

Joint Venture
South Mining Chemical Company LLP
Financial Statements
for the year ended 31 December 2023

Content

Independent Auditors' Report

Statement of Profit or Loss and Other Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9-10
Notes to the Financial Statements	11-41



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180 Dostyk Avenue, Almaty,
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Independent Auditors' Report

To the Participants and 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 2023, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material 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 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

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 International Code of Ethics for Professional Accountants (including International Independence Standards) (*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 Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



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

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

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 judgement 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:



Aida Zhunusova
Certified Auditor
of the Republic of Kazakhstan
Auditor's Qualification Certificate
No. МФ-0000371 of 15 August 2016

KPMG Audit LLC

State License 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

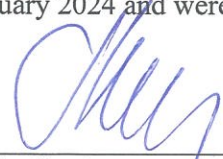
31 January 2024

Joint Venture South Mining Chemical Company LLP
Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2023

‘000 KZT	Note	2023	2022
Revenue	5	199,667,358	131,038,639
Cost of sales	6	(40,925,222)	(28,454,048)
Gross profit		158,742,136	102,584,591
Distribution expenses	7	(1,127,717)	(676,590)
Administrative expenses	8	(1,068,525)	(1,016,535)
Other expenses, net	23	(4,950,103)	(1,015,582)
Results from operating activities		151,595,791	99,875,884
Finance income	10	582,846	670,243
Finance costs	10	(9,045,313)	(2,725,692)
Net finance costs		(8,462,467)	(2,055,449)
Profit before income tax		143,133,324	97,820,435
Income tax expense	11	(30,434,648)	(21,706,005)
Profit for the year		112,698,676	76,114,430
Profit and total comprehensive income for the year		112,698,676	76,114,430

These financial statements were approved by management on 31 January 2024 and were signed on its behalf by:




Ye.S. Churina
Deputy General Director for
Economics and Finance

G.O. Tazhibayeva
Chief Accountant

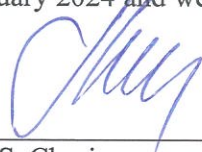
Joint Venture South Mining Chemical Company LLP
Statement of Financial Position as at 31 December 2023

‘000 KZT	Note	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Mine development assets	12	25,852,491	25,086,307
Property, plant and equipment	13	14,319,158	11,543,796
Intangible assets		120,356	113,315
Restricted cash	14	4,663,658	4,351,330
Deferred tax asset	11	1,132,292	317,970
Other non-current assets		1,515,075	701,290
Total non-current assets		47,603,030	42,114,008
Current assets			
Inventories	15	4,773,014	3,239,507
Trade and other receivables	16	68,529,588	59,876,758
Prepayments		588,129	239,939
Cash and cash equivalents	17	37,132,916	13,854,641
Other current assets		7,507	12,274
Total current assets		111,031,154	77,223,119
Total assets		158,634,184	119,337,127
EQUITY AND LIABILITIES			
Equity			
Charter capital	18	64,000	64,000
Other reserves		(444,638)	(444,638)
Retained earnings		120,794,722	76,599,032
Total equity		120,414,084	76,218,394
LIABILITIES			
Non-current liabilities			
Loans and borrowings	19	23,655	3,286,223
Provisions	20	8,825,944	6,773,372
Total non-current liabilities		8,849,599	10,059,595
Current liabilities			
Loans and borrowings	19	3,207,593	21,919,952
Trade and other payables	21	16,348,155	8,998,872
Income tax payable		9,814,753	2,140,314
Total current liabilities		29,370,501	33,059,138
Total liabilities		38,220,100	43,118,733
Total equity and liabilities		158,634,184	119,337,127

These financial statements were approved by management on 31 January 2024 and were signed on its behalf by



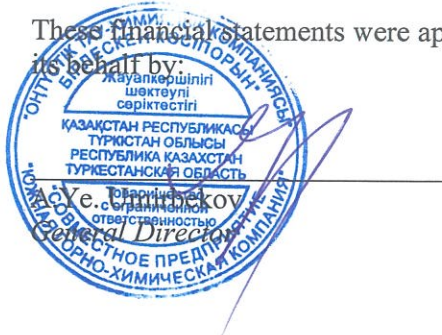
G.O. Tazhibayeva
Chief Accountant


Ye.S. Churina
Deputy General Director for
Economics and Finance

Joint Venture South Mining Chemical Company LLP
Statement of Changes in Equity for the year ended 31 December 2023

'000 KZT	Charter capital	Other reserves	Retained earnings	Total equity
At 1 January 2022	64,000	(444,638)	52,405,957	52,025,319
Total comprehensive income				
Profit for the year	-	-	76,114,430	76,114,430
Profit and total comprehensive income for the year	-	-	76,114,430	76,114,430
Transactions with owners of the Company				
Dividends declared (Note 18(b))	-	-	(51,921,355)	(51,921,355)
At 31 December 2022	64,000	(444,638)	76,599,032	76,218,394
At 1 January 2023	64,000	(444,638)	76,599,032	76,218,394
Total comprehensive income				
Profit for the year	-	-	112,698,676	112,698,676
Profit and total comprehensive income for the year	-	-	112,698,676	112,698,676
Transactions with owners of the Company				
Dividends declared (Note 18(b))	-	-	(68,502,986)	(68,502,986)
At 31 December 2023	64,000	(444,638)	120,794,722	120,414,084

These financial statements were approved by management on 31 January 2024 and were signed on behalf by:



Ye.S. Churina
*Deputy General Director for
Economics and Finance*

G.O. Tazhibayeva
Chief Accountant

Joint Venture South Mining Chemical Company LLP
Statement of Cash Flows for the year ended 31 December 2023

‘000 KZT	2023	2022
Cash flows from operating activities		
Cash receipts from customers	192,993,969	99,833,550
Other receipts	1,366,557	1,121,844
Payments to employees	(5,903,051)	(5,130,362)
Other payments	(3,589,609)	(3,248,233)
Advances paid to suppliers for goods and services	(322,716)	(64,832)
Cash paid to suppliers for goods and services	(15,185,360)	(12,215,699)
Payments under insurance contracts	(124,777)	(228,607)
Payments to the budget	(16,418,670)	(8,501,321)
Cash flows from operations before income tax and interest paid	152,816,343	71,566,340
Income tax paid	(23,577,055)	(21,341,085)
Interest paid	(534,773)	(944,108)
Net cash flows from operating activities	128,704,515	49,281,147
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	8,003	-
Acquisition of intangible assets	(10,080)	(6,871)
Acquisition of property, plant and equipment	(2,827,530)	(1,032,598)
Acquisition of mine development assets	(8,041,766)	(6,515,946)
Placement of bank deposits	(317,866)	(4,375,171)
Withdrawal of bank deposits	-	3,531,002
Net cash used in investing activities	(11,189,239)	(8,399,584)

