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INVESTMENT MEMORANDUM

NATIONAL ATOMIC COMPANY KAZATOMPROM JSC



**Financial Advisor and Underwriter
Joint-Stock Company Subsidiary Organization of the Halyk Bank of Kazakhstan "Halyk Finance"**



Nur-Sultan, 2019

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1. SECURITIES DETAILS

1.1. DETAILS OF THE BONDS ISSUED BY NATIONAL ATOMIC COMPANY KAZATOMPROM JOINT STOCK COMPANY ("ISSUER").

BOND TYPE	Bearer-type unsecured index-linked bonds ("Bonds").
ISIN	KZ2C00006153
CFI	DBFXFR
PAR VALUE AND INDEX-LINKED VALUE	<p>Par value of one bond is one thousand (1,000) KZT.</p> <p>An index-linked par value of one Bond is the product of par value and the rate of devaluation/revaluation of USD to KZT (Kd).</p> <p>An index-linked par value of a bond is calculated as follows: $P = Kd * N$, where P – indexed par value of a Bond N – par value of a Bond (KZT) Kd – devaluation/revaluation rate.</p> <p>Devaluation/revaluation rate is calculated as a ratio of the official USD-to-KZT (Xt) exchange rate established by the National Bank of the Republic of Kazakhstan on the last day of the period for coupon payment/Bond redemption to the same rate (Xo) on the Issue Date ($Kd = Xt/Xo$)</p> <p>The precision of the Kd characters is set at two decimal places.</p>
BONDS ISSUED	Seventy million (70,000,000) bonds
BONDS EXPECTED TO BE PLACED	Seventy million (70,000,000) bonds
EXPECTED OFFER PRICE	One thousand (1,000) KZT
TOTAL BONDS ISSUED PAR VALUE	Seventy billion (70,000,000,000) KZT
RATE OF RETURN	The interest rate on the Bonds is fixed for the entire maturity of the Bonds and is four (4) percent per annum throughout the entire maturity of the Bonds.
MATURITY TERM	<p>The Bonds' maturity term is sixty-one (61) calendar months from the Issue Date.</p> <p>The issue date is the date of the first bond placement bids run in accordance with the internal regulations of Kazakhstan Stock Exchange JSC.</p>
EXPECTED YIELD ON THE PLACEMENT DATE	The yield will be determined depending on the supply and demand from investors who submitted bids during the placement of the Bonds issued.
DATES, TERMS AND CONDITIONS OF INTEREST PAYMENT OF A BONDS ISSUE	<p>Interest on Bonds is paid one (1) time a year at the end of twelve (12) calendar months from the issue of the Bonds throughout the entire maturity of the Bonds.</p> <p>Interest is paid to those who are entitled to it and are registered in the Issuer's Bond holders system at the Record Date.</p> <p>The Record Date is the beginning of the last day of the period for which interest is paid (as of the time at the location of the Issuer's registrar).</p> <p>Interest is paid by way of wire transfer (in tenge) to the current accounts of Bond holders registered in the Bonds' holder system on the Record Date within five (5) business days from the date following the Record Date.</p> <p>The amount of the coupon per Bond at the date of payment, excluding the last coupon, is calculated as follows: $C = P * I$, where C – the size of accrued coupon per a Bond (KZT) P – index-linked par value of a Bond I – coupon/interest rate on Bonds.</p> <p>The size of the last coupon per Bond is calculated as follows:</p>

	<p>$C = P * I / 360 * D$, where</p> <p>C – the size of accrued coupon per Bond (KZT)</p> <p>P – index-linked par value of a Bond</p> <p>I – coupon/interest rate on Bonds</p> <p>D – the number of days for which coupon is paid (based on 360 days per year and 30 days in a month) in the corresponding period of the Bond maturity.</p> <p>The number of decimal places and the rounding method are determined in accordance with the internal regulations of Kazakhstan Stock Exchange JSC.</p> <p>The last coupon payment is made at the same time as the payment of the principal on the Bonds.</p> <p>Coupons will be paid based on three hundred and sixty (360) days a year and thirty (30) days a month throughout the entire maturity period.</p>
<p>PERIODS, TERMS AND CONDITIONS OF INTEREST TAXATION</p>	<p>The information below is a general overview that sets out specific tax aspects of bonds and does not provide for a full analysis of all tax aspects. Potential investors should consult their tax advisers regarding the acquisition, holding and sale of bonds and interest, the outstanding principal and/or other amounts of bonds and the consequences of such actions under the tax laws of the Republic of Kazakhstan. Unless specified otherwise, this review only considers tax laws in force and effective as of the date of this Investment Memorandum.</p> <p>In accordance with Paragraph 62) of Article 1 of the Code of the Republic of Kazakhstan <i>On Taxes and Other Mandatory Payments to the Budget</i> (“Tax Code of the Republic of Kazakhstan”), remuneration means all payments on debt securities in the form of a discount or coupon (taking into account the discount or premium on the cost of initial placement and/or the cost of acquisition), payment made to a person who is a holder of the debt securities owned by a person paying a fee, a related party.</p> <p><u>Corporate income tax:</u></p> <p>According to Paragraph 17) of Clause 1 of Article 226 of the Tax Code of the Republic of Kazakhstan, interest on a deposit, a debt security, a promissory note, an Islamic lease certificate is included in the total annual income. However, subject to Paragraph 2) of Clause 2 of Article 288 of the Tax Code of the Republic of Kazakhstan, the taxpayer may reduce his/her/its taxable income by the amount of interest on debt securities officially listed on the stock exchange operating in the Republic of Kazakhstan on the date of accrual of such interest.</p> <p>In addition, according to Paragraph 9) of Clause 2 of Article 288 of the Tax Code of the Republic of Kazakhstan, a taxpayer may reduce his/her/its taxable income for the following types of income: income from value added when sold by open bidding on the stock exchange operating in the Republic of Kazakhstan, securities officially listed on this stock exchange on the day of sale, reduced by losses incurred from the sale of securities by open bidding on the stock exchange operating in the Republic of Kazakhstan, securities officially listed on this stock exchange on date of sale.</p> <p><u>Corporate withholding tax at source:</u></p> <p>In accordance with Paragraph 4) of Clause 1 of Article 307 of the Tax Code of the Republic of Kazakhstan, remuneration paid by a resident legal entity of the Republic of Kazakhstan, a non-resident legal entity operating in the Republic of Kazakhstan through a permanent establishment, to a resident legal entity of the Republic of Kazakhstan, a non-resident legal entity operating in the Republic of Kazakhstan through a permanent establishment, is attributed to income taxed at source, unless otherwise provided for by Clause 2 of this Article.</p>

