Joint Venture

South Mining Chemical Company LLP

Financial Statements

for the year ended

31 December 2022

Content

«КПМГ Аудит» жауапкершілігі
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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 2022, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS 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 of the Company 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 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 judgment and maintain professional scepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

— Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern;

— Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Aida Junusova
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 2023

'000 KZT	Note	2022	2021
Revenue	5	131,038,639	91,587,191
Cost of sales	6	(28,454,048)	(23,029,651)
Gross profit		**102,584,591**	**68,557,540**
Distribution expenses	7	(676,590)	(563,668)
Administrative expenses	8	(1,016,535)	(851,755)
Other expenses, net		(1,015,582)	(463,795)
Results from operating activities		**99,875,884**	**66,678,322**
Finance income	10	670,243	398,533
Finance costs	10	(2,725,692)	(1,390,089)
Net finance costs		**(2,055,449)**	**(991,556)**
Profit before income tax		**97,820,435**	**65,686,766**
Income tax expense	11	(21,706,005)	(13,210,187)
Profit for the year		**76,114,430**	**52,476,579**
Total comprehensive income for the year		**76,114,430**	**52,476,579**

These financial statements were approved by management on 31 January 2023 and were signed on its behalf by:

Pylnoi A.V.
Acting General Director

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

Tazhibayeva G.O.
Chief Accountant

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 11 to 42.

'000 KZT	**Note**	**31 December 2022**	**31 December 2021**
ASSETS			
Non-current assets			
Mine development assets	12	25,086,307	20,544,679
Property, plant and equipment	13	11,543,796	10,667,497
Intangible assets		113,315	131,024
Restricted cash	14	4,351,330	3,286,136
Deferred tax asset	11	317,970	355,806
Other non-current assets		701,290	304,333
Total non-current assets		**42,114,008**	**35,289,475**
Current assets			
Inventories	15	3,239,507	2,510,222
Trade and other receivables	16	59,876,758	23,265,737
Prepayments		239,939	352,199
Cash and cash equivalents	17	13,854,641	31,079,512
Other current assets		12,274	-
Total current assets		**77,223,119**	**57,207,670**
Total assets		**119,337,127**	**92,497,145**
EQUITY AND LIABILITIES			
Equity	18		
Charter capital		64,000	64,000
Other reserves		(444,638)	(444,638)
Retained earnings		76,599,032	52,405,957
Total equity		**76,218,394**	**52,025,319**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	19	3,286,223	7,645,343
Provisions	20	6,773,372	3,453,341
Total non-current liabilities		**10,059,595**	**11,098,684**
Current liabilities			
Loans and borrowings	19	21,919,952	22,001,897
Trade and other payables	21	8,998,872	6,151,328
Income tax payable		2,140,314	1,219,917
Total current liabilities		**33,059,138**	**29,373,142**
Total liabilities		**43,118,733**	**40,471,826**
Total equity and liabilities		**119,337,127**	**92,497,145**

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Tazhibayeva G.O.
Chief Accountant

The statement of financial position is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 11 to 42.

'000 KZT	Charter capital	Other reserves	Retained earning	Total
At 1 January 2021	64,000	(444,638)	41,460,900	41,080,262
Total comprehensive income				
Profit for the year	-	-	52,476,579	52,476,579
Total comprehensive income	**-**	**-**	**52,476,579**	**52,476,579**
Transactions with owners of the Company				
Dividends declared	-	-	(41,531,522)	(41,531,522)
At 31 December 2021	**64,000**	**(444,638)**	**52,405,957**	**52,025,319**
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
Total comprehensive income	**-**	**-**	**76,114,430**	**76,114,430**
Transactions with owners of the Company				
Dividends declared	-	-	(51,921,355)	(51,921,355)
At 31 December 2022	**64,000**	**(444,638)**	**76,599,032**	**76,218,394**

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Chief Accountant

The statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 11 to 42.

'000 KZT	**2022**	**2021**
Cash flows from operating activities		
Cash receipts from customers	99,833,550	84,185,075
Other receipts	1,121,844	641,325
Payments to employees	(5,130,362)	(3,531,736)
Other payments	(3,248,233)	(2,036,957)
Advances paid to suppliers for goods and services	(64,832)	(40,202)
Cash paid to suppliers for goods and services	(12,215,699)	(10,034,422)
Payments under insurance contracts	(228,607)	(110,897)
Payments to the budget	(8,501,321)	(4,654,945)
Cash flows from operations before income tax and interest paid	**71,566,340**	**64,417,241**
Income tax paid	(21,341,085)	(10,558,950)
Interest paid	(944,108)	(908,758)
Net cash flows from operating activities	**49,281,147**	**52,949,533**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	-	3,659
Acquisition of intangible assets	(6,871)	(19,730)
Acquisition of property, plant and equipment	(1,032,598)	(1,272,568)
Acquisition of mine development assets	(6,515,946)	(3,623,884)
Placement of bank deposits	(4,375,171)	(1,774,537)
Withdrawal of bank deposits	3,531,002	1,485,263
Net cash used in investing activities	**(8,399,584)**	**(5,201,797)**

The statement of cash flows is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 11 to 42.