Joint Venture South Mining Chemical Company LLP
Statement of Cash Flows for the year ended 31 December 2023

‘000 KZT	2023	2022
Cash flows from financing activities		
Proceeds from loans and borrowings	-	32,175,011
Repayment of loans and borrowings	(21,622,667)	(39,182,990)
Transaction costs related to loans and borrowings	-	(11,434)
Payment of dividends	(68,502,986)	(51,921,355)
Other payments (Note 10)	(3,336,907)	-
Net cash used in financing activities	(93,462,560)	(58,940,768)
 Net increase/(decrease) in cash and cash equivalents	 24,052,716	 (18,059,205)
Cash and cash equivalents at 1 January	13,854,641	31,079,512
Effect of movements in exchange rates on cash and cash equivalents	(773,559)	830,400
Effect of movements in expected credit losses on cash and cash equivalents	(882)	3,934
Cash and cash equivalents at 31 December (Note 17)	37,132,916	13,854,641

These financial statements were approved by management on 31 January 2024 and were signed on

as follows:



Ye.S. Churina

G.O. Tazhibayeva
Chief Accountant

Ye.S. Churina
Deputy General Director for
Economics and Finance

1 Reporting entity

(a) Organisation and operations

Joint Venture South Mining Chemical Company LLP (hereinafter, 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 (the “Contracts”) to the Company. The subsoil use contract for Akdala field is valid for the period of 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 were owned by Joint Venture Betpak Dala LLP, a related party. During 2014, according to the court decision, Joint Venture Betpak Dala LLP’s contractual subsoil use rights were revoked, and the Contracts were returned to the original owner – NAC KAP; all respective contractual mine development assets were acquired from Joint Venture Betpak Dala LLP at their carrying amounts. In 2014, a new company – Joint Venture South Mining Chemical Company LLP – was established, and NAC KAP transferred the Contracts and sold the mine development assets at their carrying amounts to it. In 2015, based on the decision of the Company’s participants, the production assets were acquired from Joint Venture Betpak Dala LLP according to the sale and purchase agreement dated 1 October 2015.

As at the reporting date, the Company’s principal activities are extraction and processing of uranium ore up to uranium oxide (hereinafter, the “finished product”). Uranium ore, extracted using the in-situ leaching method, is produced at the Company’s block 4 of Inkai deposit and Akdala deposit located in Turkestanskaya Oblast and Kyzylordinskaya Oblast of the Republic of Kazakhstan. Commercial production at Akdala deposit and block 4 of Inkai deposit has been carried out since 2004 and 2009, respectively, and annual output in 2023 is 795 tons and 1,695 tons of uranium ore (2022: 624 tons and 1,600 tons). On 7 July 2022, the Company approved the Addendum No.11 to the Work Program under the Subsoil use Contract No.647 on Akdala deposit, under which the output in 2022 was approved at the level of 624 tons of uranium with gradual reduction during the subsequent years until 28 March 2026 inclusive. On 7 July 2022 the Company approved the Addendum No.6 to the Subsoil use Contract No.1800 at block 4 of Inkai deposit, under which the volume of uranium production in 2022 was approved at the level of 1,600 tons, with gradual increase to 2,400 tons of uranium per year up to the completion of the Contract on 8 July 2029. The Company produces its finished product at the processing facilities located at South Inkai mine with capacity up to 3,000 tons per year.

On 7 July 2023, 70% interest was transferred from Uranium One Rotterdam B.V to Uranium One Group JSC.

The Company’s participants are NAC KAP and Uranium One Group JSC that own 30% and 70% interests in the Company, respectively.

The Company’s registered office is: apartment 36, h. 23, microdistrict 1, Kyzemshek Village, Suzaksky District, Turkestanskaya Oblast, 161006, Republic of Kazakhstan.

As at 31 December 2023 the Company’s average annual number of employees was 858 (31 December 2022: 863).

(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. Depreciation of the Kazakhstan Tenge and volatility in the global price of oil also increases the level of uncertainty in the business environment.

In February 2022, because of the military conflict between the Russian Federation and Ukraine, a number of countries imposed sanctions against the Russian Federation. The conflict affects not only the economic activity of two countries but the global economy as well. As a result of sanctions, commodity and food prices have risen in many countries around the world, the established links between supply of resources have been disrupted, inflation also affects the prices, and analysts also forecast economic implications for the global industry.

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 have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

(b) Basis for measurement

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

(c) Functional and presentation currency

The national currency of the Republic of Kazakhstan is the Kazakhstan Tenge ("KZT") that 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.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, 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 judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements, and information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following notes:

- Note 20 – Provisions: provision for eliminating consequences of uranium exploration and production on the deposits;
- Note 12 – Mine development assets;
- Note 13 – Property, plant and equipment;
- Note 23 – Contingencies.

Critical judgements also relate to the following:

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

The Company reviews the remaining useful lives of these assets at each reporting date, and, if the expected useful lives 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 resources;

- changes in the actual commodity prices and estimated commodity prices used to assess the ore reserves;
- operating issues related to production on the deposit; and
- changes in production, processes, decommissioning costs, discount rates and currency exchange rates that may negatively affect the economic viability of uranium ore mining.

Any of these changes may have impact on the future amortisation and carrying amount of capitalised costs. Management regularly reviews the appropriateness of the useful lives of non-current 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 amount of reliable geological and engineering information available at the estimation date, and interpretations thereof. Estimates may be reviewed following the completion of various projects as to increase production capacity, improve productivity and change development strategy.

3 Material accounting policies

Material accounting policy information

The Company adopted *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of "material", rather than "significant", accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in this Note "Material accounting policies" (2022: Significant accounting policies) in certain instances in line with the amendments.

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 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 retranslated 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 a historical cost are translated using the exchange rate at the date of the transaction.

(b) 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

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

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.

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 (SPPI) on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company irrevocably has elected 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:

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;
- the frequency, volume and timing of sales 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

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 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 and 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).

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:

Financial assets measured 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.
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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. 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.

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 are deemed to have expired. In making this evaluation the Company analogises 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.

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.

(c) Mine development assets

(i) Acquisition cost

Mine development assets are measured at cost less accumulated depreciation (amortisation) and accumulated impairment losses, if any.

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 exploration is completed and include costs related to 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. Once the technical feasibility and commercial viability of the project is demonstrable, costs associated with the exploration and evaluation activities are tested for impairment and reclassified to mine development assets.

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 ion exchange resin, 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 mine development assets are amortised using the unit-of-production method based on the recoverable reserves on the deposits to which the assets relate.