However, according to Paragraphs 4) and 12) of Clause 2 of Article 307 of the Tax Code of the Republic of Kazakhstan the interest on debt securities officially listed on the stock exchange operating in the Republic of Kazakhstan on the date of accrual of such interest and interest on debt securities paid to the entities engaged in professional activities in the securities market, legal entities through the organizations engaged in professional activities in the securities market is not taxed at source.

Paragraph 12) of Clause 1 of Article 644 of the Tax Code of the Republic of Kazakhstan stipulates that the income in the form of interest on debt securities received from the issuer shall be recognized as income of a non-resident from a source in the Republic of Kazakhstan.

However, Paragraphs 3) and 9) of Clause 9 of Article 645 of the Tax Code of the Republic of Kazakhstan state that when assessing and withholding corporate income tax at the source of payment of a non-resident legal entity, dividends and interest on securities officially listed on the stock exchange operating in the Republic of Kazakhstan on the date of accrual of such dividends and interest are not subject to taxation, as well as the amount of accumulated (accrued) interest on debt securities paid upon purchase by resident buyers.

Individual income tax:

Subject to Paragraphs 3) and 7) of Clause 1 of Article 341 of the Tax Code of the Republic of Kazakhstan, remuneration on debt securities, as well as dividends and interest on securities officially listed on the stock exchange operating in the Republic of Kazakhstan on the date of accrual of such dividends and interest are excluded from taxable income of an individual.

In addition, according to Paragraph 16 of Clause 1 of Article 341 of the Tax Code of the Republic of Kazakhstan, income from value added upon sale by open bidding at the stock exchange operating in the Republic of Kazakhstan, of securities officially listed on this stock exchange on the date of sale, are excluded from income of an individual.

BOND HOLDER RIGHTS

- to be entitled to indexed par value upon redemption of Bonds in the manner and terms stipulated by the Bond issue prospectus;
- to receive a coupon on Bonds in the manner and terms stipulated by the Bond Issue Prospectus;
- to demand Bond redemption in case of events giving rise to redemption of bonds as envisaged by Articles 15 and 18-4 of Law of the Republic of Kazakhstan No. 461-II *On the Securities Market* dated July 2, 2003 as well as if the Issuer has breached limitations (covenants) specified in Clause 12 below of the Bond Issue Prospectus;
- during the Maturity Term, in addition to the covenants (limitations) stipulated by the Law on the Securities Market, the Issuer shall comply with the following condition:
 - 1) not to make any amendments and/or additions to the Bond Issue Prospectus regarding the early Bond redemption if not agreed with the Bond holders.
- during the Maturity Term, the Issuer shall also comply with the following covenants (limitations) – regardless of the requirements set – provided for by the Law On the Securities Market:
 - 1) not to dispose of property in the Issuer's assets in an amount exceeding twenty-five percent (25%) of the total value of the Issuer's assets as of the date of disposal, unless agreed with the Bond holders;
 - 2) prevent any non-fulfillment of obligations not related to the issuance of Bonds by the Issuer by more than ten percent (10%) of the total value of the Issuer's assets as of the date of state registration of the Bond issue;

- 3) not to change form of business entity.
 - to demand early Bond redemption and indexed par value and accrued interest to be paid if Samruk-Kazyna JSC ceases to own 50% +1 ordinary share of the Issuer;
 - to sell and otherwise dispose of Bonds freely;
 - to receive information concerning the Issuer's business and financial standing in accordance with the legislation of the Republic of Kazakhstan, as well as in the manner provided by the Issuer's internal rules and internal documents of Kazakhstan Stock Exchange JSC, including;
 - 1) not to violate the deadlines for annual and interim financial statements as established by the non-government securities listing agreement, which is to be concluded between the Issuer and the Stock Exchange;
 - 2) not to violate the deadlines for audit reports on the Issuer's annual financial statements as established by the Issuer's securities listing agreement, which is to be concluded between the Issuer and the Stock Exchange.
 - to repo transactions with Bonds;
 - other rights arising from the ownership of Bonds.

