payment of the dividends until a bank loan is obtained.

Having assessed the above circumstances, the Company's management have concluded that the use of the going concern assumption is appropriate in the preparation of the 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.

2 Basis of accounting, continued

(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.

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 17 – Site restoration provision;
- Note 10 – Mine development assets.

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

The Company assesses the remaining useful life 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.*

These factors affecting the estimated useful life include the following:

- changes in the proved and probable ore reserves;
- differences in the grade and quality of mineral reserves;
- changes in the actual commodity prices and commodity price assumptions used to assess the ore reserves;
- unforeseen mine operating issues directly at the deposits, and
- changes in capital, production, processing and reclamation 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 the future depreciation and the carrying amount of the capitalised costs. Management regularly reviews the appropriateness of the useful lives of the assets. The analysis is based on the current state of the assets and the estimated period during which they will continue to generate economic benefits for the Company.

(ii) Uranium reserves

Uranium reserves are 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 evaluation date and interpretation thereof. Estimates may be reviewed as a result of implementation of the 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 8 – Deferred tax assets and liabilities.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company's entities 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.

(b) Financial instruments

(i) Non-derivative financial instruments

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.

Foreign currency differences arising in translation are recognised in profit or loss.

Non-derivative financial instruments comprise restricted cash, trade and other receivables, cash and cash equivalents, other financial liabilities, historical costs liabilities, and trade and other payables.

The Company classifies non-derivative financial assets into the following category: loans and receivables.

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the financial instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

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

Loans and receivables

Loans and receivables are a category of financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs.

Loans and receivables category comprises the following classes of financial assets: restricted cash as presented in Note 12, trade and other receivables as presented in Note 14 and cash and cash equivalents as presented in Note 15.

Cash and cash equivalents comprise bank balances.

3 Significant accounting policies, continued

(b) Financial instruments, continued

(ii) Non-derivative financial liabilities

The Company initially recognises financial liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at fair value using the effective interest method.

Other financial liabilities comprise other financial liabilities, historical costs liabilities, trade and other payables.

(iii) Charter capital

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

(c) Mine development costs

(i) Acquisition cost

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

The Company incurs costs related to discovery of 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 pilot production to develop uranium processing technology and confirm the economic feasibility of the project, are tested for impairment and reclassified to mine development costs.

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 Contracts' terms. The unit-of-production method is calculated as a proportion to the amount of reserves extracted.

3 Significant accounting policies, continued

(d) Property, plant and equipment

(i) Recognition and measurement

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

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 removing 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 expenditure

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 proved 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.

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

3 Significant accounting policies, continued

(e) 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.

(f) Impairment

(i) Non-derivative financial assets

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.

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, disappearing of an active market for any security. 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.

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.

3 Significant accounting policies, continued

(f) Impairment, continued

(ii) Non-financial assets, continued

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 CGUs 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.

Impairment losses are recognised in profit or loss for the period. 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.

(g) 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 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.

(h) 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 the 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.

3 Significant accounting policies, continued

(i) Revenue

Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. 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. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

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 transferred at the seller's warehouse or delivered to a conversion facility specified in the agreement.

(j) 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 tax 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.

(k) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for annual periods beginning after 1 January 2017 and as at 31 December 2017, and have not been applied in preparing these financial statements.

Of these pronouncements, potentially, the following will have an impact on the Company's operations. The Company plans to adopt these pronouncements when they become effective.

3 Significant accounting policies, continued

(k) New standards and interpretations not yet adopted, continued

- **IFRS 9 Financial Instruments**

IFRS 9 Financial Instruments 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.

(i) Classification - Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

The Company is assessing the potential impact of a new classification and measurement approach on its financial position or performance.

(ii) Impairment - Financial assets and contract assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date;
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component;

Currently the Company analyses the likely impact of a new 'expected credit loss' (ECL) model on its financial position or performance.

(iii) Classification - Financial liabilities

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

The Company's assessment did not indicate any material impact regarding the classification of financial liabilities as at 1 January 2018.

3 Significant accounting policies, continued

(k) New standards and interpretations not yet adopted, continued

(iv) Disclosures

IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and expected credit losses. Currently the Company performs a review to identify data gaps.

(v) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below.

