

**02 August 2021, Nur-Sultan, Kazakhstan**

## **Kazatomprom 2Q21 Operations and Trading Update**

JSC National Atomic Company “Kazatomprom” (“Kazatomprom”, “KAP” or “the Company”) announces the following operations and trading update for the second quarter and half-year ended 30 June 2021.

This update provides a summary of recent developments in the uranium industry, as well as provisional information related to the Company’s key second quarter and half-year operating and trading results, and reiterated 2021 guidance. The information contained in this Operations and Trading Update may be subject to change.

### **Market Overview**

Although the rollout of world-wide vaccination programs and post-COVID economic recovery plans remained a focus across all industries during the second quarter, the period was punctuated by devastating global climate-related events, highlighting the urgent need for a paradigm shift: the world must accelerate the deployment of safe, baseload, carbon-free sources of energy, including broader acceptance of nuclear power as a key part of a greener international strategy.

Coincident with the enhanced emphasis on climate, the International Energy Agency (IEA) published a report titled “Net Zero by 2050: A Roadmap for the Global Energy Sector” which outlined and recommended a global pathway to net zero emissions (NZE) by 2050. According to the IEA, total electricity generation is expected to increase 2.7 times between 2020 and 2050, and to achieve the NZE objective, the energy mix must include a significant increase in renewables (about 29% today growing to 88% in 2050), and a near-doubling of nuclear capacity, from 415 GWe today, to over 800 GWe in 2050.

In a related development that further highlighted the opportunity for the nuclear industry in the climate and NZE discussion, Japan’s Ministry of Economy, Trade and Industry updated the country’s “Green Growth Strategy Through Achieving Carbon Neutrality by 2050”. The strategy targets international cooperation in the development and promotion of fast reactors, small modular reactors, and nuclear fusion technologies, as well as production of hydrogen using high-temperature, gas-cooled reactors, all of which represent positive steps in the transition away from fossil fuel dependence.

During the quarter, nuclear industry demand-side highlights included:

- China National Nuclear Corporation's Tianwan unit 6, a 1,080 MWe domestically-designed ACPR1000 pressurized water reactor (PWR) in Jiangsu province, entered commercial operation in June following its initial connection to the grid in early May.
- Hongyanhe unit 5, a 1,119 MWe ACPR1000 PWR was successfully connected to the grid in Northeast China's Liaoning Province, and is expected to begin commercial operation later this year.
- Chinese President Xi Jinping and Russian President Vladimir Putin attended a virtual-ceremony to begin construction of Tianwan units 7 and 8 and Xudabao units 3 and 4, all Russian-designed VVER-1200 reactors. The Tianwan units are scheduled to be commissioned in 2026-2027, while the Xudabao units are expected to be commissioned in 2027-2028.
- Construction of the Russian-designed BREST-OD-300 pilot plant, a 300 MWe lead-cooled fast reactor, began at the Siberian Chemical Combine in Seversk, Russia. According to the planned timeline, the next generation reactor is expected to start operating in 2026.
- Kansai Electric Power Company’s 826 MWe Mihama unit 3 reactor in Fukui Prefecture, restarted operations for the first time since May 2011, marking the first time a reactor over 40 years old has been restarted in Japan. The unit has been approved to operate through to 2036, representing a 60-year total plant life.
- At the Dungeness B nuclear power station in Kent county in South East England, United Kingdom, an outage that began in September 2018 identified a number of station-specific risks, leading EDF Energy to announce the decommissioning of the two 615 MWe advanced gas-cooled reactors at the facility.