TERMS AND CONDITIONS FOR THE BOND RETIREMENT BY THE ISSUER, INCLUDING IN CASE OF EARLY REDEMPTION

1) Terms and conditions for Bond redemption/retirement

The Bonds are to be redeemed at an indexed par value with the last coupon to be paid out at the same time within five (5) business days following the last day of the Maturity Term, payment to be made by wire transfer (in tenge) to current accounts of Bond holders registered in the Bond holders register as of the beginning of the last day of the Maturity Term.

If the holder of the Bonds is a non-resident of the Republic of Kazakhstan, Bond payments will be made in tenge to the bank accounts specified in the Bond holders register, if the holder of the Bonds has a bank account in tenge in the Republic of Kazakhstan. Tenge may be converted to US Dollar upon payment, if the Issuer receives a written request – no later than five (5) business days prior to the day of the corresponding payment – from a non-resident holder of the Bonds. Such conversion is to be at the rate established by the National Bank of the Republic of Kazakhstan on the date of payment. Tenge is to be converted to US Dollar at the expense of a non-resident holder of the Bonds. The Issuer's conversion related expenses will be deducted from the amount payable to a non-resident holder of the Bonds.

Tenge may not be converted into any other currency upon payments to a resident holder of the Bonds.

Place of Bond redemption: NAC Kazatomprom JSC, Nur-Sultan, Yessil District, E-10 street, 17/12, zip code Z05T1X3.

The principal and the last coupon on the Bonds will be paid by wire transfer to the current accounts of the holders of the Bonds in accordance with the Bond holder register.

2) Terms and conditions for the Bond retirement in case of an early redemption

In case of events giving rise to Bond redemption as provided in Article 15 and Paragraphs 1) and 2) of Clause 2 of Article 18-4 of Law No. 461-II *On the Securities Market* dated July 2, 2003 as well as in cases where SWF Samruk-Kazyna JSC ceases to own 50% +1 ordinary share of the Issuer, or the Issuer breaches limitations (covenants) in prior Clause/Clause 12 of the Bond Issue Prospectus, the Issuer shall inform the Bond holders of occurrence thereof by posting a message on the Issuer's corporate website www.kazatomprom.kz, and corporate website of the Financial Reporting Depository www.dfo.kz within 3

(three) business days of the occurrence date, including:

- information on which of the said events giving rise to the Bond redemption is taking place;
- the list of the actions the Bond holders can take to get their claims met, including the procedure and timelines for requesting the Bond redemption;
- other information on the Issuer's decision.

In case of events giving rise to Bond redemption as provided in Paragraphs 1) and 2) of Clause 2 of Article 18-4 of Law No. 461-II *On the Securities Market* dated July 2, 2003, the Issuer must repurchase the Bonds at the highest of the following prices:

- a price corresponding to par value of non-governmental bonds plus interest accrued;
- a fair market value of non-governmental bonds.

In case of events giving rise to Bond redemption as provided in Article 15 of Law No. 461-II *On the Securities Market* dated July 2, 2003 as well as in cases where SWF Samruk-Kazyna JSC ceases to own 50% +1 ordinary share of the Issuer, or the Issuer breaches limitations (covenants) in prior Clause/Clause 12 of the Prospectus, the Issuer shall, once requested by the Bond holders, redeem the bonds at a price corresponding to an indexed par value of the Bonds, plus interest accrued.

Bonds are to be redeemed by wire transfer of the amounts payable to the current bank accounts of the Bond holders.

The Bonds will be repurchased only against written requests submitted by the holders of the Bonds. Bond holders who have not submitted redemption requests are entitled to have their Bonds redeemed at the end of their maturity as specified in the terms of the Bonds issue.

The Bond holder may – within ten (10) calendar days from the date of the first publication of information on the occurrence of the events giving rise to the redemption of the Bonds provided for in this Clause – send a written request to the Issuer on the redemption of the Bonds.

After the first request has been received, the Issuer's Board of Directors will decide on the redemption.

The decision of the Issuer's Board of Directors on the redemption of the Bonds will be communicated to the holders of the Bonds within three (3) business days from the date of the decision by posting information on the Issuer's corporate website www.kazatomprom.kz and/or through media as identified by the Issuer's Charter as well as by posting information on the website of Kazakhstan Stock Exchange JSC www.kase.kz, and corporate website of the Financial Reporting Depository www.dfo.kz.

The Bonds shall be redeemed by the Issuer within a period not exceeding sixty (60) calendar days from the date of receipt of a written request from the Bond holder.

Interest and/or principal debt will be paid in cash.

Bond holders have no rights to be entitled to any other property equivalent or other property rights from the Issuer.

Bonds may not be redeemed by the Issuer against the request of the holders of the Bonds in other cases, except as provided by the terms of the Bonds issue.

THE ISSUER'S ACTIONS UPON

The Issuer does not have a right to an earlier bond redemption.

REDEMPTION OF BONDS AT ITS OWN INITIATIVE

Information on all stock exchanges and other regulated markets where the Issuer's securities are traded:

The Issuer's Global Depositary Receipts are traded on the London Stock Exchange, and the Issuer's Global Depositary Receipts and shares are traded on the Astana International Exchange.