- The Company will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 will generally be recognised in retained earnings and reserves as at 1 January 2018.
- The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application.
  - The determination of the business model within which a financial asset is held.
  - The designation of certain investments in equity instruments not held for trading as at FVOCI.
- **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

(i) Goods sold

For the sale of uranium products, revenue is currently recognised when uranium is transferred at the seller's warehouse or delivered to a conversion facilities specified in the agreement, which is taken to be the point in time at which the customer accepts uranium and the related risks and rewards of ownership transfer. Revenue is recognised at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with uranium.

Under IFRS 15, based on the Company's assessments all current contracts for sale of uranium have one performance obligation for sales of uranium, revenue will be recognised when a customer obtains control of the good, at the time of transfer of the right of ownership. Therefore, the Company does not expect the application of IFRS 15 to result in significant differences in the timing of revenue recognition for sale of uranium.

For certain contracts for uranium sale that provide for the storage of goods over time before the date and time of delivery are notified by the buyer, revenue is currently recognised when the goods are ready for delivery, provided that all other criteria for revenue recognition are met.

Under IFRS 15, revenue will be recognised for these contracts to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The Company's assessment indicates that storage service may be a separate performance obligation, this may result in revenue, for this storage service, being recognised over time. However, according to its estimates, the Company does not expect the change in the contract accounting principle to result in a significant impact on its financial statements.

Based on its assessment, the Company also believes that the current contracts do not contain a significant financing component because there is no difference between the transaction price and the price at which uranium is sold, provided that it is immediately paid in cash, and duration of a period between the time when obligation is performed and payment is made has no significant effect.

3 Significant accounting policies, continued

(k) New standards and interpretations not yet adopted, continued

- **IFRS 15 Revenue from Contracts with Customers, continued**

(ii) Transition

The Company plans to adopt IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). As a result, the Company will not apply the requirements of IFRS 15 to the comparative period presented.

- **IFRS 16 Leases**

IFRS 16 introduces a single, on-balance lease sheet 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 optional 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. The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

The Company has not yet analysed the likely impact of the new standard on its financial position or performance.

4 Measurement 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 receivables with short terms maturities does not differ considerably from their carrying amounts, as the time value of money is not significant.

(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

'000 KZT	**2017**	**2016**
Sale of uranium oxide	51,179,291	69,286,479
Other revenue	1,833	515,960
	51,181,124	**69,802,439**

During 2017, the Company sold 72% and 28% of uranium produced to "Uranium One Inc." and Kazatomprom, respectively (2016: 64% and 36% - to "Uranium One Inc." and Kazatomprom, respectively).

Uranium sales price is determined in accordance with the terms and conditions of the agreements concluded with the buyers and is based on the arithmetic mean value of spot prices adjusted for discounts agreed by the parties.

6(a) Cost of sales

'000 KZT	**2017**	**2016**
Raw materials and consumables	8,464,241	10,368,256
Taxes (including mineral extraction tax)	4,531,757	5,175,513
Depreciation of mine development assets	4,345,385	4,538,862
Wages and salaries	2,527,942	2,870,522
Depreciation and amortisation	2,208,219	2,378,763
Third parties services	890,812	938,138
Depreciation of exploration costs	505,872	486,890
Vacation and bonus accruals	361,427	356,338
Salary related taxes	359,473	379,513
Depreciation of sitre restoration assets	223,661	283,945
Ion-exchange resin	128,281	104,096
Repair and technical maintenance	104,278	93,696
Other	360,620	311,881
	25,011,968	**28,286,413**

6(b) Administrative expenses

'000 KZT	**2017**	**2016**
Wages and salaries	445,168	518,745
Third parties services	240,815	246,484
Salary related taxes	48,598	54,337
Depreciation and amortisation	46,924	42,914
Vacation and bonus accruals	33,999	57,923
Raw materials and consumables	22,920	9,280
Other	72,202	66,317
	910,626	**996,000**

7 Finance income and costs

'000 KZT	**2017**	**2016**
Interest income on deposits	158,895	25,816
Finance income	**158,895**	**25,816**
Unwinding of discount on provisions (Note 17)	(158,681)	(144,558)
Unwinding of discount on historical costs liability (Note 18)	(3,784)	(7,321)
Interest expense on other financial liabilities	(4,650)	(16,188)
Net foreign exchange loss	(19,014)	(225,826)
Finance costs	**(186,129)**	**(393,893)**
Net finance costs recognised in profit or loss	**(27,234)**	**(368,077)**

8 Income tax expense

In 2017, the Company's applicable tax rate is the income tax rate of 20% for Kazakhstan companies.