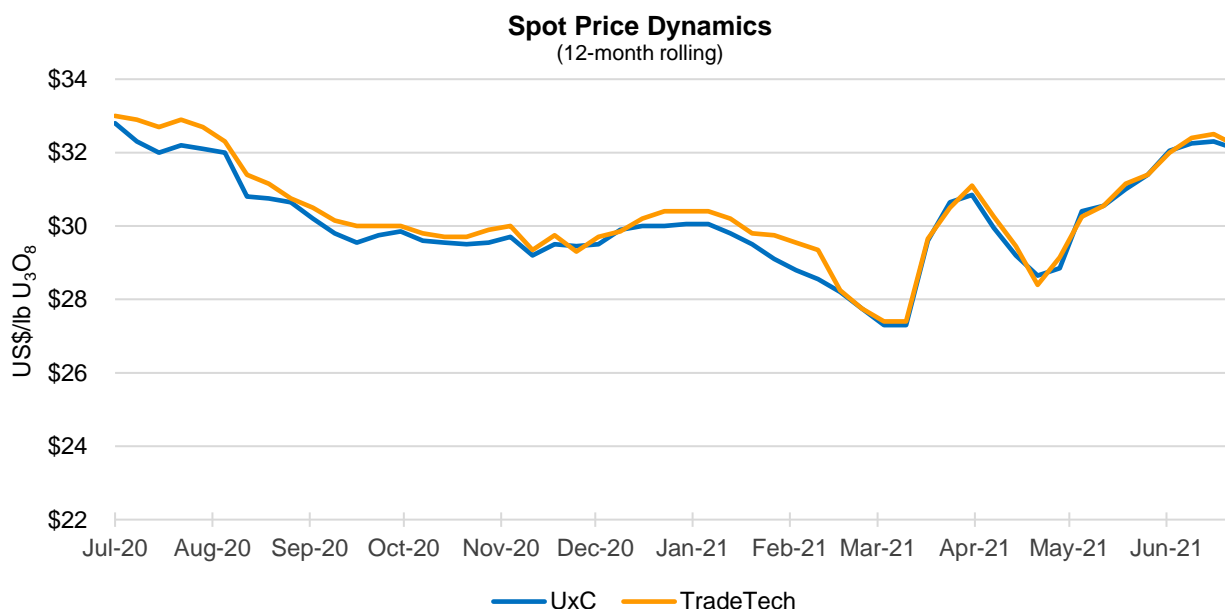
- In the US, Dominion Energy's Surry units 1 and 2, both 890 MWE PWR's, had their operating licenses renewed for an additional 20 years through to 2052 and 2053 respectively, giving them a total of 80 years in operation.
- Also in the US, Entergy permanently shut down the 1,085 MWe Indian Point unit 3 reactor on 30 April 2021. It was the last operating reactor at the Indian Point facility, which began operations in 1962. The decommissioning of the plant was part of a legal settlement agreement between Entergy and New York State.
- Finally on the demand side, Exelon Corporation filed a notice with grid operator PJM Interconnection to deactivate the two-unit Byron nuclear plant, after lawmakers in Illinois failed to adopt legislation needed to support carbon-free nuclear generation in an unregulated market favouring other forms of generation. A deactivation notice for November 2021 was already filed in January for Dresden units 1 and 2, while the newly announced Byron plant deactivation is expected in September. As a result of the decision, more than 4,300 MWe of carbon-free generating capacity from the four units is now expected to be removed by the end of 2021.

The supply-side was fairly quiet during the second quarter, with the highlight being Cameco Corporation and Orano's April announcement of the resumption of activity and production at their Cigar Lake mine in Canada. The mine, representing approximately 14% of global primary production, had been temporarily shut-down in December 2020 amid an increase of COVID-19 cases within the employees' home communities.

Subsequent to the quarter, Kazatomprom announced that it will maintain a 20% reduction of production through 2023 (compared to the planned levels under Subsoil Use Contracts). The full implementation of the decision would remove up to 5,000 tU from anticipated global primary supply in 2023, with uranium production in Kazakhstan staying similar to the level expected in 2022.

Finally, in an additional significant event subsequent to the end of the second quarter, Sprott Inc., a global leader in precious metals and real assets investment, completed its acquisition of Uranium Participation Corporation, an investment fund holding physical uranium. With the acquisition, Sprott Inc. subsidiary Sprott Asset Management LLP listed its newly formed Sprott Physical Uranium Trust on the Toronto Stock Exchange in Canada, with plans to pursue a US-based listing and become the first physical uranium fund to trade in the US, affording access to a very large capital pool.

### Market Pricing and Activity



Spot market activity slowed during the second quarter compared to the first quarter of 2021, with participants assessing the pending impact of the Sprott Physical Uranium Trust. The spot price initially saw a steep decline in April from US\$31.00 to US\$28.50 by month-end, though increased buyer activity in May and June supported a recovery to US\$32.00 at the end of the quarter. During the second quarter, all categories of market participants – utilities, producers, traders and financials – acted as buyers. According to third-party market data, spot volumes transacted over the second quarter of 2021 were 50% lower than the same period last year. A total of 14.3 million pounds U<sub>3</sub>O<sub>8</sub> (5,500 tU) was transacted at an average weekly spot price of US\$30.58 per pound, compared to 29.3 million pounds U<sub>3</sub>O<sub>8</sub> (11,300 tU) at an average weekly spot price of US\$32.56 per pound in the second quarter of 2020.