There are no legislative restrictions on the cash import or export, including in the form of income on securities (remuneration, dividends).

1.2. DETAILS OF THE PLACEMENT PROCEDURE FOR ISSUED SECURITIES

THE TERM EXPECTED FOR THE PLACEMENT	Bonds are placed throughout the entire Maturity Term in the organized securities market in accordance with the internal documents of Kazakhstan Stock Exchange JSC. The Issuer does not imply any restrictions on the placement or circulation of Bonds, except for restrictions on the placement of bonds established by the legislation of the Republic of Kazakhstan. In addition, the Issuer does not imply any restrictions with respect to potential purchasers of the Bonds, including with respect to the scope of persons where it is proposed to place Bonds, including persons that are the Issuer's related parties.
PLACEMENT VENUE	Kazakhstan Stock Exchange JSC
THE PROCEDURE FOR PUBLIC DISTRIBUTION OF INFORMATION ON THE PLACEMENT OF SECURITIES, INCLUDING THE PUBLICATION OF THE RESULTS OF SUCH PLACEMENT	Information on the placement of the Issuer's securities will be posted on the website of Kazakhstan Stock Exchange JSC (http://www.kase.kz) in accordance with the terms and procedure specified in the agreement on listing of corporate equity securities by and between the Issuer and Kazakhstan Stock Exchange JSC, and the Listing Rules, on the Issuer's website (https://www.kazatomprom.kz/), as well as on the financial reporting depository's website (http://www.dfo.kz) in accordance with the terms and procedure provided for by the legislation of the Republic of Kazakhstan, and will be updated on a regular basis.
TERM, CONDITIONS AND PLACE OF BOND PAYMENT	Bonds are paid by wire transfer. When Bonds are placed by trading on the Kazakhstan Stock Exchange JSC, payment is made in accordance with the internal documents of Kazakhstan Stock Exchange JSC.

1.3. DETAILS OF THE REGISTRAR, BOND HOLDERS' REPRESENTATIVE AND PAYING AGENT.

REGISTRAR'S DETAILS	Name: Central Securities Depository JSC Registered and office address (location): Republic of Kazakhstan, 050051, Almaty, Samal-1 Microdistrict, 28 Types of activities: 1) depository activities; 2) maintaining the system of registers of securities holders; 3) arranging the trade with securities and other financial instruments; 4) clearing for transactions with financial instruments. Chief Executive Officer: President B. Kapyshev Phone and fax numbers: Tel.: +7 (727) 262 08 46, Fax: +7 (727) 262 08 46, ext. 490, 491. E-mail: csd@kacd.kz , web@kacd.kz
BONDHOLDERS' REPRESENTATIVE'S DETAILS	The Issuer does not have a bondholders' representative
PAYING AGENT'S DETAILS	The Issuer does not have a paying agent

1.4. PURPOSE AND REASON FOR THE LISTING AND FURTHER PLACEMENT OF THE SECURITIES ISSUED.

The Issuer expects to receive funds in the amount of KZT 70 billion from the placement of the Bonds. The funds received by the Issuer from the placement of the Bonds will be used to refinance all previously issued bonds

NIN KZ2C0M13F960 (state registration date: October 9, 2018) placed in the unorganized securities market, maturity date: November 11, 2019, with the interest rate of 4.6% per annum.

The Issuer does not plan to use, whether directly or indirectly, the money raised from the placement of the Bonds to purchase any assets or acquire a business other than the Issuer's core business.

2. ISSUER'S PROFILE

2.1. ISSUER'S NAME, INCORPORATION FORM AND STATE REGISTRATION AS A LEGAL ENTITY.

	FULL NAME	ABBREVIATED NAME
Kazakh	«Қазатомөнеркәсіп» Ұлттық атом компаниясы» Акционерлік қоғамы	«Қазатомөнеркәсіп» ҰАК» АҚ
Russian	Акционерное общество «Национальная атомная компания «Казатомпром»	АО «НАК «Казатомпром»
English	National Atomic Company Kazatomprom Joint Stock Company	NAC Kazatomprom JSC

The Issuer's name changed from the date of initial state registration as a legal entity (February 21, 1997) to the date of the securities listing request (April 13, 2005) due to the changes in the incorporation form.

Previous name:

Full name: National Atomic Company Kazatomprom Closed Joint Stock Company

Abbreviated name: NAC Kazatomprom CJSC

The Issuer was not incorporated as a result of reorganization of a legal entity (legal entities).