'000 KZT	**2017**	**2016**
Current tax expense		
Current income tax	5,210,865	8,209,340
Deferred tax benefit		
Origination and reversal of temporary differences	(124,928)	(253,734)
	5,085,937	**7,955,606**

Reconciliation of effective tax rate:

	2017		**2016**	
	'000 KZT	**%**	**'000 KZT**	**%**
Profit before income tax	**23,809,689**	**100**	**38,032,494**	**100**
Income tax at applicable tax rate	4,761,938	20	7,606,500	20
Non-deductible expenses	323,999	1.4	349,106	0.9
	5,085,937	**21.4**	**7,955,606**	**20.9**

(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 for 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.

8 Income tax expense, continued

(a) Recognised deferred tax assets and liabilities, continued

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
'000 KZT	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Intangible assets	-	-	(17,877)	(9,725)	(17,877)	(9,725)
Property, plant and equipment	-	-	(206,121)	(232,002)	(206,121)	(232,002)
Site restoration asset	-	-	(32,619)	(257,853)	(32,619)	(257,853)
Historical costs asset	-	-	(25,691)	(30,013)	(25,691)	(30,013)
Vacation and bonus accruals	49,988	38,136	-	-	49,988	38,136
Historical cost liability	10,744	30,960	-	-	10,744	30,960
Taxes	243,697	142,863	-	-	243,697	142,863
Site restoration provision	127,565	341,369	-	-	127,565	341,369
Inventory write-off provision	28,655	35,665	-	-	28,655	35,665
Trade and other payables	5,987	-	-	-	5,987	-
	466,636	**588,993**	**(282,308)**	**(529,593)**	**184,328**	**59,400**

(b) Movement in temporary differences during the year

'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 cost liability	30,960	(20,216)	10,744
Taxes	142,863	100,834	243,697
Site restoration provision	341,369	(213,804)	127,565
Inventory write-off provision	35,665	(7,010)	28,655
Trade and other payables	-	5,987	5,987
	59,400	**124,928**	**184,328**

8 Income tax expense, continued

'000 KZT	**1 January 2016**	**Recognised in profit or loss**	**31 December 2016**
Intangible assets	(2,176)	(7,549)	(9,725)
Property, plant and equipment	(307,820)	75,818	(232,002)
Site restoration asset	(337,926)	80,073	(257,853)
Historical costs asset	(34,684)	4,671	(30,013)
Vacation and bonus accruals	36,618	1,518	38,136
Historical cost liability	51,428	(20,468)	30,960
Taxes	943	141,920	142,863
Site restoration provision	396,518	(55,149)	341,369
Inventory write-off provision	-	35,665	35,665
Trade and other payables	2,765	(2,765)	-
	(194,334)	**253,734**	**59,400**

9 Personnel costs

'000 KZT	**2017**	**2016**
Wages and salaries	3,494,711	3,541,048
Social tax and social contributions	325,938	328,958
Mandatory professional pension contributions	103,355	85,013
Mandatory social security contributions	12,497	-
	3,936,501	**3,955,019**

10 Mine development assets

Costs of development of South Inkai and Akdala mines are classified as assets related to the mining of mineral resources.

'000 KZT	Site restoration	Historical costs	Development costs	Exploration costs	Ion exchange resin	Total
At 1 January 2016	**1,689,629**	**173,422**	**9,003,032**	**6,347,985**	**1,747,364**	**18,961,432**
Additions	-	-	3,228,630	1,649,857	-	4,878,487
Transfer from inventories	-	-	738,434	-	177,612	916,046
Depreciation	(230,097)	(23,359)	(4,136,730)	(438,462)	(101,797)	(4,930,445)
Change in estimates (Note 17)	(170,269)	-	-	-	-	(170,269)
At 31 December 2016	**1,289,263**	**150,063**	**8,833,366**	**7,559,380**	**1,823,179**	**19,655,251**
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 17)	(936,516)	-	-	-	-	(936,516)
At 31 December 2017	**163,093**	**128,455**	**8,559,979**	**6,760,680**	**2,017,539**	**17,629,746**

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 2017, most of the notes were repaid and the outstanding balance amounted to KZT 3,000,000 thousand (Note 20).