In the term market, third-party data indicated that contracted volumes totalled about 17.0 million pounds U<sub>3</sub>O<sub>8</sub> (6,500 tU) through the second quarter of 2021, compared to about 4.2 million pounds U<sub>3</sub>O<sub>8</sub> (1,600 tU) in the second quarter of 2020. Although term market activity increased considerably in the second quarter of 2021 compared to last year, the average long-term price decreased by US\$2.00 per pound U<sub>3</sub>O<sub>8</sub> year-over-year, to US\$33.50 (reported only on a monthly basis by third-party sources).

## **Company Developments**

### *COVID-19 Update*

With Delta-variant COVID-19 cases rising in July and forcing red-zone centres, including Nur-Sultan, Almaty and Shymkent back into severe government-mandated restrictions in August, the Company continues to rigorously monitor the COVID-19 situation to ensure current protocols remain effective. When a case of COVID-19 is detected, the Company and its subsidiaries implement preventive measures to contain the spread, with the health of the individual being constantly monitored and assistance provided as necessary.

Vaccination status is being monitored on a daily basis, with the Company's vaccination level exceeding that of the country (Kazakhstan is at 28% of population received first component as at 30 July 2021). To date, each of the Group's uranium mining entities has surpassed the 70% level of first-dose immunization coverage. Taken as a whole, including the corporate headquarters and all Group entities, as of 30 July 2021, 70% (13,718) of employees have received a first vaccine dose, with more than 50% now being fully vaccinated with two doses.

### *Closing of Ortalyk Transaction*

As previously disclosed, under the terms of several cooperation agreements between Kazatomprom and China General Nuclear Power Corporation ("CGNPC"), the parties agreed to construct a fuel assembly plant ("Ulba-FA") at the Ulba Metallurgical Plant. CGNPC provided a guarantee that Ulba-FA's production will be purchased by CGNPC in exchange for Kazatomprom agreeing to sell a 49% interest in the Company's wholly owned subsidiary, Ortalyk LLP, to a subsidiary of CGNPC (the "Transaction").

In April 2021, a Sale and Purchase agreement was signed and the parties agreed to the valuation determined by one of the four major international advisory and professional services firms, whereby a 49% share of the operation was assessed a value of approximately USD 435 million.

As of the end of July, the transaction has closed, with government approvals in place and all conditions being met. Re-registration of the entity has been completed and CGN Mining UK Limited (a CGNPC subsidiary) is now a full participant in Ortalyk LLP. Kazatomprom retains a controlling 51% interest and CGN Mining UK Limited holds a 49% interest, with each partner purchasing a proportionate share of uranium production from the operation according to its interest.

The transaction will be reflected in the Company's third-quarter financial results, with net proceeds to be included in the 2021 financial year results dividend calculation, according to Kazatomprom's dividend policy, subject to board and shareholder approval.

### *Sale of Astana Solar LLP*

On 29 June 2021, Kazatomprom conducted an auction to sell 100% of the authorized share capital of Kazakhstan Astana Solar LLP, with no reserve price, through an electronic auction on the web portal of the state property register. The auction was carried out in accordance with the Law of the Republic of Kazakhstan on the Sovereign Wealth Fund and the Rules for conducting electronic trading on the web portal of the state property register. The sale of the enterprise was carried out as a part of the Comprehensive Privatization Plan for 2021–2025, approved by the Government of the Republic of Kazakhstan.

## *Corporate Governance*

### *Kazatomprom's Executive Board*

On 20 May 2021, the Company's Board of Directors approved the addition of Mr. Askar Kassabekov and Mr. Alibek Aldongarov to Kazatomprom's Executive Board, which now includes nine positions, each with a term ending 24 April 2024:

- Galymzhan Pirmatov, Chief Executive Officer and Chairman of the Executive Board;
- Kamila Syzdykova, Chief Financial Officer;
- Askar Batyrbayev, Chief Commercial Officer;

- Askar Kassabekov, Chief Operations Officer;
- Mazhit Sharipov, Chief Nuclear Fuel Cycle Officer;
- Birzhan Duisembekov, Chief Strategy and Development Officer (currently on study leave until June, 2022);
- Beksultan Bekmuratov, Chief Human Resources and Communications Officer;
- Alibek Aldongarov, Chief Transformation Officer;
- Marat Yelemessov, Managing Director of Legal Support and Risks (currently on study leave until July, 2023).