2.2. ISSUER'S FULL REGISTERED AND OFFICE ADDRESS (LOCATION), PHONE AND FAX NUMBERS, E-MAIL AND CORPORATE WEBSITE.

FULL REGISTERED AND OFFICE ADDRESS (LOCATION)	Z05T1X3, Republic of Kazakhstan, Nur-Sultan, E10 Street, 17/12
PHONE AND FAX NUMBERS	+ 7 (7172) 45-81-01 + 7 (7172) 45-81-02
E-MAIL	nac@kazatomprom.kz
CORPORATE WEBSITE	https://www.kazatomprom.kz

2.3. ISSUER'S INCORPORATION AND OPERATION HISTORY. THE PURPOSE OF THE ISSUER'S INCORPORATION AND CORE ACTIVITIES.

THE INCORPORATION AND OPERATION HISTORY

The Issuer is a joint stock company incorporated under the laws of the Republic of Kazakhstan. The Issuer was incorporated pursuant to Decree of the President of the Republic of Kazakhstan No. 3593 *On the Establishment of National Atomic Company Kazatomprom* dated July 14, 1997 and Decree of the Government of the Republic of Kazakhstan No. 1148 *The Issues of National Atomic Company Kazatomprom* dated July 22, 1997 as a closed joint stock company with 100% state participation in the authorized capital.

The Issuer is the national operator of the Republic of Kazakhstan for the import/export of uranium, rare metals, nuclear fuel for nuclear power plants.

KEY HISTORICAL EVENTS

- 1999** In 1999, Kazakhstan won the anti-dumping case in the United States, and by 2000, the Issuer had completely removed the restrictions on the sale of Kazakh uranium to the US and European markets. As a result, the geography of export of natural uranium expanded significantly.
- 2000** In 2000, Ulba Metallurgical Plant JSC (the Issuer's subsidiary) became an official certified supplier of ceramic grade uranium dioxide powders to General Electric (USA).
The Issuer ranked the 6th in the world in terms of uranium production.
The Issuer demonstrated the positive financial performance for the first time from the incorporation date.
- 2003** The Issuer ranked the second in the world in terms of beryllium products with a control of 29% of total production and the fourth in the tantalum industry.

- 2005** The Issuer expanded the international cooperation by establishing joint ventures with Sumitomo (Japan) and RosAtom (Russia).
- 2006** The Issuer established a joint venture with CGNPC (China).
- 2007** The Issuer announced a 25.7% increase in uranium production, reaching 6,600 tons.
- 2008** The Issuer entered into a strategic agreement with AREVA (currently ORANO) on the cooperation in the nuclear fuel cycle, which provided for the establishment of a nuclear fuel plant in Kazakhstan.
- On December 23, 2008, the Issuer was declared the winner of the Paryz Business Social Responsibility contest in the nomination *The Best Social Project of the Year* (category *Large Entrepreneurship Entity*). For the Issuer, this was the first official recognition of its merits in sustainable development.
- 2009** Kazakhstan became the first in the world in uranium mining; and the Issuer has been holding the position of the world leader among uranium mining companies in terms of uranium production since 2010.
- 2012** The Issuer entered into a strategic agreement with Japan Bank for International Cooperation (JBIC) and a cooperation agreement with Sumitomo Corporation and Japan Oil, Gas and Metals National Corporation regarding rare earth metal projects.
- 2013** The Issuer completed a project to establish a full-cycle solar panels plant.
- 2015** In November 2015, the Issuer and Électricité de France (EDF) entered into a contract for the supply of Kazakh natural uranium.
- Resolution No. 15/15 of the Board of Directors dated November 20, 2015 approved the Asset Restructuring Plan of NAC Kazatomprom JSC (removal of non-core and ancillary entities) in 2015–2017.
- NAC Kazatomprom JSC and NC Astana EXPO-2017 JSC concluded a memorandum on mutually beneficial cooperation, pursuant to which the Issuer intended to act as a Partner of the international exhibition.
- 2016** An award was received at the 4th Nuclear Security Summit for hosting the International Nuclear Fuel Bank (Washington, DC, 2016)
- A joint venture for the production of fuel assemblies in Kazakhstan for the needs of Chinese nuclear power plants was established
- A contract was signed with Energy Novin Company (Iran) for the supply of Kazakh natural uranium in 2017-2019
- The Issuer and Energoatom signed their first contract for the supply of enriched uranium to the Ukrainian nuclear power plants in January 2017
- In October 2016, TH Kazakatom Trading Company was established in Zug, Switzerland.
- The Issuer's representative offices in China and Russia were closed down
- The French energy company EDF conducted an audit *Environmental Production Safety and Sustainable Development* at NAC Kazatomprom JSC and Ortalyk PE LLP
- New Marketing Policy of NAC Kazatomprom JSC was approved
- 2017** A trading company established in Switzerland by the Issuer – Trading House Kazakatom AG, THK – started its operation
- 2018** The ordinary shares and global depository receipts (GDRs) of NAC Kazatomprom JSC were listed on the Astana International Exchange (AIX) and the London Stock Exchange (LSE).
- The Issuer's Board of Directors adopted a new Development Strategy, focusing on five key aspects: (i) focusing on the core business; (ii) optimizing production, processing and sales based on the market environment; (iii) adding value by strengthening the marketing function and expanding sales channels; (iv) applying best practices in business activities; and (v) developing a corporate culture consistent with the industry leader.

STRATEGY, VISION AND MISSION

The Issuer's Mission is to sustainably develop its uranium deposits and their value chain components in order to create long-term value for all its stakeholders, and the Vision is to become the Partner of choice for the global nuclear fuel industry. To that end, the Issuer seeks to achieve continued growth and strengthen its position as the leading company in the uranium industry by employing the following strategies:

- focusing on mining operations as a core business;
- following a market-centric approach to uranium production;
- maintaining global leadership in the uranium mining industry through operational excellence;
- continuing to enhance sales and marketing capabilities, and optimizing its contract portfolio;
- retaining a vigilant focus on health, safety and the environment ("HSE");
- balancing shareholder returns and optimal capital structure; and
- expanding in the nuclear value chain with select value-accretive opportunities.