Before 2023, tangible mine development assets related to a certain block were depreciated using the unit-of-production method based on the current extraction and available reserves on that block, determined during the initial exploration and further exploration carried out during the process of well field construction. From 1 January 2023, the Company switched from the block-by-block method used for depreciating tangible mine development assets to the unit-of-production depreciation method, based on the reserves of the entire deposit that are ready for mining. The application of a new method enables the depreciation of tangible mine development assets evenly, nullifying the effects of under-extraction/over-extraction of reserves by blocks, resulting from crossflows of solutions between blocks.

Tangible mine development assets related to the entire deposit are depreciated using the unit-of-production method based on the reserves of the deposit, which are planned to be extracted during the Contracts' terms. Under the unit-of-production method the Company understands the method of depreciation of the value of the assets calculated as a proportion to the amount of reserves extracted. Ion exchange resin is depreciated using output rates over its useful life. Depreciation of ion exchange resin is recognised in profit or loss.

(d) 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 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 they are installed and 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.

Depreciation is generally recognised in profit or loss on a straight-line basis over the estimated useful lives for machinery and equipment, 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.

(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

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.

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 the rating agency Moody's or BBB- or higher per the rating agency Standard & 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 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.

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.

(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 related cash-generating unit (CGU) exceeds its estimated 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.

The Company's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. 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. Impairment losses recognised in respect of CGUs 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 and social insurance regulations, the Company withholds pension contributions from employee salaries and transfers them into pension funds. Once 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.

(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.

Elimination of consequences of uranium exploration and production on the deposits

Mining operations of the Company are subject to various environmental laws and regulations. The Company estimates the provision for obligation to eliminate consequences of uranium exploration and production on the deposits based on management's understanding of the current legal requirements and terms of the Contracts. Provision is determined based on net present value of the costs on elimination of consequences of uranium exploration and production on the deposits when such liability arises. The actual costs to be 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.

(i) Revenue

(i) Sale of finished goods

A buyer obtains 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 buyer's warehouse, the seller's warehouse, the convertor or the processing factory. Invoices are generated at this point of time. Invoices are usually payable within 30-65 days.

All contracts for the sale of finished goods have one performance obligation. Revenue is recognised when the goods have been delivered and accepted at the buyer's warehouse, the convertor or the processing factory.

Revenue is measured based on the consideration specified in a contract with a customer. Under IFRS 15, revenue from these contracts is recognised 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 it is immediately paid in cash; 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.

(ii) Transportation services

The Company provides uranium transportation services from the buyer's place of delivery to the end customer. A contract is concluded for one year. Invoices for the provision of services are reissued as reimbursement of costs for actual work performed, which is confirmed by the relevant act of work performed. Payments are made within 30-65 days.

(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 tax 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.

(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.

(k) Finance income and finance costs

Finance income comprises interest income on invested funds. Finance costs comprise interest expenses on loans and borrowings, unwinding of discount on provisions for elimination of consequences of uranium exploration and production on the uranium deposits, as well as unwinding of discount on provisions for compensatory planting. Net remeasurement of loss allowance for trade receivables and other financial assets, and net foreign exchange gain are included in both finance income and finance costs.

Interest income and expense are recognised in the statement of profit or loss and other comprehensive income as they accrue and are calculated using the effective interest method.

(l) New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

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

- *Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Covenants (Amendments to IAS 1).*
- *Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).*
- *Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).*
- *Lack of Exchangeability (Amendments to IAS 21).*

4 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and disclosure purposes based on the valuation techniques as follows. Where applicable, further information about the assumptions made in measuring fair values of an asset or a liability is included in the notes related to such asset or liability.

(a) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted using the market interest rate 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 solely for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted using the market interest rate at the reporting date. Management believes that the fair value of the Company's financial assets and liabilities approximates their carrying amounts.

5 Revenue

'000 KZT	2023	2022
Sale of uranium oxide	198,892,517	130,476,159
Other revenue	774,841	562,480
Revenue from contracts with customers	199,667,358	131,038,639

During 2023, the Company sold 63%, 30% and 7% of uranium produced to the companies Uranium One Group JSC (the RF), NAC KAP (Kazakhstan), and Uranium One Coöperatief U.A. (the Netherlands), respectively (2022: 70% and 30% of uranium produced to TENEX-USA, INCORPORATED (USA) and NAC KAP (Kazakhstan), respectively). The entire revenue was recognised at a point in time, when the products were delivered to the customers.

The Company concludes contracts with customers for a period of one year with an approximate volume of planned shipments. Uranium sales prices are determined at the time of the transfer of control over the goods for each shipment based on the arithmetic mean value of spot prices adjusted for discounts agreed upon by the parties. The Company has determined that each shipment constitutes one performance obligation and revenue thereon is recognised when the goods are delivered to, and have been accepted on the territory as specified in the contracts.

As part of the sale and purchase contract for natural uranium concentrate in the form of uranium oxide the Company provided services to transport sold uranium oxide to Canada. The Company identified that such services constitute a separate performance obligation and recognises revenue as part of other revenue from contracts with customers and related expenses – as part of cost of sales. Other revenue comprises revenue from this service in the amount of KZT 774,841 thousand (2022: KZT 562,480 thousand).

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

6 Cost of sales

‘000 KZT	2023	2022
Taxes (including MET)*	10,902,292	4,931,847
Raw materials and consumables	9,379,327	7,570,904
Wages and salaries	6,131,624	5,186,176
Depreciation of mine development assets	6,001,956	4,439,917
Depreciation and amortisation	1,858,568	1,457,384
Third-party services	1,554,319	1,290,827
Depreciation of dismantling asset	1,251,678	18,234
Salary related taxes	910,748	758,948
Transportation expenses (Note 5)	774,841	562,653
Provision for vacation and bonus accruals	696,733	890,836
Maintenance and repair	229,098	180,078
Depreciation of geological exploration assets	226,055	210,402
Ion-exchange resin	200,946	167,386
Other	807,037	788,456
	40,925,222	28,454,048

* From 1 January 2023, in accordance with the Tax Code of the RK, the rate of Mineral Extraction Tax (MET) on uranium extracted from the productive solution has been reduced from 18.5% to 6%, with a simultaneous change in the methodology for calculating the taxable base (from a calculation based on production costs to a calculation based on spot prices and physical volume of mineral reserves contained in mineral raw materials).

7 Distribution expenses

‘000 KZT	2023	2022
Transportation expenses on finished goods	1,089,659	632,478
Wages and salaries	31,444	32,441
Salary related taxes	3,185	3,223
Other	3,429	8,448
	1,127,717	676,590

Where control over finished goods is conveyed once the goods are delivered to the specified destination, the Company recognises transportation expenses in distribution expenses.