Full biographies for all members of the Executive Board are available on the Company's website, [www.kazatomprom.kz](http://www.kazatomprom.kz).

### Kazatomprom's 2021 Second Quarter Operational Results<sup>1</sup>

(tU as U <sub>3</sub> O <sub>8</sub> unless noted)	Three months ended June 30			Six months ended June 30		
	2021	2020	Change	2021	2020	Change
Production volume (100% basis) <sup>2</sup>	5,527	5,213	6%	10,451	10,434	-
Production volume (attributable basis) <sup>3</sup>	3,073	2,809	9%	5,864	5,790	1%
Group sales volume <sup>4</sup>	4,915	2,466	99%	6,193	4,220	47%
KAP sales volume (incl. in Group) <sup>5</sup>	3,901	2,231	75%	5,179	3,749	38%
KAP average realized price (USD/lb U <sub>3</sub> O <sub>8</sub> ) <sup>6*</sup>	29.60	28.75	3%	29.63	27.81	7%
Average month-end spot price (USD/lb U <sub>3</sub> O <sub>8</sub> ) <sup>7*</sup>	30.85	33.33	(7%)	30.18	29.46	2%

<sup>1</sup> All values are preliminary.

<sup>2</sup> Production volume (100% basis): Amounts represent the entirety of production of an entity in which the Company has an interest; it therefore disregards the fact that some portion of that production may be attributable to the Group's joint venture partners or other third party shareholders. Actual drummed production volumes remain subject to converter adjustments and adjustments for in-process material.

<sup>3</sup> Production volume (attributable basis): Amounts represent the portion of production of an entity in which the Company has an interest, which corresponds only to the size of such interest; it therefore excludes the remaining portion attributable to the JV partners or other third party shareholders, except for production from JV "Inkai" LLP, where the annual share of production is determined as per the Implementation Agreement disclosed in the IPO Prospectus. Actual drummed production volumes remain subject to converter adjustments and adjustments for in-process material.

<sup>4</sup> Group sales volume: includes Kazatomprom's sales and those of its consolidated subsidiaries (companies that KAP controls by having (i) the power to direct their relevant activities that significantly affect their returns, (ii) exposure, or rights, to variable returns from its involvement with these entities, and (iii) the ability to use its power over these entities to affect the amount of the Group's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether KAP has power to control another entity).

<sup>5</sup> KAP sales volume (incl. in Group): includes only the total external sales of KAP HQ and Trade House KazakAtom AG (THK). Intercompany transactions between KAP HQ and THK are not included.

<sup>6</sup> KAP average realized price: the weighted average price per pound for the total external sales of KAP HQ and THK. The pricing of intercompany transactions between KAP HQ and THK are not included.

<sup>7</sup> Source: UxC, TradeTech. Amounts provided are the average of the month-end uranium spot prices quote provided by UxC and TradeTech, and not the average of each weekly quoted spot price throughout the month. Contract price terms generally refer to a month-end price.

\* Note that the conversion of kgU to pounds U<sub>3</sub>O<sub>8</sub> is 2.5998.

Production on both a 100% and attributable basis was slightly higher in the second quarter of 2021 compared to the same period in 2020, due to the impact of COVID-19 in 2020 resulting in lower production. First-half production was similar year-over-year.

Uranium sales at both the Group and KAP levels increased significantly for both the quarter and half-year due to seasonality and differences in the timing of deliveries for 2020 and 2021.

The higher uranium spot price in 2021 had a positive impact on Kazatomprom's average realized price compared to 2020. If spot prices remain higher than 2020 through to year-end, the trend of increasing average realized price is expected to continue, with the Company's delivery schedule weighted to the second half of 2021.