The Issuer strives to be the first choice in the provision of uranium and related front-end services, focusing on reliability, technical excellence, an outstanding HSE record, and fair dealings with customers.

The Issuer's Mission highlights:

- **Sustainable Development** – the Issuer is committed to the best HSE practices and the management team is focused on continual improvement.
- **Uranium deposits and their value chain components** – the focus of the Issuer's commercial activities will remain where it has the most significant competitive advantage: uranium mining.
- **Long-term value creation** – the Issuer runs high-margin, cash generating operations with relatively modest requirements for further expansion capital in its uranium segment. With its conservative debt policy, the Issuer will therefore seek to return substantial cash flows to its shareholders, whilst preserving a conservative balance sheet structure and comfortable leverage to better position itself to act on market opportunities, should they arise.

HEALTH, SAFETY AND ENVIRONMENT

Health, safety, environmental protection, and nuclear and radiation safety are the most important priorities of the Issuer. Realizing that a successful business is built by healthy people who work on safe equipment, the Issuer continuously improves the quality of industrial safety. In order to effectively improve the safety culture, the HSE Department reports directly to the Chief Executive Officer of the Issuer. A similar approach is applied at subsidiaries throughout the Group.

Occupational health and safety

In the first half of 2019 there were two incidents registered at the Issuer's entities as a result of which four people received minor injuries. There were no incidents that resulted in complete disability or a fatality, and no industrial accidents (uncontrolled explosions, emissions of hazardous substances, or destruction of buildings) occurred during the period.

To assess the effectiveness of industrial safety measures, the Issuer uses the LTIFR indicator (Lost-Time Injury Frequency Rate), which reflects the number of incidents that led to the loss of working time per 1,000,000 hours worked.

INDICATOR	FIRST SIX MONTHS		DEVIATION
	2018	2019	
LTIFR (per million man-hours)	0.45	0.25	(44)%
Number of accidents (injured)	9	4	(56)%
Fatal case	1	-	(100)%

The Issuer continuously works with employees of subsidiaries at all levels to improve safety culture and improve the compliance with the requirements of industrial safety. Special attention is paid to the use of

preventive measures, such as identifying and responding to potentially dangerous situations, as well as conducting behavioral safety audits.

Employees are provided with personal and collective protective equipment in accordance with the needs of their job functions.

In addition to inspections of subsidiaries, the Issuer works with third party contractors to conduct regular reviews of safety practices.

Environmental protection, nuclear and radiation safety

It is well known that a major benefit of the ISR mining method is its low environment impact. In contrast to underground and open-pit mining, there are no waste rock piles or significant tailing dams required for ISR mining. As a result, the Issuer's operations have a minimal impact on land, atmosphere and water supply.

The Issuer employs reliable systems for monitoring the environment and radiation safety at all of its uranium mines.

All activities in the first half of 2019 were carried out in compliance with environmental legislation and in accordance with permits issued by authorized state bodies.

Radiation exposure and nuclear safety remained stable in the first half of 2019, with no exceedances or radiation accidents. All activities were carried out in compliance with the regulatory requirements and guidance on nuclear and radiation safety.

CORE ACTIVITIES

Pursuant to the Charter, the Issuer pursues the following types of business:

- exploration, mining, processing of uranium and its compounds, rare and rare-earth metals, production of nuclear fuel for nuclear power plants, special equipment and technologies, dual-use materials based on the IAEA guidelines;
- export and import of uranium and its compounds, rare and rare earth metals, nuclear fuel for nuclear power plants, special equipment and technologies, dual-use materials directly and/or through its subsidiaries, affiliate joint-stock companies and/or jointly controlled organizations in the manner established by law, and monitoring the sales market;
- exploration and extraction of groundwater for making sure the mining processes for uranium and its compounds, rare and rare earth metals and other minerals are supplied with water;
- trust management of property in its ownership and at its disposal as well as handing over the issuer's property to trust;
- sales of products, including, but not limited to the products of the nuclear energy complex of the Republic of Kazakhstan in the global market;
- maintenance of the nationwide reserve of nuclear materials;
- assisting in monitoring geological information on uranium deposits across the Republic of Kazakhstan;
- representing the interests of the Republic of Kazakhstan to the full extent of the powers granted to the issuer, protecting such interests in the external and internal markets in accordance with applicable law;
- participating in the delivery of the state policy to prevent predatory pricing processes in the external and internal markets for products of the nuclear power complex of the Republic of Kazakhstan;
- offering uranium product export services;
- design, construction and operation of nuclear power plants and renewable energy facilities;
- investment business, including delivery of investment projects in subsidiaries and affiliate joint-stock companies;
- safeguarding the Issuer's trade secrets, protecting state secrets;
- property rental and management;
- the Issuer has the right, in the manner and under the conditions established by law, to pursue other types of business not prohibited by law, both in the Republic of Kazakhstan and abroad.