'000 KZT	2022	2021
Cash flows from financing activities		
Proceeds from loans and borrowings	32,175,011	30,006,734
Repayment of loans and borrowings	(39,182,990)	(27,531,772)
Transaction costs related to loans and borrowings	(11,434)	-
Payment of dividends	(51,921,355)	(43,966,570)
Net cash used in financing activities	**(58,940,768)**	**(41,491,608)**
Net (decrease)/increase in cash and cash equivalents	**(18,059,205)**	**6,256,128**
Cash and cash equivalents at 1 January	31,079,512	24,618,810
Effect of movements in exchange rates on cash and cash equivalents	830,400	206,709
Effect of movements in expected credit losses on cash and cash equivalents	3,934	(2,135)
Cash and cash equivalents at 31 December (Note 17)	**13,854,641**	**31,079,512**

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

Tazhibayeva G.O.
Chief Accountant

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 (hereinafter, 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 is 624 tons and 2,000 tons of uranium ore (2021: 900 tons and 2,000 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.

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

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

As at 31 December 2022 the Company's average annual number of employees was 863 (31 December 2021: 823).

(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.

The recent geopolitical uncertainty around the Russian Federation and Ukraine has further elevated the level of economic uncertainty in Kazakhstan.

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, it is observed that inflation is affecting the prices, and analysts also forecast economic implications for the global industry.

These 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 actual impact of future business conditions may differ from current management's assessment.

2 Basis of accounting

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

(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 IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

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

Information about critical 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 – Provision for decommissioning the consequences of uranium exploration and production on the deposits;
- Note 12 – Mine development assets;
- 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 review 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 Significant accounting policies

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

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the 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.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial 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 deemed to have expired. In making this evaluation the Company analogizes to the guidance on the derecognition of financial liabilities.

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

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

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

Financial liabilities

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

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

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

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

- change the currency of the financial liability;
- change in collateral or other credit enhancement;
- inclusion of conversion option;
- change in 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 legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(c) Charter capital

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

(d) 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 development costs are amortised using the unit-of-production method based on the recoverable reserves on the deposit to which the assets relate.

Tangible mine development costs related to certain block are amortised using the unit-of-production method based on the current extraction and available reserves on this block, determined during the initial exploration and further exploration carried out during the process of well field construction. Tangible mine development costs related to the entire deposit are amortised using the units-of-production method based on the reserves of the deposit, which are planned to be extracted during the Contracts' terms. The unit-of-production method is calculated as a proportion to the amount of reserves extracted. Ion exchange resin is depreciated using output rates over its useful life. Depreciation of ion exchange resin is recognised in profit or loss.

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

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

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

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

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

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

(f) 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.

(g) 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 Moody's or BBB- or higher per 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 by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

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

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

Write-offs

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.

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

Impairment losses are recognised in profit or loss. 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.

(h) Employee benefits

(i) Defined contribution plans

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

(ii) Short-term employee benefits

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

(i) 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.

Decommissioning the 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 decommissioning the 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 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.

(j) Revenue

(i) Sale of finished goods

The 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 that point in time. Invoices are usually payable within 30-65 days.

All contracts for 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 will be recognised for these contracts to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

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) Processing services

The Company provides uranium processing services. No contracts were concluded in 2022.

(iii) Transportation services

The company provides uranium transportation services from the Buyer's place of delivery to the end Customer. The 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.

(k) Income tax

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

(i) Current tax

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

(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.

(l) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(m) Finance income and finance costs

Finance income comprises interest income on funds invested and net foreign currency gains.

Finance costs comprise interest expenses on loans and borrowings, lease liabilities, unwinding of discount on provisions for elimination of the consequences of uranium exploration and production at the uranium deposits, as well as net foreign exchange loss.

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

(n) New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2022 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:

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12);*
- *Classification of Liabilities as Current or Non-current (Amendments to IAS 1);*
- *IFRS 17 Insurance Contracts;*
- *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);*
- *Definition of Accounting Estimates (Amendments to IAS 8).*

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 and loans issued

The fair value of trade and other receivables and loans issued 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 and loans issued with short maturity does not differ much from the carrying amount as the impact of the time value of money is insignificant.

(b) Non-derivative financial liabilities

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

(c) Investments in equity instruments

The fair value of equity instruments is determined in case of unquoted equity securities using the valuation methods. The used valuation methods include discounted cash flows analysis using the expected cash flows and market discount rates.

5 Revenue

'000 KZT	2022	2021
Sale of uranium oxide	130,476,159	90,998,734
Other revenue	562,480	588,457
Revenue from contracts with customers	**131,038,639**	**91,587,191**

During 2022, the Company sold 70% and 30% of uranium produced to TENEX-USA, INCORPORATED (USA) and NAC KAP (Kazakhstan), respectively (2021: 70% and 30% - to Uranium One Inc. (Canada) and NAC KAP, respectively). Total revenue was recognised at a point in time, when the products were transferred 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 basis of the arithmetic mean value of spot prices adjusted for discounts agreed between the parties. The Company has determined that each shipment has one performance obligation and revenue thereon is recognised when the goods are delivered to and have been accepted on the territory agreed on in the contract.