8 Administrative expenses

‘000 KZT	2023	2022
Wages and salaries	501,780	488,871
Third-party services	393,117	354,900
Salary related taxes	51,426	49,075
Depreciation and amortisation	38,236	34,181
Membership fee	19,591	18,069
Raw materials and consumables	18,725	18,132
Charge of provision for vacation and bonus accruals	6,988	1,650
Sponsorship and charity	4,963	5,623
Other	33,699	46,034
	1,068,525	1,016,535

The fee for audit of the Company's financial statements prepared in accordance with IFRS Accounting Standards as at and for the year ended 31 December 2023 amounted to KZT 45,878 thousand, including VAT. The fee for assistance in translation of financial statements into English and formatting amounted to KZT 400 thousand, including VAT.

9 Personnel costs

‘000 KZT	2023	2022
Wages and salaries	7,351,860	6,284,443
Social tax and social security contributions	587,588	504,508
Obligatory professional pension contributions	262,057	213,483
Obligatory social security contributions	170,862	143,831
	8,372,367	7,146,265

In 2023, personnel costs have been charged to the cost of goods manufactured in the amount of KZT 7,784,532 thousand (2022: KZT 6,572,655 thousand), to administrative expenses – in the amount of KZT 553,206 thousand (2022: KZT 537,946 thousand) and to distribution expenses – in the amount of KZT 34,629 thousand (2022: KZT 35,664 thousand).

10 Finance income and finance costs

‘000 KZT	2023	2022
Interest income on deposits	582,294	654,671
Net remeasurement of loss allowance for trade receivables	552	-
Net remeasurement of loss allowance for financial assets	-	15,572
Finance income	582,846	670,243
Interest expense and other finance costs on loans and borrowings (Note 19)	(523,800)	(954,408)
Unwinding of discount on provisions (Note 20)	(842,024)	(340,154)
Penalties for late payment of dividends	(3,336,907)	-
Net remeasurement of loss allowance for financial assets	(1,523)	-
Net foreign exchange loss	(4,341,059)	(1,429,368)
Net remeasurement of loss allowance for trade receivables	-	(1,762)
Finance costs	(9,045,313)	(2,725,692)
Net finance costs	(8,462,467)	(2,055,449)

11 Income tax expense

In 2023, the Company's applicable tax rate is the income tax rate of 20% for Kazakhstan companies (2022: 20%).

‘000 KZT	2023	2022
Current tax expense		
Current tax	31,224,210	20,422,395
Adjustment for prior years	24,760	1,245,774
Deferred tax expense		
Origination and reversal of temporary differences	(814,322)	37,836
	30,434,648	21,706,005

Reconciliation of effective tax rate:

	2023		2022	
	‘000 KZT	%	‘000 KZT	%
Profit before income tax	143,133,324	100.0	97,820,435	100.0
Income tax at applicable tax rate	28,626,665	20.0	19,564,087	20.0
Non-deductible expenses	1,783,223	1.2	896,144	0.9
Adjustment for prior years	24,760	-	1,245,774	1.3
	30,434,648	21.2	21,706,005	22.2

(a) Recognised deferred tax assets and liabilities

Under the current tax legislation of the Republic of Kazakhstan, the Company is obliged to maintain separate tax accounting records of the contractual and non-contractual activities. Taxable income from contractual activities is determined based on a 20%-increased cost of uranium productive solution, and taxable income from non-contractual activities is determined as a positive difference between the actual revenue generated from sale of finished goods and income from contractual activities.

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
‘000 KZT						
Intangible assets	-	-	(8,739)	(9,025)	(8,739)	(9,025)
Property, plant and equipment	-	39,039	(236,123)	-	(236,123)	39,039
Site restoration asset	-	-	(251,621)	(677,271)	(251,621)	(677,271)
Temporary land use right	-	-	(243,273)	-	(243,273)	-
Historical costs asset	-	-	(11,943)	(14,356)	(11,943)	(14,356)
Provision for vacation and bonus accruals	144,907	115,599	-	-	144,907	115,599
Taxes	826,826	293,155	-	-	826,826	293,155
Provisions	628,149	536,425	-	-	628,149	536,425
Provision for compensatory planting obligation	255,213	-	-	-	255,213	-
Impairment allowance for inventories	20,819	23,342	-	-	20,819	23,342
Trade and other receivables	1,490	1,601	-	-	1,490	1,601
Other payables	6,587	9,461	-	-	6,587	9,461
	1,883,991	1,018,622	(751,699)	(700,652)	1,132,292	317,970

(b) Movement in temporary differences during the year

‘000 KZT	1 January 2023	Recognised in profit or loss	31 December 2023
Intangible assets	(9,025)	286	(8,739)
Property, plant and equipment	39,039	(275,162)	(236,123)
Site restoration asset	(677,271)	425,650	(251,621)
Temporary land use right	-	(243,273)	(243,273)
Historical costs asset	(14,356)	2,413	(11,943)
Provision for vacation and bonus accruals	115,599	29,308	144,907
Taxes	293,155	533,671	826,826
Provisions	536,425	91,724	628,149
Provision for compensatory planting obligation	-	255,213	255,213
Impairment allowance for inventories	23,342	(2,523)	20,819
Trade and other receivables	1,601	(111)	1,490
Other payables	9,461	(2,874)	6,587
	317,970	814,322	1,132,292

‘000 KZT	1 January 2022	Recognised in profit or loss	31 December 2022
Intangible assets	(10,620)	1,595	(9,025)
Property, plant and equipment	32,701	6,338	39,039
Site restoration asset	(15,480)	(661,791)	(677,271)
Historical costs asset	(16,488)	2,132	(14,356)
Provision for vacation and bonus accruals	57,371	58,228	115,599
Taxes	243,367	49,788	293,155
Provisions	29,064	507,361	536,425
Impairment allowance for inventories	25,687	(2,345)	23,342
Trade and other receivables	1,553	48	1,601
Other payables	8,651	810	9,461
	355,806	(37,836)	317,970

12 Mine development assets

Assets for development of block 4 of Inkai Deposit and of Akdala Deposit are classified as mineral resources development and production assets.