2.4. RATINGS ASSIGNED BY INTERNATIONAL AND/OR NATIONAL RATING AGENCIES TO THE ISSUER AND/OR THE ISSUER'S SECURITIES.

The following long-term credit issuer's default ratings were assigned to the Issuer:

NAME	RATING	LATEST NOTICE DATE
Fitch Ratings	BBB-, "stable" outlook	October 5, 2018
Moody's Investors Service	Baa3, "stable" outlook	June 19, 2019

As of August 1, 2019, the Issuer does not have any outstanding securities with a credit rating assigned.

2.5. DETAILS OF LICENSES PURSUANT TO WHICH THE ISSUER OPERATES.

LICENSES

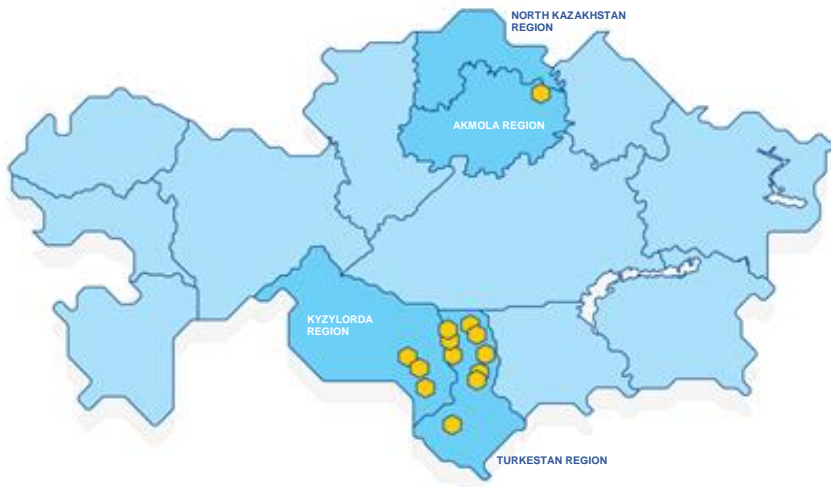
As of August 1, 2019, the Issuer has the following licenses for its core activities:

#	LICENSE TYPE OF ACTIVITIES (LICENSE TITLE)	DATE OF ISSUE	LICENSE No.	TYPE OF ACTIVITIES (VALIDITY)	LICENSOR (LICENSE ISSUING AUTHORITY)
1	State License - Handling Radioactive Substances, Devices and Plants Containing Radioactive Substances	Jul 4, 2019	No. 19014381	Selling radioactive substances, devices and plants containing radioactive substances (until Dec 4, 2019)	Committee of Atomic and Energy Supervision and Control State Institution. Ministry of Energy of the Republic of Kazakhstan.
2	State License - Handling Nuclear Materials	Jul 5, 2019	No. 19014444	-Storing nuclear materials -Nuclear materials -Selling nuclear materials - Nuclear materials (until Jan 18, 2024)	Committee of Atomic and Energy Supervision and Control State Institution. Ministry of Energy of the Republic of Kazakhstan.
3	State License for Geodetic Surveys and Cartographic Engineering	May 14, 2002	No. 00283	- Conducting geodetic survey - Cartographic engineering (perpetual)	Ministry of National Economy of the Republic of Kazakhstan. Land Resources Management Committee.

MINERAL ASSETS

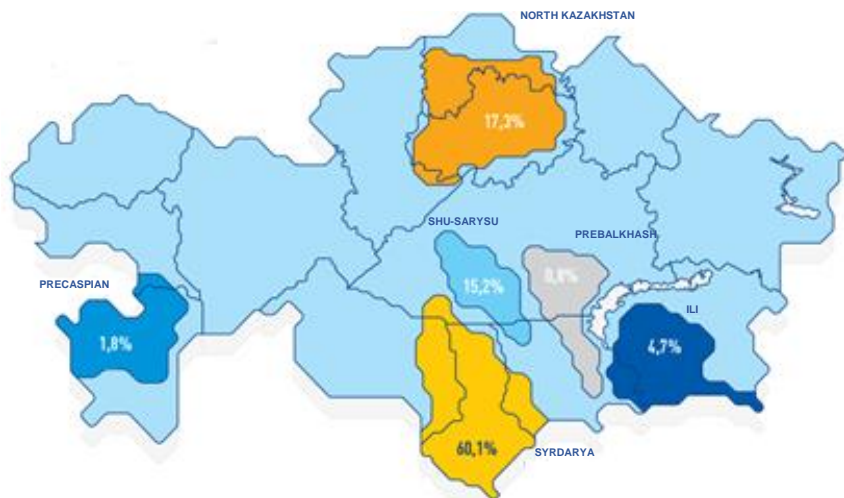
The Issuer's mineral assets are located in four main administrative regions of Kazakhstan: Kyzylorda region (Shieli and Zhanakorgan districts); Turkestan region (Sozak and Otyrar districts); North Kazakhstan region (Valikhanov district); Akmola region (Enbekshilder district).

Location of mineral assets and production and processing facilities



Uranium deposits in Kazakhstan are grouped into six uranium provinces.

Kazakhstan's uranium provinces with the distribution of uranium reserves in accordance with the SRC (State Reserves Committee) standards



Except for the Semizbai deposit situated in Northern Kazakhstan, which is located in North Kazakhstan and Akmola regions, the Issuer's deposits are located in the south of Kazakhstan – in Shu-Sarysu and Syrdarya provinces.