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 identifies 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 562,653 thousand (2021: KZT 508,719 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	2022	2021
Raw materials and consumables	7,570,904	6,221,116
Wages and salaries	5,186,176	3,571,788
Taxes (including MET)	4,931,847	4,060,959
Depreciation of mine development assets	4,439,917	3,876,905
Depreciation and amortisation	1,457,384	1,652,896
Third-party services	1,290,827	1,081,263
Provision for vacation and bonus accruals	890,836	398,440
Salary related taxes	758,948	495,896
Transportation expenses (Note 5)	562,653	508,719
Depreciation of geological exploration assets	210,402	216,792
Maintenance and repair	180,078	150,545
Ion-exchange resin	167,386	164,140
Depreciation of dismantling asset	18,234	(46,388)
Other	788,456	676,580
	28,454,048	**23,029,651**

7 Distribution expenses

'000 KZT	2022	2021
Transportation expenses on finished goods	632,478	520,760
Wages and salaries	32,441	30,977
Salary related taxes	3,223	2,788
Other	8,448	9,143
	676,590	**563,668**

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

8 Administrative expenses

'000 KZT	2022	2021
Wages and salaries	488,871	429,763
Third-party services	354,900	251,199
Salary related taxes	49,075	40,293
Depreciation and amortisation	34,181	39,697
Raw materials and consumables	18,132	23,531
Membership fees	18,069	16,871
Sponsorship and charity	5,623	7,446
Charge of impairment loss allowance for trade receivables	-	1,746
Charge/(reversal) of provision for vacation and bonus accruals	1,650	(10,607)
Other	46,034	51,816
	1,016,535	**851,755**

9 Personnel costs

'000 KZT	2022	2021
Wages and salaries	6,284,443	4,495,919
Social tax and social contributions	504,508	347,631
Obligatory professional pension contributions	213,483	140,106
Obligatory social security contributions	143,831	58,685
	7,146,265	**5,042,341**

In 2022, personnel costs have been charged to the cost of goods manufactured in the amount of KZT 6,572,655 thousand (2021: KZT 4,538,520 thousand), to administrative expenses – in the amount of KZT 537,946 thousand (2021: KZT 470,056 thousand) and to distribution expenses – in the amount of KZT 35,664 thousand (2021: KZT 33,765 thousand).

10 Finance income and finance costs

'000 KZT	2022	2021
Interest income on deposits	654,671	380,524
Net remeasurement of loss allowance for financial assets	15,572	18,009
Finance income	**670,243**	**398,533**
Interest and other finance expense on loans and borrowings (Note 19)	(954,408)	(902,569)
Unwinding of discount on provisions (Note 20)	(340,154)	(304,527)
Net remeasurement of loss allowance for trade receivables	(1,762)	(2,234)
Net foreign exchange loss	(1,429,368)	(180,759)
Finance costs	**(2,725,692)**	**(1,390,089)**
Net finance costs	**(2,055,449)**	**(991,556)**

11 Income tax expense

In 2022, the Company's applicable tax rate is the income tax rate of 20% for Kazakhstan companies (2021: 20%).

'000 KZT	2022	2021
Current tax expense		
Current tax	20,422,395	13,299,211
Adjustment for prior years	1,245,774	54,602
Deferred tax expense		
Origination and reversal of temporary differences	37,836	(143,626)
	21,706,005	**13,210,187**

Reconciliation of effective tax rate:

	2022		2021	
	'000 KZT	%	'000 KZT	%
Profit before income tax	**97,820,435**	**100.0**	**65,686,766**	**100.0**
Income tax at applicable tax rate	19,564,087	20.0	13,137,353	20.0
Non-deductible expenses	896,144	0.9	18,232	-
Adjustment for prior years	1,245,774	1.3	54,602	0.1
	21,706,005	**22.2**	**13,210,187**	**20.1**

Based on the results of a comprehensive tax audit for 2016-2020, interest expense and foreign exchange loss on loans and borrowings were excluded from deductions, which resulted in the additional charge of corporate income tax for previous periods in the total amount of KZT 884,119 thousand (Note 23(b)). Consistently, such expenses were not included in deductible expenses in 2022 either.

(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	
'000 KZT	**31 December 2022**	**31 December 2021**	**31 December 2022**	**31 December 2021**	**31 December 2022**	**31 December 2021**
Intangible assets	-	-	(9,025)	(10,620)	(9,025)	(10,620)
Property, plant and equipment	39,039	32,701	-	-	39,039	32,701
Site restoration asset	-	-	(677,271)	(15,480)	(677,271)	(15,480)
Historical costs asset	-	-	(14,356)	(16,488)	(14,356)	(16,488)
Provision for vacation and bonus accruals	115,599	57,371	-	-	115,599	57,371
Taxes	293,155	243,367	-	-	293,155	243,367
Provisions	536,425	29,064	-	-	536,425	29,064
Impairment allowance for inventories	23,342	25,687	-	-	23,342	25,687
Trade and other receivables	1,601	1,553	-	-	1,601	1,553
Other payables	9,461	8,651	-	-	9,461	8,651
	1,018,622	**398,394**	**(700,652)**	**(42,588)**	**317,970**	**355,806**

(b) Movement in temporary differences during the year

'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**

'000 KZT	**1 January 2021**	**Recognised in profit or loss**	**31 December 2021**
Intangible assets	(11,838)	1,218	(10,620)
Property, plant and equipment	(16,209)	48,910	32,701
Site restoration asset	(5,256)	(10,224)	(15,480)
Historical costs asset	(18,745)	2,257	(16,488)
Provision for vacation and bonus accruals	52,531	4,840	57,371
Taxes	158,925	84,442	243,367
Provisions	25,515	3,549	29,064
Impairment allowance for inventories	20,018	5,669	25,687
Trade and other receivables	1,184	369	1,553
Other payables	6,055	2,596	8,651
	212,180	**143,626**	**355,806**

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.