	Site restoration asset	Historical costs asset	Mine development assets	Geological exploration assets	Ion exchange resin	Temporary land use right (compensatory planting)	Total
‘000 KZT							
At 1 January 2022	77,400	82,439	10,729,626	7,204,887	2,450,327	-	20,544,679
Additions	-	-	6,043,751	-	414,498	-	6,458,249
Depreciation	(7,846)	(10,660)	(4,499,773)	(210,136)	(168,083)	-	(4,896,498)
Change in estimate (Note 20)	3,316,802	-	(336,925)	-	-	-	2,979,877
At 31 December 2022	3,386,356	71,779	11,936,679	6,994,751	2,696,742	-	25,086,307
At 1 January 2023	3,386,356	71,779	11,936,679	6,994,751	2,696,742	-	25,086,307
Additions	-	-	8,703,301	-	427,799	1,216,367	10,347,467
Depreciation	(1,317,882)	(12,065)	(6,330,355)	(229,967)	(204,608)	-	(8,094,877)
Transfer to property, plant and equipment (Note 13)	(1,118,254)	-	-	-	-	-	(1,118,254)
Change in estimate (Note 20)	307,887	-	(676,039)	-	-	-	(368,152)
At 31 December 2023	1,258,107	59,714	13,633,586	6,764,784	2,919,933	1,216,367	25,852,491
Cost at 31 December 2022	4,225,806	201,548	42,442,301	9,351,194	3,661,257	-	59,882,106
Cost at 31 December 2023	3,415,439	201,548	50,469,563	9,351,194	4,089,057	1,216,367	68,743,168
Accumulated depreciation at 31 December 2022	(839,450)	(129,769)	(30,505,622)	(2,356,443)	(964,515)	-	(34,795,799)
Accumulated depreciation at 31 December 2023	(2,157,332)	(141,834)	(36,835,977)	(2,586,411)	(1,169,123)	-	(42,890,677)

Depreciation expense of KZT 8,094,877 thousand has been charged to cost of goods manufactured (2022: KZT 4,896,498 thousand).

Change in estimates

In 2023 the Company analysed the issue of over-extraction/under-extraction of reserves by blocks caused by crossflows of solutions between blocks, which resulted in switching from a block-by-block depreciation of the mining-related fixed assets to the depreciation using a unit-of-production method based on the extractable reserves of the entire deposit. This change resulted in the increase in the depreciation expense of the current year by KZT 652,028 thousand, that was recognised in the cost of goods manufactured.

13 Property, plant and equipment

'000 KZT	Buildings and constructions	Machinery and equipment	Vehicles and other	Under construction	Total
<i>Cost</i>					
Balance at 1 January 2022	14,136,788	5,296,502	1,435,087	1,512,020	22,380,397
Additions	-	356,930	37,180	1,974,952	2,369,062
Disposals	-	(12,150)	(45,083)	-	(57,233)
Transfer from assets under construction	476,803	366,489	200,823	(1,044,115)	-
Balance at 31 December 2022	14,613,591	6,007,771	1,628,007	2,442,857	24,692,226
Balance at 1 January 2023	14,613,591	6,007,771	1,628,007	2,442,857	24,692,226
Additions	-	2,667	1,222	3,196,006	3,199,895
Disposals	(8)	(265,166)	(1,406)	-	(266,580)
Change in estimate (Note 20)	362,333	-	-	-	362,333
Transfer from mine development assets (Note 12)	1,118,254	-	-	-	1,118,254
Transfer from assets under construction	305,215	1,684,140	588,113	(2,577,468)	-
Balance at 31 December 2023	16,399,385	7,429,412	2,215,936	3,061,395	29,106,128
<i>Depreciation and impairment losses</i>					
Balance at 1 January 2022	(7,127,254)	(3,761,510)	(820,581)	(3,555)	(11,712,900)
Depreciation for the year	(981,648)	(384,561)	(113,545)	-	(1,479,754)
Disposals	-	11,994	32,230	-	44,224
Balance at 31 December 2022	(8,108,902)	(4,134,077)	(901,896)	(3,555)	(13,148,430)
Balance at 1 January 2023	(8,108,902)	(4,134,077)	(901,896)	(3,555)	(13,148,430)
Depreciation for the year	(1,140,126)	(579,325)	(183,834)	-	(1,903,285)
Disposals	8	263,392	1,345	-	264,745
Balance at 31 December 2023	(9,249,020)	(4,450,010)	(1,084,385)	(3,555)	(14,786,970)
<i>Carrying amounts</i>					
At 31 December 2022	6,504,689	1,873,694	726,111	2,439,302	11,543,796
At 31 December 2023	7,150,365	2,979,402	1,131,551	3,057,840	14,319,158

Depreciation expense of KZT 1,869,630 thousand has been charged to cost of goods manufactured (2022: KZT 1,450,108 thousand), and KZT 33,655 thousand – to administrative expenses (2022: KZT 29,646 thousand).

As at 31 December 2023, the cost of property, plant and equipment, fully amortised but still in use, amounted to KZT 1,115,688 thousand (31 December 2022: KZT 966,162 thousand).

14 Restricted cash

‘000 KZT	31 December 2023	31 December 2022
Liquidation fund deposit	4,603,024	4,363,572
Interest on bank deposit	76,757	3,239
	4,679,781	4,366,811
Impairment loss allowance	(16,123)	(15,481)
	4,663,658	4,351,330

Restricted cash comprises long-term deposit accounts held with the banks to accumulate funds intended to eliminate consequences of mining operations, as required by the Contracts. As at 31 December 2023, cash was held in the deposit accounts with Halyk Bank of Kazakhstan JSC (31 December 2022: Halyk Bank of Kazakhstan JSC).

The Company’s exposure to credit, currency and interest rate risks related to financial assets is disclosed in Note 22.

15 Inventories

‘000 KZT	31 December 2023	31 December 2022
Finished goods	1,777,658	953,539
Work in progress	1,579,060	1,074,248
Raw materials and consumables	1,520,390	1,328,430
Impairment allowance	(104,094)	(116,710)
	4,773,014	3,239,507

16 Trade and other receivables

‘000 KZT	31 December 2023	31 December 2022
Trade receivables due from related parties measured at amortised cost (Note 24)	68,055,551	59,225,868
Other receivables	34,366	4,296
	68,089,917	59,230,164
Impairment loss allowance	(7,451)	(8,003)
Total financial assets	68,082,466	59,222,161
VAT receivable	217,996	354,754
Other receivables	229,126	299,843
Total non-financial assets	447,122	654,597
	68,529,588	59,876,758

Trade and other receivables were denominated in the following currencies at 31 December 2023 and 31 December 2022:

‘000 KZT	31 December 2023	31 December 2022
USD	58,089,817	46,493,293
KZT	9,992,649	12,728,868
	68,082,466	59,222,161

The Company’s exposure to credit and currency risks related to financial assets is disclosed in Note 22.

17 Cash and cash equivalents

‘000 KZT	31 December 2023	31 December 2022
Bank balances – USD	24,927,934	10,994,820
Bank balances – KZT	12,207,811	2,861,768
	37,135,745	13,856,588
Impairment loss allowance	(2,829)	(1,947)
	37,132,916	13,854,641

As at 31 December 2023 the Company has overnight deposits for a total amount of KZT 37,096,090 thousand bearing an interest rate from 3% to 15% p.a.

The Company’s exposure to credit, currency and interest rate risks related to financial assets is disclosed in Note 22.