## Kazatomprom's 2021 Guidance

(exchange rate 430 KZT/1USD)	2021
Production volume U <sub>3</sub> O <sub>8</sub> (tU) (100% basis) <sup>1</sup>	22,500 – 22,800 <sup>2</sup>
Production volume U <sub>3</sub> O <sub>8</sub> (tU) (attributable basis) <sup>3,4</sup>	12,550 – 12,800 <sup>2</sup>
Group sales volume (tU) (consolidated) <sup>5</sup>	15,500 – 16,000
Incl. KAP sales volume (incl. in Group) (tU) <sup>6</sup>	13,500 – 14,000
Revenue - consolidated (KZT billions) <sup>7</sup>	620 – 640
Revenue from Group U <sub>3</sub> O <sub>8</sub> sales, (KZT billions) <sup>7</sup>	540 – 560
C1 cash cost (attributable basis) (USD/lb) <sup>4,*</sup>	\$9.00 – \$10.00
All-in sustaining cash cost (attributable C1 + capital cost) (USD/lb) <sup>4,*</sup>	\$12.00 – \$13.00
Total capital expenditures of mining entities (KZT billions) (100% basis) <sup>8</sup>	90 – 100

<sup>1</sup> Production volume U<sub>3</sub>O<sub>8</sub> (tU) (100% basis): Amounts represent the entirety of production of an entity in which the Company has an interest; it disregards that some portion of production may be attributable to the Group's JV partners or other third-party shareholders.

<sup>2</sup> The duration and full impact of the COVID-19 pandemic is not yet known. Annual production volumes could therefore vary from our expectations.

<sup>3</sup> Production volume U<sub>3</sub>O<sub>8</sub> (tU) (attributable basis): Amounts represent the portion of production of an entity in which the Company has an interest, corresponding only to the size of such interest; it excludes the portion attributable to the JV partners or other third-party shareholders, except for JV "Inkai" LLP, where the annual share of production is determined as per Implementation Agreement as disclosed in IPO Prospectus.

<sup>4</sup> Excludes the change in attributable share of production, C1 cash cost and all-in sustaining cash cost related to the sale of a 49% share in Ortalyk LLP to China General Nuclear (CGN), which will be reflected in future guidance updates.

<sup>5</sup> Group sales volume: includes Kazatomprom's sales and those of its consolidated subsidiaries.

<sup>6</sup> KAP sales volume: includes only the total external sales of KAP HQ and THK. Intercompany transactions between KAP HQ and THK are not included.

<sup>7</sup> Revenue expectations are based on uranium prices taken at a single point in time from third-party sources. The prices used do not reflect any internal estimate from Kazatomprom, and 2021 revenue could be materially impacted by how actual uranium prices and exchange rates vary from the third-party estimates.

<sup>8</sup> Total capital expenditures (100% basis): includes only capital expenditures of the mining entities.

\* Note that the conversion of kgU to pounds U<sub>3</sub>O<sub>8</sub> is 2.5998.

All 2021 guidance remains unchanged at this time. Revenue, C1 cash cost (attributable basis) and All-in Sustaining cash cost (attributable C1 + capital cost) may vary from the ranges shown, to the extent that the KZT-to-USD exchange rate and uranium spot price differ from the assumptions shown in the footnotes.

Kazatomprom's efforts to prevent the spread of COVID-19 and protect the health and well-being of employees and local communities has been successful in maintaining continuity of operations and production capacity thusfar in 2021. However, in 2020, the introduction of a state of emergency in the Republic of Kazakhstan and the Company's four-month suspension of certain activities at its operations, impacted exploration and development activities, which led to a shift in the commissioning schedule for new well fields. As a result of the shift, uranium production volumes through the first-half of 2021 fell short of internal expectations. As previously noted, in addition to the delayed exploration and development work, COVID-19 disrupted the overall production supply chain, resulting in a shortage of certain production materials, such as piping, which also had a negative impact on first-half production results. Despite these challenges, the Group is maintaining its 2021 production plan and making every effort to achieve it, though final year-end volumes may fall short if the wellfield development and supply chain issues continue throughout the second-half of the year.

Note that the Company only intends to update annual guidance in relation to operational factors and internal changes that are within its control. Key assumptions used for external metrics, such as exchange rates and uranium prices, are established using third party sources during the Company's annual budget process; such assumptions will only be updated on an interim basis in exceptional circumstances.

The Company continues to target an ongoing inventory level of approximately six to seven months of annual attributable production. However, inventory could fall below these levels in 2021 and 2022, due to COVID related production losses. As such, during the second quarter, several transactions to purchase material in the spot market were carried out and the Company will continue to monitor market conditions for opportunities to optimise its inventory levels.