'000 KZT	**Site restoration asset**	**Historical costs asset**	**Mine development assets**	**Geological exploration assets**	**Ion exchange resin**	**Total**
At 1 January 2021	26,278	93,723	10,996,975	7,422,005	2,283,035	20,822,016
Additions	-	-	3,593,789	-	333,552	3,927,341
Depreciation	(2,420)	(11,284)	(3,871,029)	(217,118)	(166,260)	(4,268,111)
Change in estimate (Note 20)	53,542	-	9.891	-	-	63,433
At 31 December 2021	**77,400**	**82,439**	**10,729,626**	**7,204,887**	**2,450,327**	**20,544,679**
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**
Cost at 31 December 2021	909,003	201,548	36,995,481	9,351,194	3,246,760	50,703,986
Cost at 31 December 2022	4,225,806	201,548	42,442,301	9,351,194	3,661,257	59,882,106
Accumulated depreciation at 31 December 2021	**(831,603)**	**(119,109)**	**(26,265,855)**	**(2,146,307)**	**(796,433)**	**(30,159,307)**
Accumulated depreciation at 31 December 2022	**(839,450)**	**(129,769)**	**(30,505,622)**	**(2,356,443)**	**(964,515)**	**(34,795,799)**

Depreciation expense was recognised in the cost of goods manufactured in the amount of KZT 4,896,498 thousand (2021: KZT 4,268,111 thousand).

As at 31 December 2022, the cost of mine development assets, fully amortised but still in use, has amounted to KZT 16,480,475 thousand (31 December 2021: KZT 14,490,411 thousand).

13 Property, plant and equipment

'000 KZT	Buildings and constructions	Machinery and equipment	Vehicles and other	Under construction	Total
Cost					
Balance at 1 January 2021	13,988,594	4,912,276	1,150,064	564,506	20,615,440
Additions	-	329,803	152,920	1,378,912	1,861,635
Disposals	-	(73,334)	(4,666)	(18,678)	(96,678)
Transfer from assets under construction	148,194	127,757	136,769	(412,720)	-
Balance at 31 December 2021	**14,136,788**	**5,296,502**	**1,435,087**	**1,512,020**	**22,380,397**
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**
Depreciation and impairment losses					
Balance at 1 January 2021	(6,086,589)	(3,325,213)	(707,577)	-	(10,119,379)
Depreciation for the year	(1,040,665)	(504,889)	(117,422)	-	(1,662,976)
Impairment loss	-	-	-	(3,555)	(3,555)
Disposals	-	68,592	4,418	-	73,010
Balance at 31 December 2021	**(7,127,254)**	**(3,761,510)**	**(820,581)**	**(3,555)**	**(11,712,900)**
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)**
Carrying amount					
At 31 December 2021	**7,009,534**	**1,534,992**	**614,506**	**1,508,465**	**10,667,497**
At 31 December 2022	**6,504,689**	**1,873,694**	**726,111**	**2,439,302**	**11,543,796**

Depreciation expense was recognised in the cost of goods manufactured in the amount of KZT 1,450,108 thousand (2021: KZT 1,627,647 thousand) and administrative expenses – in the amount of KZT 29,646 thousand (2021: KZT 35,329 thousand).

As at 31 December 2022, the cost of property, plant and equipment, fully amortised but still in use, has amounted to KZT 966,162 thousand (31 December 2021: KZT 748,342 thousand).

14 Restricted cash

'000 KZT	31 December 2022	31 December 2021
Liquidation fund deposit	4,363,572	3,308,022
Interest on deposit	3,239	2,716
Cash pledged (Note 19)	-	1.000
	4,366,811	**3,311,738**
Impairment loss allowance	(15,481)	(25,602)
	4,351,330	**3,286,136**

Restricted cash comprises long-term deposit accounts held with the banks to accumulate funds intended to eliminate the consequences of mining operations, as required by the Contracts. As at 31 December 2022, cash was held in the deposit accounts with Halyk Bank of Kazakhstan JSC (31 December 2021: SB Alfa Bank JSC and Halyk Bank of Kazakhstan JSC, respectively).