18 Equity

(a) Equity

‘000 KZT	31 December 2023	Ownership interest	31 December 2022	Ownership interest
Uranium One Group JSC	44,800	70%	-	-
NAC KAP	19,200	30%	19,200	30%
Uranium One Rotterdam B.V.	-	-	44,800	70%
	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 Accounting Standards. As at 31 December 2023, the Company’s distributable reserves amounted to KZT 120,794,722 thousand (31 December 2022: KZT 76,599,032 thousand).

In 2023, the General Meeting of the Participants made decision to distribute 90% of net profit for 2022 among the Company’s participants in the amount of KZT 68,502,986 thousand (2022: to distribute 98.94% of net profit for 2021 among the Company’s participants in the amount of KZT 51,921,355 thousand).

The distributed net profit for 2022 of KZT 68,502,986 thousand was fully paid to the Participants during 2023, in proportion to their ownership interests.

The distributed net profit for 2021 of KZT 51,921,355 thousand was fully paid to the Participants during 2022, in proportion to their ownership interests.

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 22.

‘000 KZT	31 December 2023	31 December 2022
Non-current liabilities		
Secured loan from Halyk Bank of Kazakhstan JSC	23,655	3,286,223
	23,655	3,286,223
Current liabilities		
Current portion of secured loan from Halyk Bank of Kazakhstan JSC	3,205,105	21,906,319
Interest payable	2,488	13,633
	3,207,593	21,919,952
	3,231,248	25,206,175

Terms and debt repayment schedule

Terms and debt repayment schedule of outstanding loans were as follows:

'000 KZT	Currency	Year of maturity	31 December 2023		31 December 2022	
			Nominal value	Carrying amount	Nominal value	Carrying amount
Secured loan from Halyk Bank of Kazakhstan JSC	US Dollar	2023-2025	3,228,760	3,231,248	25,192,543	25,206,175
Total interest liabilities			3,228,760	3,231,248	25,192,543	25,206,175

Halyk Bank of Kazakhstan JSC

In February 2019, the Company signed a revolving credit line agreement with Halyk Bank of Kazakhstan JSC in the amount of USD 65 million, which matures in December 2023.

In 2022 the Company signed an addendum to the loan agreement to increase the credit limit to USD 77,000 thousand, of which USD 65,000 thousand were provided on a revolving basis and USD 12,000 thousand - on a non-renewable basis.

In 2022 the Company received loans for the total amount of USD 69,379 thousand (equivalent to KZT 32,175,010 thousand) with maturity in 18-36 months and repaid loans for the total amount of USD 65,357 thousand (equivalent to KZT 30,247,003 thousand). The term of a credit line as part of the operating tranches has been extended until 27 January 2025, while the term of a credit line as part of the investment tranches has been extended until 18 August 2024.

In 2023, the Company received no additional tranches.

In 2023, the weighted average interest rate on loans was in the range of 4.02% - 4.93% (2022: 3.77% - 4.02%).

According to the addendum dated 6 May 2022, cash received under the contract with TENEX-USA, INCORPORATED for purchase and sale of natural uranium concentrate in the form of uranium oxide is used to secure this loan.

In accordance with the terms of a loan agreement with Halyk Bank of Kazakhstan JSC, a number of debt covenants exist and existed that Company has to comply with at the end of each year. As at 31 December 2023, the Company complied with all covenants (as at 31 December 2022: complied with all covenants).

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

'000 KZT	2023	2022
Balance at 1 January	25,206,175	29,647,240
Changes from financing cash flows		
Proceeds from loans and borrowings	-	32,175,011
Repayment of loans and borrowings	(21,622,667)	(39,182,990)
Transaction costs related to loans and borrowings	-	(11,434)
Total changes from financing cash flows	(21,622,667)	(7,019,413)
Effect of changes in foreign exchange rates	(341,287)	2,568,048
Other changes		
<i>Liability-related</i>		
Interest expense	523,800	954,408
Interest paid	(534,773)	(944,108)
Total other liability-related changes	(10,973)	10,300
Balance at 31 December	3,231,248	25,206,175

20 Provisions

	31 December 2023			31 December 2022	
	Provision for elimination of consequences of uranium exploration and production	Provision for compensatory planting obligation	Total	Provision for elimination of consequences of uranium exploration and production	Total
‘000 KZT					
At the beginning of the year	6,773,372	-	6,773,372	3,453,341	3,453,341
Initial recognition	-	1,216,367	1,216,367	-	-
Change in estimate (Notes 12 and 13)	(5,819)	-	(5,819)	2,979,877	2,979,877
Unwinding of discount (Note 10)	782,325	59,699	842,024	340,154	340,154
At the end of the year	7,549,878	1,276,066	8,825,944	6,773,372	6,773,372

Provision for elimination of consequences of uranium exploration and production on the deposits

In accordance with the Contracts, the Company has obligations to eliminate consequences of uranium exploration and production activities on the contract territory, which include the liquidation works at the deposit facilities (well abandonment, liquidation of industrial pipelines, buildings and constructions, de-activation and disposal of low-level radioactive waste, etc.); reclamation works on the land plots used in the operational activity; environmental monitoring during reclamation works; post-rehabilitation control and other measures.

During 2022 the Company engaged an independent expert - Institute of High Technologies LLP, to update the programs for elimination of consequences of uranium exploration and production activities (the “Programs”). The total amounts of undiscounted expenses under the new programs for block 4 of Inkai deposit and Akdala deposit were KZT 9,026,872 thousand (VAT included) and KZT 6,527,993 (VAT included), respectively, and were calculated on the basis of more detailed methodology for estimating volumes and costs of future elimination works/costs.

At 31 December 2023, the Company has updated the estimation of the total expected elimination costs that amounted to KZT 11,331,403 thousand (VAT included) and KZT 7,943,573 thousand (VAT included), respectively.

It is assumed that a major part of expenses will be incurred at the end of the useful lives of the mines, which is an expected period until full extraction of the uranium reserves - 2026 for Akdala deposit and 2057 for block 4 of Inkai deposit. Even though the term of the Contract for block 4 of Inkai deposit expires in 2029, the Company believes that the obligations for elimination of consequences of uranium production on that deposit will continue to be fulfilled upon completion of extraction of all proven reserves by 2057, as the Code on Subsoil and Subsoil Use of the RK prohibits removal of depleted soil where unextracted uranium reserves still remain.

The key assumptions and circumstances that had a significant impact on the change in estimate in 2023 are as follows:

- The total elimination costs have increased as a result of updated prices based on the ABC software, which comprises a guide to estimated norms and unit prices for construction, repair and construction and dismantling and other works in Kazakhstan 2023.