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.

Transfer to inventories comprises finished goods and work in progress for pilot production at Block 1И of the Inkuduk Horizon of the South Inkai deposit transferred to inventories due to recognition of the economic feasibility of production at the Inkuduk Horizon.

11 Property, plant and equipment

'000 KZT	Buildings and constructions	Plant and equipment	Vehicles and other	Under construction	Total
Cost					
Balance at 1 January 2016	9,402,088	4,398,441	469,537	755,525	15,025,591
Additions	1,644	195,942	492,482	858,569	1,548,637
Transfers	64,934	194,202	13,752	(272,888)	-
Disposals	-	(2,292)	(262)	-	(2,554)
Transfer from inventories	-	-	-	396,635	396,635
Balance at 31 December 2016	**9,468,666**	**4,786,293**	**975,509**	**1,737,841**	**16,968,309**
Balance at 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
Transfers	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**
Depreciation					
Balance at 1 January 2016	(313,034)	(231,523)	(26,113)	-	(570,670)
Depreciation for the year	(1,227,488)	(950,440)	(150,253)	-	(2,328,181)
Disposals	-	1,299	82	-	1,381
Balance at 31 December 2016	**(1,540,522)**	**(1,180,664)**	**(176,284)**	**-**	**(2,897,470)**
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)**
Carrying amount					
At 31 December 2016	**7,928,144**	**3,605,629**	**799,225**	**1,737,841**	**14,070,839**
At 31 December 2017	**8,606,026**	**3,646,521**	**825,872**	**935,444**	**14,013,863**

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 2017, most of the notes were repaid and the outstanding balance amounted to KZT 1,624,138 thousand (Note 20).

12 Restricted cash

Restricted cash comprises cash funds remitted to a special account with SB Alfa Bank JSC intended to fund site restoration works. Use of this cash is restricted. At 31 December 2017, the cash on the account amounted to KZT 1,923,540 thousand (2016: KZT 425,035 thousand).

13 Inventories

'000 KZT	**31 December 2017**	**31 December 2016**
Finished goods	2,605,351	1,163,491
Raw materials and consumables	1,151,458	1,142,170
Work in-progress	798,005	1,197,703
Impairment allowance	(143,273)	(178,326)
	4,411,541	**3,325,038**

14 Trade and other receivables

'000 KZT	**31 December 2017**	**31 December 2016**
Trade receivables from related parties	19,002,656	14,595,769
VAT receivable	2,673,206	1,438,000
Trade receivables from third parties	-	28,978
Other receivables	243,664	106,195
	21,919,526	**16,168,942**

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

'000 KZT	**31 December 2017**	**31 December 2016**
USD	12,630,490	3,748,594
KZT	9,289,035	12,420,348
	21,919,525	**16,168,942**

The Company's exposure to credit and currency risks related to financial assets is disclosed in Note 21.

15 Cash and cash equivalents

'000 KZT	**31 December 2017**	**31 December 2016**
Cash on current bank accounts – KZT	1,057,475	247,704
Cash on current bank accounts – USD	196,409	912,730
	1,253,884	**1,160,434**

The Company's exposure to credit and currency risks related to financial assets is disclosed in Note 21.

16 Equity

(a) Equity

'000 KZT	**31 December 2017**	**Ownership**	**31 December 2016**	**Ownership**
Uranium One Rotterdam B.V.	44,800	70%	44,800	70%
NAC Kazatomprom JSC	19,200	30%	19,200	30%
	64,000	**100%**	**64,000**	**100%**

16 Equity, continued

(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 2017, the Company's distributable reserves amounted to KZT 18,723,752 thousand (2016: KZT 30,076,888 thousand).

During 2017, the General Meeting of the Participants decided to distribute 100% of 2016 net profit in the amount of KZT 30,076,888 thousand among the Company's participants. KZT 16,720,202 thousand of the 2014-2015 distributed net profit was partially paid to the participants in 2017, in proportion to their interests. As at 31 December 2017, the dividends payable amounted to KZT 33,076,888 thousand, of which KZT 3,000,000 thousand for 2015 and KZT 30,076,888 thousand for 2016.