### Conference Call Notification - 2021 Half-Year Operating and Financial Review (26 August 2021)

Kazatomprom has scheduled a conference call to discuss the 2021 half-year operating and financial results, after they are released on Thursday, 26 August 2021. The call will begin at 17:00 (AST) / 12:00 (BST) / 07:00 (EST). Following management remarks, an interactive English Q&A session will be held with investors.

For the **English** live **webcast** (participants on the webcast can also submit questions during the event), **conference call dial-in details** and for information on how to participate in the Q&A, please visit:

<https://www.lsegissuerservices.com/spark/JSCNationalAtomicCoKazatomprom/events/60374fce-8f3b-4615-be0f-105a2e5fe35e>

For the **Russian** live **webcast** (listen-only, no Q&A) and corresponding **dial-in details**, please visit:

<https://www.lsegissuerservices.com/spark/JSCNationalAtomicCoKazatomprom/events/2c98a3b7-47f7-42ae-8b88-86b45f655b87>

A recording of the webcast will also be available at [www.kazatomprom.kz](http://www.kazatomprom.kz) shortly after it concludes.

For further information, please contact:

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#### **About Kazatomprom**

Kazatomprom is the world's largest producer of uranium, with the Company's attributable production representing approximately 23% of global primary uranium production in 2020. The Group benefits from the largest reserve base in the industry and operates, through its subsidiaries, JVs and Associates, 26 deposits grouped into 14 mining assets. All of the Company's mining operations are located in Kazakhstan and extract uranium using ISR technology with a focus on maintaining industry-leading health, safety and environment standards.

Kazatomprom securities are listed on the London Stock Exchange, Astana International Exchange, and Kazakhstan Stock Exchange. As the national atomic company in the Republic of Kazakhstan, the Group's primary customers are operators of nuclear generation capacity, and the principal export markets for the Group's products are China, South and Eastern Asia, Europe and North America. The Group sells uranium and uranium products under long-term contracts, short-term contracts, as well as in the spot market, directly from its headquarters in Nur-Sultan, Kazakhstan, and through its Switzerland-based trading subsidiary, Trade House KazakAtom AG (THK).

For more information, please see the Company website at <http://www.kazatomprom.kz>

#### **Forward-looking statements**

All statements other than statements of historical fact included in this communication or document are forward-looking statements. Forward-looking statements give the Company's current expectations and projections relating to its financial condition, results of operations, plans, objectives, future performance and business. These statements may include, without limitation, any statements preceded by, followed by or including words such as "target," "believe," "expect," "aim," "intend," "may," "anticipate," "estimate," "plan," "project," "will," "can have," "likely," "should," "would," "could" and other words and terms of similar meaning or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the Company's actual results, performance or achievements to be materially different from the expected results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which it will operate in the future. THE INFORMATION WITH RESPECT TO ANY PROJECTIONS PRESENTED HEREIN IS BASED ON A NUMBER OF ASSUMPTIONS ABOUT FUTURE EVENTS AND IS SUBJECT TO SIGNIFICANT ECONOMIC AND COMPETITIVE UNCERTAINTY AND OTHER CONTINGENCIES, NONE OF WHICH CAN

BE PREDICTED WITH ANY CERTAINTY AND SOME OF WHICH ARE BEYOND THE CONTROL OF THE COMPANY. THERE CAN BE NO ASSURANCES THAT THE PROJECTIONS WILL BE REALISED, AND ACTUAL RESULTS MAY BE HIGHER OR LOWER THAN THOSE INDICATED. NONE OF THE COMPANY NOR ITS SHAREHOLDERS, DIRECTORS, OFFICERS, EMPLOYEES, ADVISORS OR AFFILIATES, OR ANY REPRESENTATIVES OR AFFILIATES OF THE FOREGOING, ASSUMES RESPONSIBILITY FOR THE ACCURACY OF THE PROJECTIONS PRESENTED HEREIN. The information contained in this communication or document, including but not limited to forward-looking statements, applies only as of the date hereof and is not intended to give any assurances as to future results. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to such information, including any financial data or forward-looking statements, and will not publicly release any revisions it may make to the Information that may result from any change in the Company's expectations, any change in events, conditions or circumstances on which these forward-looking statements are based, or other events or circumstances arising after the date hereof.