The key assumptions and circumstances that had a significant impact on the change in estimate in 2022 are as follows:

- The total elimination costs have increased as a result of updated prices, which significantly differ from those in the previous program due to the current economic situation in Kazakhstan. The prices have been updated based on the ABC software.
- The current program provides for the removal and disposal of low-level radioactive waste (LRW) in special-purpose landfills, while the previous program provided for construction of the radioactive waste disposal site on the territory of Akdala deposit.

Estimated future cash flows were discounted to their net present value for Akdala deposit and for block 4 of Inkai deposit using discount rates of 13.61% and 11.54%, respectively (2022: 11.55%), while a projected long-term inflation rate was 6.58% and 3.83%, respectively (2022: 5.99%).

The Company is also obliged to hold cash on long-term bank deposits to finance future works to eliminate consequences of uranium exploration and production on the deposits as required by the Contracts (Note 14).

Given the long-term nature of the obligations and the limited practice of elimination of consequences of uranium exploration and production activities at the deposits in the Republic of Kazakhstan, there is uncertainty as to the actual amount of expenses to be incurred during the performance of the aforementioned works, the action plan to be used and discount rate to be applied to the present value of such future obligations.

Provision for compensatory planting obligation

According to the Article 54 of the Forest Code of Kazakhstan, subsoil users when using land plots of the state forest fund for uranium mining by the method of underground leaching, shall be obliged, during the first three years of subsoil development, to make compensatory plantings of forest plantations in double the size of the area used and to provide their maintenance before transferring to a forested fund.

On 22 September 2022 the Company concluded an agreement with Zhasyl Aimak Public Utility Agency to perform works on planting saksaul and hardwoods around Turkestan in the amount of KZT 1,390 million.

In 2023 the Company obtained a permit for a land plot with an area of 938 hectares of the state forest fund from Suzak State Enterprise for Protection of Forests and Wildlife for uranium extraction (Resolution No.46 of the Akim of Turkestan Region “On Provision of a Land Plot with the Right of Temporary Land Use”). As at 31 December 2023, the Company recognised a provision of KZT 1,276,066 thousand calculated at a discount rate of 13.86%, up to 2025. In December 2023, the Company made a prepayment of KZT 417,196 thousand to Zhasyl Aimak Public Utility Agency.

21 Trade and other payables

‘000 KZT	31 December 2023	31 December 2022
Trade payables to third parties	7,548,743	4,437,876
Taxes payable	4,955,751	1,538,666
Trade payables to related parties	1,608,436	1,714,603
Warranty retentions	1,208,070	491,216
Provision for vacation and bonus accruals	821,232	577,993
Other payables	205,923	238,518
	16,348,155	8,998,872

22 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 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.

Financial instruments of the Company comprise receivables, payables, loans and borrowings, cash and cash equivalents and restricted 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 mainly from the Company's trade receivables from customers.

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 2023	31 December 2022
Trade and other receivables	68,082,466	59,222,161
Cash and cash equivalents	37,132,916	13,854,641
Restricted cash	4,663,658	4,351,330
	109,879,040	77,428,132

(i) *Trade and other receivables*

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

100% of the customers are the Company’s related parties (2022: 100% of the customers), and no account balances of these customers were written-off or 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 2023	31 December 2022
	Not credit- impaired	Not credit- impaired
External or assigned credit rating from Moody's at least Baa3 or Standard & Poor's at least BBB-	68,053,364	59,032,756
Other customers:		
– More than three-year trading history with the Company	36,553	197,408
Total gross carrying amount	68,089,917	59,230,164
Impairment loss allowance	(7,451)	(8,003)
	68,082,466	59,222,161

(ii) *Restricted cash*

As at 31 December 2023, the Company held restricted cash for the total amount of KZT 4,679,781 thousand (31 December 2022: KZT 4,366,811 thousand) with the banks, which are rated BBB- (31 December 2022: banks, which are rated BBB and BB), based on rating agency Standard & Poor's (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.

As at 31 December 2023, the impairment allowance is KZT 16,123 thousand (31 December 2022: KZT 15,481 thousand).

(iii) *Cash and cash equivalents*

As at 31 December 2023 the Company held cash and cash equivalents for the total amount of KZT 37,135,745 thousand (31 December 2022: KZT 13,856,588 thousand). Cash and cash equivalents are held with banks rated from BB- to BBB- based on rating agency Standard & Poor's ratings (31 December 2022: with banks rated from B- to BBB-) (Note 17).

Impairment on cash and cash equivalents has been measured on expected credit loss basis according to contractual maturity dates that reflect 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.

As at 31 December 2023, the impairment allowance is KZT 2,829 thousand (31 December 2022: KZT 1,947 thousand).

(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 terms; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include estimated interest payments. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

31 December 2023 '000 KZT	Carrying amount	Contractual cash flows			
		Total	0-3 months	3 months - 1 year	1-5 years
Financial liabilities:					
Trade and other payables	(10,571,172)	(10,571,172)	(10,440,979)	(60,139)	(70,054)
Loans and borrowings	(3,231,248)	(3,243,655)	(1,813,664)	(1,406,195)	(23,796)
Total	(13,802,420)	(13,814,827)	(12,254,643)	(1,466,334)	(93,850)

31 December 2022 '000 KZT	Carrying amount	Contractual cash flows			
		Total	0-3 months	3 months - 1 year	1-5 years
Financial liabilities:					
Trade and other payables	(6,882,213)	(6,882,213)	(6,628,450)	(238,217)	(15,546)
Loans and borrowings	(25,206,175)	(25,694,094)	(7,731,675)	(14,628,948)	(3,333,471)
Total	(32,088,388)	(32,576,307)	(14,360,125)	(14,867,165)	(3,349,017)

(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 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 based on 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 functional currency of the Company. The currency in which these transactions are primarily denominated is USD.

In respect of 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 currency risk was as follows based on notional amounts:

	Note	USD-denominated 31 December 2023	USD-denominated 31 December 2022
'000 KZT			
Trade and other receivables	16	58,089,817	46,493,293
Cash and cash equivalents	17	24,927,934	10,994,820
Restricted cash	14	4,663,658	4,351,330
Loans and borrowings	19	(3,231,248)	(25,206,175)
Net exposure		84,450,161	36,633,268

The following exchange rates have been applied during the year:

	Average interest rate	Reporting date spot rate	Average interest rate	Reporting date spot rate
		31 December		31 December
in KZT	2023	2023	2022	2022
1 USD	456.24	454.56	460.85	462.65

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. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or loss	
	Strengthening of KZT	Weakening of KZT
'000 KZT		
31 December 2023		
KZT/USD (20% movement)	(13,512,026)	13,512,026
31 December 2022		
KZT/USD (20% movement)	(5,861,339)	5,861,339

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). The Company's 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.