17 Site restoration provision

'000 KZT	**31 December 2017**	**31 December 2016**
At the beginning of the year	2,131,880	2,157,591
Change in estimate (Note 10)	270,804	(170,269)
Unwinding of discount (Note 7)	158,681	144,558
At the end of the year	**2,561,365**	**2,131,880**

In accordance with the Contract, the Company will incur the site restoration costs in the future. The expected future cash flows were discounted to the net present value using a nominal risk-free discount rate of 9.06% (2016: 7.08%), including projected inflation of 5.40% (2016: 5.13%). It is expected that the major part of expenses will be incurred within the period of 2020-2027 years, at the end of the production life of the deposits.

The Company is also obligated to invest cash in the long-term bank deposit to finance future site restoration works in accordance with the Contracts (Note 12).

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

18 Historical cost liability

'000 KZT	South Inkai	Akdala	Total
Non-current portion			
At 1 January 2016	103,356	47,049	150,405
Transfer from current portion	56,019	50,714	106,733
Unwinding of discount (Note 7)	4,665	2,656	7,321
Payments	(56,108)	(50,795)	(106,903)
Foreign exchange differences	(1,914)	(844)	(2,758)
Allocation of current portion (Note 19)	(55,000)	(48,780)	(103,780)
At 31 December 2016	**51,018**	**-**	**51,018**
At 1 January 2017	51,018	-	51,018
Transfer from current portion	55,000	48,780	103,780
Unwinding of discount (Note 7)	2,796	988	3,784
Payments	(55,000)	(49,791)	(104,791)
Foreign exchange differences	(93)	23	(70)
Allocation of current portion (Note 19)	(53,721)	-	(53,721)
At 31 December 2017	**-**	**-**	**-**

As at 31 December 2017, according to the subsoil use contracts the Company is obligated to reimburse to the Government of the Republic of Kazakhstan the historical costs of geological exploration conducted at the Deposits in the amount of USD 161,649 (2016: USD 464,481).

The liability was recognised by discounting the present value of future cash outflows at a discount rate of 3.3% p.a. (2016: 3.3%).

19 Trade and other payables

'000 KZT	31 December 2017	31 December 2016
Taxes payable	1,384,866	752,908
Trade payables to third parties	1,294,758	902,221
Trade payables to related parties	1,088,244	654,927
Current portion of historical costs liability (Note 18)	53,721	103,780
Other payables	753,293	342,079
	4,574,882	**2,755,915**

20 Other financial liabilities

'000 KZT	31 December 2017	31 December 2016
Notes payable for mine development assets	3,000,000	3,000,000
Notes payable for production and other assets	1,624,138	1,724,434
Interest on notes payable	772	884
	4,624,910	**4,725,318**

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 in the total amount of KZT 18,471,805 thousand were settled. During 2017, the Company settled the notes in the amount of KZT 100,296 thousand. The Company expects to settle the remaining part of the debt in Q1 2018. According to the terms, the notes are payable on demand.

21 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, therefore, 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 its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

21 Financial instruments, continued

(a) Overview, continued

Risk management framework, continued

Financial instruments of the Company comprise payables, receivables and cash. Accounting policies of the Company applied to financial instruments are disclosed in Note 3. The Company does not speculate in financial instruments and does not use derivative instruments to hedge risk exposures.

In the ordinary course of business the Company has exposure to the credit, liquidity and markets risks.

(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 mainly from the Company's receivables from customers.

(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 three buyers.

(ii) Exposure to credit risk

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

'000 KZT	31 December 2017	31 December 2016
Trade receivables	19,002,656	14,624,747
Restricted cash	1,923,540	425,035
Cash and cash equivalents	1,253,884	1,160,434
	22,180,080	**16,210,216**

As at 31 December 2017 and 2016, trade receivables were neither past due nor impaired.

Restricted cash

As at 31 December 2017, the Company held restricted cash of KZT 1,923,540 thousand (2016: KZT 425,035 thousand) with the bank, which is rated BB-, based on rating agency Standard & Poor's ratings.