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 2022	31 December 2021
Raw materials and consumables	1,328,430	871,979
Work-in-progress	1,074,248	986,106
Finished goods	953,539	780,571
Impairment allowance	(116,710)	(128,434)
	3,239,507	**2,510,222**

16 Trade and other receivables

'000 KZT	31 December 2022	31 December 2021
Trade receivables due from related parties measured at amortised cost	59,032,756	22,950,816
Other receivables	197,408	42,756
	59,230,164	**22,993,572**
Impairment loss allowance	(8,003)	(7,762)
Total financial assets	**59,222,161**	**22,985,810**
VAT receivable	354,754	42,822
Other receivables	299,843	237,105
Total non-financial assets	**654,597**	**279,927**
	59,876,758	**23,265,737**

Trade and other receivables were denominated in the following currencies at 31 December 2022 and 31 December 2021:

'000 KZT	31 December 2022	31 December 2021
USD	46,493,293	21,081,380
KZT	13,383,465	2,184,357
	59,876,758	**23,265,737**

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 2022	31 December 2021
Bank balances - USD	10,994,820	17,312,529
Bank balances - KZT	2,861,768	13,772,864
	13,856,588	**31,085,393**
Impairment loss allowance	(1,947)	(5,881)
	13,854,641	**31,079,512**

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 2022	Ownership interest	31 December 2021	Ownership interest
Uranium One Rotterdam B.V.	44,800	70%	44,800	70%
NAC KAP	19,200	30%	19,200	30%
	64,000	**100%**	**64,000**	**100%**

(b) Dividends

In accordance with Kazakhstan legislation the Company's distributable reserves are limited to the balance of retained earnings as recorded in the Company's financial statements prepared in accordance with IFRS. As at 31 December 2022, the Company's distributable reserves amounted to KZT 76,599,032 thousand (31 December 2021: KZT 52,405,957 thousand).

In 2022, the General Meeting of the Participants made decision to distribute net profit as follows:

1. To replenish a liquidation fund deposit for the amount of KZT 555,225 thousand to meet the Company's liabilities under the Subsoil Use Contract No.1800 at block 4 of Inkai deposit;

2. To distribute 98.94% of net profit for 2021 between the Company's participants in the amount of KZT 51,921,355 thousand (2021: 100% of net profit for 2020 in the amount of KZT 41,531,522 thousand).

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.

The distributed net profit for 2020 of KZT 41,531,522 thousand was fully paid to the Participants during 2021, in proportion to their ownership interests.

In 2021, the Company applied subparagraph 5 of paragraph 9 of Article 645 of the Tax Code of the Republic of Kazakhstan, pursuant to which dividends paid by legal entities that are subsoil users are not subject to taxation, provided that certain conditions are met simultaneously. As a result, the Company re-filed with Tax Authority additional adjusted tax returns and recovered corporate income tax at the source of payment of KZT 2,435,048 thousand, which was previously withheld on payment of dividends to Uranium One Netherlands B.V., declared in 2018-2020. The recovered corporate income tax was paid to the Participant in full in 2021.

(c) Other reserves

Other reserves comprise the cumulative net change in fair value of equity investments designated by the Company as measured at fair value through other comprehensive income.

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 risk, currency risk and liquidity risk see Note 22.

'000 KZT	31 December 2022	31 December 2021
Non-current liabilities		
Secured loan from Halyk Bank of Kazakhstan JSC	3,286,223	2,665,755
Secured loan from SB Alfa-Bank JSC	-	4,979,588
	3,286,223	**7,645,343**
Current liabilities		
Current portion of secured loan from Halyk Bank of Kazakhstan JSC	21,906,319	18,804,307
Current portion of secured loan from SB Alfa-Bank JSC	-	3,184,841
Interest payable	13,633	12,749
	21,919,952	**22,001,897**
	25,206,175	**29,647,240**

Terms and debt repayment schedule

Terms and repayment schedule of outstanding loans were as follows:

'000 KZT	Currency	Nominal interest rate, %	Year of maturity	31 December 2022 Nominal value	31 December 2022 Carrying amount	31 December 2021 Nominal value	31 December 2021 Carrying amount
Secured loan from Halyk Bank of Kazakhstan JSC	US Dollar	3.4 - 6.5	2022-2025	25,192,543	25,206,175	21,470,062	21,479,234
Secured loan from SB Alfa-Bank JSC	US Dollar	3.5 – 4.6	2022-2023	-	-	8,164,429	8,168,006
Total interest-bearing liabilities				**25,192,543**	**25,206,175**	**29,634,491**	**29,647,240**

SB Alfa-Bank JSC

During 2018, the Company signed a credit line agreement with SB Alfa-Bank JSC for a long-term bank loan in the amount of USD 20 million with an interest rate of 4.6% per annum, which matures in 2020-2023. Under this credit line agreement, in March 2019 the Company received the second tranche in the amount of USD 7 million (equivalent to KZT 2,645,930 thousand).

During 2020, the Company repaid the principal in the amount of KZT 4,292 thousand (equivalent to KZT 1,772,320 thousand). On 11 September 2020, the Company signed an addendum to the credit line agreement to reduce an interest rate from 4.6% to 4.4.%; on 30 November 2020 – to reduce an interest rate from 4.4% to 4.1%; on 10 December 2020 – to reduce an interest rate from 4.1% to 3.5%. Change in the interest rate was provided for by the terms and conditions of the credit line agreement.