Profile

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

Fixed rate instruments	Carrying amount	Carrying amount
‘000 KZT	31 December 2023	31 December 2022
Cash and cash equivalents (Note 17)	37,096,090	-
Restricted cash (Note 14)	4,663,658	4,351,330
Loans and borrowings (Note 19)	(3,231,248)	(25,206,175)
	38,528,500	(20,854,845)

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).

The Company categorizes the value of financial assets and liabilities, except or the available-for-sale financial assets, to Level 2 of the fair value hierarchy;

As at 31 December 2023 the Company owns 7.07 % interest in Uranenergo LLP (31 December 2022: 7.07%) with fair value of KZT 0 (31 December 2022: KZT 0). This investment is not listed on a stock exchange and 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.

23 Contingencies

(a) Insurance

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

The Company regularly purchases the insurance policies to reduce financial risk due to property damage, general liability, as well as the insurance policies that cover its employees against accidents and medical expenses.

(b) 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 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.

Comprehensive tax audit

In 2021 an unscheduled comprehensive tax audit for 2016-2020 was conducted in the Company. In March 2022 the Company received an act of documentary tax audit and a notification of additional assessment of tax liability in the amount of KZT 1,221 million, excluding fines and penalties.

On 19 April 2022, the Company filed a complaint with the Ministry of Finance of the Republic of Kazakhstan (hereinafter, the “MoF”) against the notification of the tax audit results in terms of additionally assessed CIT of KZT 1,126 million.

The complaint was not satisfied by the decision of the MoF dated 12 September 2022, and the appealed notification was left unchanged. As a result, on 13 September 2022, the Company fully paid the amount of additionally assessed tax liabilities.

Transfer pricing thematic tax audit

In 2021, the Company was subject to a transfer pricing (TP) thematic tax audit for 2016-2018.

On 10 November 2023, based on the results of the above tax audit, the Company received a tax audit act, according to which the tax authorities have agreed with all arguments provided by the Company, and no additional taxes have been assessed.

Additional VAT assessment

In 2023, while conducting a cameral control, the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan (the “SRC MF RK”) detected discrepancies in the amount of turnover of export sale of uranium oxide (the “UO”) to the Russian Federation (the “RF”) according to the data of the Company and data received by the SRC MF RK as part of mutual exchange of information on applications for import of goods and payment of indirect taxes. It was determined that the amount of turnover of UO sold by the Company to the customer, a resident of the non-EAEU member state, was larger than the amount of turnover of UO sold by the Company’s customer to the RF resident-company. As a result, the SRC MF RK accrued additional VAT on the difference between the VAT turnover stated in the application of the RF resident-company and the export turnover stated in the Company’s VAT returns. In this respect, the SRC MF RK provided no notice on the results of the cameral control to the Company. The total amount of additional VAT accrued for the period from Q4 2019 to Q4 2022 was KZT 4,260 million, including a fine. The Company disagrees with such additional assessment and is planning to appeal against it in 2024. However, as no complaint has been filed yet and there is a high uncertainty about the outcome of the case, the Company paid the additionally accrued tax in 2023 to avoid any additional penalty and recognised the amount within other expenses in the statement of profit or loss and other comprehensive income.

(c) Environmental matters

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 modernise technology to meet more stringent standards.

(d) Compliance with the Work Program

According to the terms and conditions of the Subsoil Use Contracts the Company is obliged to comply with certain financial and non-financial commitments such as cash contributions for professional training of Kazakhstan specialists and development of the social sphere of the region; cash contributions to a special account to fulfil its site restoration obligation in future; compliance with the annual production output, etc. If the Company fails to comply with these obligations, the Government of the Republic of Kazakhstan represented by the Ministry of Energy of the Republic of Kazakhstan (hereinafter, the "Competent Body"), may withdraw the Subsoil Use Contract.

The Company believes that as at the reporting date it complies with the above commitments as part of the Contracts.

24 Related parties

(a) Control relationship

Uranium One Group JSC is a controlling participant of the Company, whose controlling shareholder is Rosatom State Atomic Energy Corporation ("Rosatom"). The ultimate controlling party of Rosatom is the Government of the Russian Federation.

The controlling shareholder of NAC KAP is Sovereign Wealth Fund "Samruk-Kazyna" JSC, which, in its turn, is controlled by the Government of the Republic of Kazakhstan. NAC KAP has publicly available financial statements.

(b) Related party transactions

During the period, the Company has made a number of transactions with the related parties:

	Sales	Purchase of services	Purchase of production and other assets	Sales	Purchase of services	Purchase of production and other assets
'000 KZT	2023	2023	2023	2022	2022	2022
Uranium One Group JSC	138,492,246	-	-	-	-	-
Uranium One Coöperatief U.A	10,208,341	-	-	-	-	-
TENEX-USA, INCORPORATED	-	-	-	90,842,112	-	-
NAC KAP	50,966,771	18,138	-	40,196,700	14,333	-
Companies under common or joint control of the participants	404,075	1,900,258	6,545,930	94,080	1,841,699	4,764,263

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

	Receivables from related parties	Payables to related parties	Receivables from related parties	Payables to related parties
'000 KZT	31 December 2023	31 December 2023	31 December 2022	31 December 2022
Uranium One Group JSC	58,089,817	-	-	-
TENEX-USA, INCORPORATED.	-	-	46,493,293	-
NAC KAP	9,963,547	1,060	12,606,981	1,154
Companies under common or joint control of the participants	2,187	1,607,376	125,594	1,713,449

Dividends

	Transaction value for the year ended 31 December		Outstanding balance as at 31 December	
	2023	2022	2023	2022
‘000 KZT				
Participants	(68,502,986)	(51,921,355)	-	-

(c) Key management remuneration

Directors and other key management received the following remuneration during the reporting year, which is included in personnel costs (see Note 9):

‘000 KZT	2023	2022
Salaries and bonuses	78,034	76,098
Salary related taxes	5,996	5,876
	84,030	81,974

(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 Republic of Kazakhstan and Russian Federation. These transactions were conducted on the terms, which are comparable with those of other counteragents.

For the years ended 31 December 2023 and 31 December 2022, details of transactions of the Company with government-related entities which are significant individually and significant collectively but not individually are disclosed in Note 24(b).

In addition, on 22 September 2022 the Company concluded an agreement with Zhasyl Aimak Public Utility Agency to perform works on planting saksaul and hardwoods around Turkestan in the amount of KZT 1,390 million. In December 2023, the Company made a prepayment of KZT 417,196 thousand (Note 20).

25 Subsequent events

Repayment of loans and borrowings

In January 2024, the Company repaid the loans in the amount of USD 1,573 thousand (equivalent to KZT 700,663 thousand) from Halyk Bank of Kazakhstan JSC, including principal in the amount of USD 1,545 thousand (equivalent to KZT 688,206 thousand) and interest in the amount of USD 28 thousand (equivalent to KZT 12,457 thousand).