Cash and cash equivalents

At the end of the reporting period the credit ratings were as follows:

'000 KZT	Rating	31 December 2017	31 December 2016
SB Alfa-Bank JSC	BB-	387,885	15,756
SB Sberbank JSC	BB+	339,163	-
Halyk Bank Kazakhstan JSC	BB	323,369	125,586
ForteBank JSC	B	200,429	-
Altyn Bank JSC	BB	3,038	913,301
Kazkommertsbank JSC	B+	-	105,791
		1,253,884	**1,160,434**

21 Financial instruments, continued

(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 – for 90 days; 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 financial instrument is disclosed on the basis of the discounted cash flows on financial assets and liabilities in accordance with the expected dates of cash inflows (or outflows), including estimated interest payments.

At 31 December 2017	Carrying amount	Weighted average effective interest rate %	Total	On demand	0-3 months	3 months – 1 year	1-5 years
Financial assets:							
Cash and cash equivalents, current portion	1,253,884	0.62%	1,253,884	1,253,884	-	-	-
Trade receivables from Uranium One Inc.	12,630,490	interest free	12,630,490	-	12,630,490	-	-
Trade receivables from NAC Kazatomprom JSC	6,372,166	interest free	6,372,166	-	6,372,166	-	-
Total	**20,256,540**		**20,256,540**	**1,253,884**	**19,002,656**	**-**	**-**
Financial liabilities:							
Historical costs liability (current portion)	(53,721)	3.30%	(53,721)	-	(26,122)	(27,599)	-
Trade and other payables, including dividends payable	(36,213,184)	interest free	(36,213,184)	-	(36,213,184)	-	-
Other financial liabilities	(4,624,138)	0.10%	(4,624,138)	(4,624,138)	-	-	-
Interest payable	(772)	interest free	(772)	(772)	-	-	-
Total	**(40,891,815)**		**(40,891,815)**	**(4,624,910)**	**(36,239,306)**	**(27,599)**	**-**
Net balance position	**(20,635,275)**		**(20,635,275)**	**(3,371,026)**	**(17,236,650)**	**(27,599)**	**-**

21 Financial instruments, continued

(c) Liquidity risk, continued

At 31 December 2016	Carrying amount	Weighted average effective interest rate %	Total	On demand	0-3 months	3 months – 1 year	1-5 years
Financial assets:							
Cash and cash equivalents, current portion	1,160,434	interest free	1,160,434	1,160,434	-	-	-
Trade receivables from Uranium One Inc.	3,748,594	interest free	3,748,594	-	3,748,594	-	-
Trade receivables from NAC Kazatomprom JSC	10,760,186	interest free	10,760,186	-	10,760,186	-	-
Other receivables	115,967	interest free	115,967	-	115,967	-	-
Total	**15,785,181**		**15,785,181**	**1,160,434**	**14,624,747**	**-**	**-**
Financial liabilities:							
Historical costs liability (current portion)	(103,780)	3.30%	(105,920)	-	(26,159)	(79,761)	-
Historical costs liability (non-current portion)	(51,018)	3.30%	(53,754)	-	-	-	(53,754)
Trade and other payables, including dividends payable	(21,619,429)	interest free	(21,619,429)	-	(21,619,429)	-	-
Other financial liabilities	(4,724,434)	0.10%	(4,724,434)	(4,724,434)	-	-	-
Interest payable	(884)	interest free	(884)	(884)	-	-	-
Total	**(26,499,545)**		**(26,504,421)**	**(4,725,318)**	**(21,645,588)**	**(79,761)**	**(53,754)**
Net balance position	**(10,714,364)**		**(10,719,240)**	**(3,564,884)**	**(7,020,841)**	**(79,761)**	**(53,754)**

21 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 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 and sells derivatives, nor 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 on sales, purchases that are denominated in a currency other than the functional currency.

The currency in which these transactions primarily are denominated is USD.

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.