During 2021, the Company received a third tranche in the amount of USD 9,250 thousand (equivalent to KZT 4,020,050 thousand) with maturity in 18 months, and repaid principal in the amount of USD 4,292 thousand (equivalent to KZT 1,825,793 thousand).

On 18 April 2022 the Company repaid ahead of schedule the total principal debt and interest in the amount of USD 9,642 thousand (equivalent to KZT 4,380,254 thousand). On 20 April 2022 the Company signed an agreement to terminate its credit line agreement with SB Alfa-Bank JSC.

The Company pledged cash on its current account in the amount of KZT 1,000 thousand as collateral under this loan facility (Note 14). Additional collateral is represented by cash flows received under the contract with NAC KAP on purchase and sale of natural uranium concentrate in the form of uranium oxide.

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 with an interest rate of 4.8% per annum, which matures in December 2023. As part of this credit line agreement, during 2019, the Company received tranches for the total amount of USD 56.4 million (equivalent to KZT 21,474,782 thousand) and repaid tranches totalling USD 20.8 million (equivalent to KZT 8,679,533 thousand).

On 2 March 2020, the Company signed an addendum to the credit line agreement to reduce an interest rate from 4.8% to 4%. Change in the interest rate is provided for by the terms and conditions of the credit line agreement. During 2020, the Company received 55 tranches for the total amount of USD 63,498 thousand (equivalent to KZT 26,187,697 thousand) with maturity in 18 months, and repaid tranches for the total amount of USD 49,654 thousand (equivalent to KZT 20,701,938 thousand).

On 17 March 2021 the Company signed an addendum to the credit line agreement to reduce an interest rate from 4.0 % to 3.4%. Change in the interest rate is provided for by the terms and conditions of the credit line agreement. During 2021 the Company received 39 tranches for the total amount of USD 60,909 thousand (equivalent to KZT 25,986,684 thousand) with maturity in 18 months, and repaid tranches for the total amount of USD 60,433 thousand (equivalent to KZT 25,705,979 thousand).

On 6 May 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.

On 27 October 2022 the Company signed an addendum to the loan agreement to increase the interest rate on the following terms: for a tranche term of up to 18 months - from 3.4% to 4.75%, for a tranche term of up to 36 months - 6.5%. Change in the interest rate is provided for by the terms and conditions of the credit line agreement.

During 2022 the Company received 57 tranches for the total amount of USD 69,379 thousand (equivalent to KZT 32,175,010 thousand) with maturity in 18-36 months, and repaid tranches 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.

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 (2021: cash from the contract with Uranium One Inc. was used as collateral).

In accordance with the terms of a loan agreement with Halyk Bank of Kazakhstan JSC and a loan agreement with SB Alfa Bank JSC, which was early repaid on 18 April 2022, a number of debt covenants exist and existed that Company has to comply with at the end of each year. As at 31 December 2022, the Company complied with all covenants (as at 31 December 2021: complied with all covenants).

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

'000 KZT	**2022**	**2021**
Balance at 1 January	**29,647,240**	**26,619,371**
Changes from financing cash flows		
Proceeds from loans and borrowings	32,175,011	30,006,734
Repayment of loans and borrowings	(39,182,990)	(27,531,772)
Transaction costs related to loans and borrowings	(11,434)	-
Total changes from financing cash flows	**(7,019,413)**	**2,474,962**
Effect of changes in foreign exchange rates	**2,568,048**	**559,096**
Other changes		
Liability-related		
Interest expense	954,408	902,569
Interest paid	(944,108)	(908,758)
Total other liability-related changes	**10,300**	**(6,189)**
Balance at 31 December	**25,206,175**	**29,647,240**

20 Provisions

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

'000 KZT	2022	2021
At the beginning of the year	3,453,341	3,085,381
Change in estimate (Note 12)	2,979,877	63,433
Unwinding of discount (Note 10)	340,154	304,527
At the end of the year	**6,773,372**	**3,453,341**

In accordance with the Contracts, the Company has obligations to decommission the consequences of uranium exploration and production activities on the contract territory, which include the decommissioning 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 program for liquidation the consequences of uranium exploration and production (hereinafter, the "Program"). The total amounts of undiscounted expenses under the new program for block 4 of Inkai deposit and Akdala deposit were KZT 8,059,707 thousand (net of VAT) and KZT 5,828,565 thousand (net of VAT), respectively, and were calculated on the basis of more detailed methodology for estimating volumes and costs of future decommissioning works. 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.

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

- The current program provides for the removal and disposal of the major part 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. The total costs on removal and disposal of LRW under the new programs are KZT 2,110,997 thousand (net of VAT) for block 4 of Inkai deposit, and KZT 1,286,019 thousand (net of VAT) for Akdala deposit.

- The total decommissioning 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, which comprises a guide to estimated norms and unit prices for construction, repair and construction, dismantling and other works in Kazakhstan.

- Estimated future cash flows were discounted to their net present value using a discount rate of 11.55% (2021: 9.85%), while a projected long-term inflation rate was 5.99% (2021: 5.12%).

The Company is also obliged to hold cash on a long-term bank deposits to finance future decommissioning 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 decommissioning the 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.