21 Financial instruments, continued

(e) Market risk, continued

(ii) Currency risk, continued

Exposure to currency risk

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

The Company has the following financial assets and liabilities denominated in USD:

'000 KZT	**31 December 2017**	**31 December 2016**
Cash and cash equivalents	196,409	912,730
Trade receivables	12,630,490	3,748,594
Trade payables	(2,492)	(2,676)
Historical costs liability	(53,721)	(154,798)
Net exposure	**12,770,686**	**4,503,850**

The following exchange rates applied during the year:

In KZT	**Average rate**	**Reporting date spot rate**	**Average rate**	**Reporting date spot rate**
	2017	**2017**	**2016**	**2016**
USD 1	326.00	332.33	342.16	333.29

Sensitivity analysis

Weakening of the KZT, as indicated below, against the 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. This analysis assumes that all other variables, in particular interest rates, remain constant.

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

'000 KZT	**Profit or loss**	
	Strengthening	**Weakening**
31 December 2016		
KZT/USD (20% movement)	(720,616)	720,616

(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 judgment to decide whether it believes that a fixed or variable rate would be more favourable to the Company over the expected period until maturity.

21 Financial instruments, continued

(e) Market risk, continued

(iii) Interest rate risk, continued

Profile

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

Fixed rate instruments	**Carrying amount**	**Carrying amount**
'000 KZT	**2017**	**2016**
Other financial liabilities (Note 20)	4,624,910	4,725,318
	4,624,910	**4,725,318**

(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.

Trade and other receivables

The estimated fair value of trade and other receivables is measured on the basis of the present value of future cash flows, discounted at the market rate of interest at the reporting date. Fair value of trade and other receivables is determined for disclosure purpose.

Non-derivative financial liabilities

Fair value, which is determined solely 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.

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).

Financial instruments of the Company fall into Level 2 in the fair value hierarchy.

22 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, in particular recognition of income, expenses and other items of the financial statements under IFRS. 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 the Republic of Kazakhstan that are substantially 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 it is currently in compliance with all existing environmental laws and regulations of the Republic of Kazakhstan. 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 change, if it occurs, may require the Company to modernise technology to meet more strict 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 and any extension thereof should be agreed on before expiry date of a respective contract or license. These rights may be terminated by the Competent Authority if the Company fails to meet its contractual obligations.

22 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.

South Inkai subsoil use contract

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.

South Inkai subsoil use contract

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 2017 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 2017 the deposit amounted to KZT 1,923,540 thousand (2016: KZT 425,035 thousand) (Note 12).

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

22 Commitments and contingencies, continued

(c) Compliance with Work Program, continued

(iii) Liquidation fund, continued

Management believes that as at 31 December 2017 the Company is in compliance with its commitments stated in subsoil use contracts.

(iv) Annual production

In accordance with the Contract, the Company is obligated to produce a certain amount of uranium per year. An annual output on South Inkai and Akdala deposits for 2017 was established at the levels of 2,000 tons and 1,000 tons, respectively. The actual output of the Company in 2017 was 1,982 tons and 900 tons, respectively (2016: 2,056 tons and 1,001 tons, respectively).

(v) Investments to the mine development assets

Management believes that as at 31 December 2017 the Company is in compliance with its commitments stated in subsoil use contracts.

23 Related parties

(a) Control relationship

Uranium One Rotterdam B.V. is a subsidiary of Uranium One Inc. incorporated in Canada, which is a subsidiary of Atomredmetzoloto JSC. The ultimate owner of Atomredmetzoloto is Rosatom State Atomic Energy Corporation ("Rosatom"). Publicly available financial statements are presented by Rosatom and Kazatomprom.

(b) Related party transactions

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

'000 KZT	Sales 2017	Purchase of services 2017	Purchase of production and other assets 2017	Sales 2016	Purchase of services 2016	Purchase of production and other assets 2016
Shareholders	51,179,291	1,053	860	69,286,479	37,613	-
Companies under common or joint control of the shareholders	15,878	966,232	7,067,920	535,121	742,356	9,370,805

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

'000 KZT	Receivables from related parties 2017	Payables to related parties 2017	Receivables from related parties 2016	Payables to related parties 2016
Shareholders	19,002,656	964	14,508,780	-
Companies under common or joint control of the shareholders	7,037	1,087,280	86,989	5,380,245

23 Related parties, continued

(b) Related party transactions, continued

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	2017	2016
Salaries and bonuses	81,853	96,499
Contributions to pension funds	5,748	7,446
	87,601	**103,945**

(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 are conducted on terms comparable to those with other counteragents.