21 Trade and other payables

'000 KZT	31 December 2022	31 December 2021
Trade payables to third parties	4,444,170	2,856,678
Trade payables to related parties	1,708,309	495,764
Taxes payable	1,538,666	1,383,276
Provision for vacation and bonus accruals	577,993	334,770
Warranty retentions	491,216	697,807
Other payables	238,518	383,033
	8,998,872	**6,151,328**

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 2022	31 December 2021
Trade and other receivables	59,222,161	22,985,810
Cash and cash equivalents	13,854,641	31,079,512
Restricted cash	4,351,330	3,286,136
	77,428,132	**57,351,458**

(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 (2021: 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:

	31 December 2022	31 December 2021
'000 KZT	Not credit-impaired	Not credit-impaired
External or assigned credit rating from Moody's at least Baa3 or Standard & Poor's at least BBB	59,032,756	22,950,816
Other customers		
– More than three-year trading history with the Company	197,408	42,756
Total gross carrying amount	**59,230,164**	**22,993,572**
Impairment loss allowance	(8,003)	(7,762)
	59,222,161	**22,985,810**

(ii) Restricted cash

As at 31 December 2021 the Company held restricted cash for the total amount of KZT 4,363,572 thousand (31 December 2021: KZT 3,309,022 thousand) with the banks, which are rated BBB- (31 December 2021: banks, which are rated BBB and BB), based on rating agency Standard & Poor's ratings (Note 14).

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

As at 31 December 2022, the impairment allowance is KZT 15,481 thousand (31 December 2021: KZT 25,602 thousand).

(iii) Cash and cash equivalents

As at 31 December 2022 the Company held cash and cash equivalents for the total amount of KZT 13,856,588 thousand (31 December 2021: KZT 31,085,393 thousand). Cash and cash equivalents are held with banks rated from BB- to BBB- based on rating agency Standard & Poor's ratings (31 December 2021: 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 2022, the impairment allowance is KZT 1,947 thousand (31 December 2021: KZT 5,881 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 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.

At 31 December 2022		**Contractual cash flows**			
'000 KZT	**Carrying amount**	**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)	(25,694,095)	(7,731,675)	(14,628,948)	(3,333,471)
Total	**(32,088,388)**	**(32,576,308)**	**(14,446,902)**	**(14,867,165)**	**(3,349,017)**

At 31 December 2021		**Contractual cash flows**			
'000 KZT	**Carrying amount**	**Total**	**0-3 months**	**3 months – 1 year**	**1-5 years**
Financial liabilities:					
Trade and other payables	(4,433,282)	(4,433,282)	(4,243,490)	(137,953)	(51,839)
Loans and borrowings	(29,647,240)	(30,380,744)	(6,997,533)	(15,606,739)	(7,776,472)
Total	**(34,080,522)**	**(34,814,026)**	**(11,241,023)**	**(15,744,692)**	**(7,828,311)**

(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:

'000 KZT	Note	USD-denominated 31 December 2022	USD-denominated 31 December 2021
Trade and other receivables	16	46,493,394	21,081,380
Cash and cash equivalents	17	10,994,820	17,312,529
Restricted cash	14	4,351,330	3,285,136
Loans and borrowings	19	(25,206,175)	(29,647,240)
Net exposure		**36,633,369**	**12,031,805**

The following exchange rates applied during the year:

in KZT	Average interest rate 2022	Reporting date spot rate 31 December 2022	Average interest rate 2021	Reporting date spot rate 31 December 2021
1 USD	460.85	462.65	426.03	431.80

Sensitivity analysis

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

'000 KZT	Profit or loss	
	Strengthening of KZT	**Weakening of KZT**
31 December 2022		
KZT/USD (20% movement)	(5,861,339)	5,861,339
31 December 2021		
KZT/USD (20% movement)	(1,925,089)	1,925,089

(iii) *Interest rate risk*

Changes in interest rates impact primarily other financial liabilities, by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). 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:

Fixed rate instruments	**Carrying amount**	**Carrying amount**
'000 KZT	**31 December 2022**	**31 December 2021**
Restricted cash (Note 14)	4,348,091	3,282,420
Cash and cash equivalents (Note 17)	-	3,500,000
Loans and borrowings (Note 19)	(25,206,175)	(29,647,240)
	(20,858,084)	**(22,864,820)**

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 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 2022 the Company owns 7.07% interest in Uranenergo LLP (31 December 2021: 7.07% interest), which is not listed on a stock exchange and this investment is accounted for as investment at fair value through other comprehensive income under IFRS 9. Because of limited market activity in the shares, the valuation is not benchmarked against observed transaction prices. Instead, the Company applies a model, in which certain inputs are unobservable. Hence, this investment has been included in Level 3 of fair value hierarchy.

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 April 2021, the Company received the Order No.28 dated 6 April 2021 for an unscheduled comprehensive tax audit for the period from 1 January 2016 to 31 December 2019; subsequently the audit period was extended to include 2020 in accordance with the Supplementary Order dated 16 September 2021. The audit covered such taxes as corporate income tax ("CIT"), income tax on non-residents withheld at the source of payment, value-added tax ("VAT"), mineral extraction tax (MET), property tax, vehicle tax, individual income tax.

On 29 December 2021, the Company received the preliminary tax audit report with additional tax liabilities assessed in the amount of KZT 1,270 million, excluding preliminary fines and penalties. As a result of the objection to the preliminary act regarding deductions related to loans and borrowings, in March 2022 the Company received a documentary tax audit act 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 results of a tax audit 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 law

The Law of the Republic of Kazakhstan No. 67-IV of 2008 "On Transfer Pricing" (hereinafter, the "TP Law") governs the public relations arising from transfer pricing to prevent losses of state revenues in cross-border operations and transactions related to cross-border operations.

When concluding transactions on export of natural uranium concentrate, which are controlled by the TP Law, the Company is also governed by the Resolution No. 74 of the Government of the Republic of Kazakhstan dated 3 February 2011 "On Approval of the Rules (Methodology) for Pricing the Natural Uranium Concentrate" (hereinafter, the "Methodology"). The provisions of the Methodology establish the procedure for determining (calculating) the selling prices of natural uranium concentrate in the transactions performed on the arm's length basis and in accordance with contracts for purchase and sale of natural uranium concentrate.

According to the Resolution of the Government of the Republic of Kazakhstan No.361 dated 1 June 2021 "On Making Amendments to the Decree of the Government of the Republic of Kazakhstan No.74 dated 3 February 2011 "On Approval of the Rules (Methodology) for Pricing the Natural Uranium Concentrate", a freight differential for supplies of uranium to the People's Republic of China, is supported by an official document issued by China Nuclear Energy Industry Corporation (CNEIC) and/or by a buyer of the natural uranium concentrate.

While assessing its income tax obligations, the Company's management follows the requirements of the provisions of TP Law and the Methodology, and if deviations are identified, makes appropriate adjustments. In 2021, the Company was subject to a transfer pricing (TP) thematic tax audit for 2016-2018, which was suspended as at the date of these financial statements, and the Company received no preliminary comments from the tax authorities. According to the TP Law and tax legislation of the Republic of Kazakhstan, when performing a transfer pricing tax audit the authorised body has a right to request an economic rationale for the applied price from the transaction parties, including the documents which support the transaction price and differential. The Company believes that if such request is received from the authorised body, the Company will be able to provide all required documents within a set deadline.

(b) 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.

Compensatory planting

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 area.

In accordance with this article, the Company is in the process of obtaining a permit for a land plot of 938 hectares of the state forest fund from Suzak State Enterprise for Protection of Forests and Wildlife for uranium extraction. On 22 September 2022 the Company concluded an agreement with Zhasyl Aimak Public Utility Agency that owns the lands of the forest fund to perform works on planting saksaul and hardwoods around Turkestan in the amount of KZT 1,390 million. As at 31 December 2022 no mine development works were carried out on the land plot, therefore, no obligation has arisen. The Company will be able to proceed to development of the land plot to produce uranium, once the Company obtains a land permit from Akimat of Turkestanskaya Oblast. The land permit has not been obtained as at the date of these financial statements.

(c) 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 Rotterdam B.V. 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:

'000 KZT	Sales 2022	Purchase of services 2022	Purchase of production and other assets 2022	Sales 2021	Purchase of services 2021	Purchase of production and other assets 2021
TENEX-USA, INCORPORATED	90,842,112	-	-	-	-	-
NAC KAP	40,196,700	14,333	-	25,028,431	38,868	-
Companies under common or joint control of the participants	94,080	1,841,699	4,764,263	210,491	2,362,512	1,725,826
Uranium One Inc.	-	-	-	66,479,022	-	-

Balances payable/receivable at the end of the reporting period:

'000 KZT	Receivables from related parties 31 December 2022	Payables to related parties 31 December 2022	Receivables from related parties 31 December 2021	Payables to related parties 31 December 2021
TENEX-USA, INCORPORATED	46,493,293	-	-	-
NAC KAP	12,606,981	1,154	1,869,436	41,892
Companies under common or joint control of the participants	125,594	1,713,449	35,612	453,872
Uranium One Inc.	-	-	21,081,380	-

Dividends

'000 KZT	Transaction value for the year ended 31 December		Outstanding balance as at 31 December	
	2022	2021	2022	2021
Participants	(51,921,355)	(43,966,570)	-	-

(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	2022	2021
Salaries and bonuses	76,098	59,648
Salary related taxes	5,876	5,103
	81,974	**64,751**

(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.

As at 31 December 2021, the Company held cash and cash equivalents of KZT 3,510,857 thousand with SB Sberbank JSC. The sole shareholder of SB Sberbank JSC is Sberbank PJSC controlled by the Central Bank of the Russian Federation. During 2022, SB Sberbank JSC was repurchased by Baiterek National Managing Holding JSC and renamed as Bereke Bank JSC. As at the reporting date the balances of cash and cash equivalents in accounts with Bereke Bank JSC are insignificant.

25 Subsequent events

Repayment of loans and borrowings

In January 2023, the Company repaid the loans in the amount of USD 6,114 thousand (equivalent to KZT 2,824,365 thousand) from Halyk Bank of Kazakhstan JSC, including the principal in the amount of USD 5,937 thousand (equivalent to KZT 2,742,912 thousand) and interest in the amount of USD 177 thousand (equivalent to KZT 81,453 thousand).