All mines are located in sparsely populated areas that have minimal vegetation cover. Natural vegetation in the mines varies from desert plants through shrubbery to steppe plants. Only six mines are located within 10 km of settlements, all of which are small towns or villages. In all regions, the climate is continental, with hot summers, severe winters and little rainfall (300 mm or less).

Statistic data on Mineral Assets¹

Mining subsidiary	Capital share	Geological province	Deposits	Contracts	Licensed area	Discovered	Production started	MDYP*	
			/Mining units					Depletion	Production
	(%)		(Qty)	(Qty)	(км)	(year)	(year)	(year)	(tU)
Mining assets									
Kazatomprom-SaUran LLP	100.00	Shu-Sarysu	5	5	252.90	1963	1997	2040	2,050
Ortalyk PE LLP	100.00	Shu-Sarysu	2	2	186.40	1964	2007	2032	1,974
RU-6 LLP	100.00	Syrdarya	2	1	59.58	1979	1997	2031	987
JV APPAK LLP	65.00	Shu-Sarysu	1	1	133.46	1976	2008	2036	1,000
JV Inkai LLP	60.00	Shu-Sarysu	3	1	139.00	1976	2008	2052	4,000
Semizbai-U LLP	51.00	Syrdarya; North Kazakhstan	2	2	71.20	1973	2008	2041	1,201
JV Akbastau JSC	50.00	Shu-Sarysu	3	2	2.71	1976	2009	2039	1,931
Karatau LLP	50.00	Shu-Sarysu	1	1	17.28	1979	2007	2033	3,200
JV Zarechnoye JSC	49.98	Syrdarya	1	1	38.00	1977	2007	2023	837
JV KATCO LLP	49.00	Shu-Sarysu	2	1	45.73	1976	2001	2033	4,013
JV Khorasan-U LLP	50.00	Syrdarya	1	1	70.80	1972	2008	2036	2,990
JV SMCC LLP	30.00	Shu-Sarysu	2	2	116.91	1976	2004	2036	3,080
Baiken-U LLP	52.50	Shu-Sarysu	1	1	350.00	1972	2009	2032	2,030
Subtotal			26	21	1,483.97	1963	1997	2052	28,372
Pre-mining exploration assets									
NAC Kazatomprom JSC	100.00	Shu-Sarysu	2	2	424.00	1976	n/a	n/a	n/a
Budenovskoye LLP	51.00	Shu-Sarysu	2	1	151.30	1976	n/a	n/a	n/a
Subtotal			4	3	575.30	1976	n/a	n/a	n/a
TOTAL			30	24	2,059.27	1963	1997	2052	28,372

* Mining Development Year Plan

SUBSOIL USE

The issuer and its subsidiaries and affiliates have 24 subsoil use contracts providing mining rights in respect of 25 uranium sites and exploration rights in respect of 5 uranium sites:

- The issuer and its subsidiaries own mining rights in respect of 13 uranium sites located in the provinces of Shu-Sarysu and Syrdarya, which together contain proven and probable ore reserves containing 255.4 thousand tons of UME (Uranium metal content equivalent), as well as measured and estimated mineral resources containing 395.6 thousand tons of UME as of December 31, 2018;

- Joint and associate companies of the Issuer's Group own mining rights in respect of 12 uranium sites located in the provinces of Shu-Sarysu, Syrdarya and North Kazakhstan, in which, together, proven and probable ore reserves in the amount of 265.2 thousand tons of UME and total mineral resources (including measured, estimated and previously estimated mineral resources) in the amount of 344.4 thousand tons of UME are registered on a 100% basis as of December 31, 2018.

Under the terms and conditions of subsoil use contracts by and between subsoil users and the Republic of Kazakhstan represented by the Ministry of Energy of the Republic of Kazakhstan, information received or acquired by any party in the course of performing contracts is confidential. The parties may use the confidential information to make up any necessary reports provided for by the laws of the Republic of Kazakhstan.

For this Section of the Investment Memorandum, information from the Report *Assessment of Mineral Resources and Ore Reserves for Mineral Assets of NAC Kazatomprom JSC as of December 31, 2018* made by the international consulting company SRK Consulting (UK) Limited ("SRK") was used.

As of December 31, 2018, the Issuer and its subsidiaries and affiliates have:

- Aggregate Ore Reserves in the amount of 859.7Mt (Mt - million tons) of ore with a grade of 0.061% U and containing 520.6ktU, which include:
 - Proven Ore Reserves in the amount of 474.9Mt with a content of 0.061% U and containing 291.5ktU,
 - Prospective Ore Reserves in the amount of 384.2Mt with a content of 0.060% U and containing 229.0ktU,

¹ Competent Persons Report (CPR) on the Mineral Assets of National Atomic Company Kazatomprom Joint Stock Company, Republic of Kazakhstan, dated January 12, 2019 available at: https://kazatomprom.kz/storage/e4/uk30280_kap_2019_cpr_letter.pdf

and

- Aggregate Mineral Resources in the amount of 1,373.7Mt with a content of 0.054% U, containing 740.0ktU, which include:
 - Measured Mineral Resources in the amount of 601.4Mt with a content of 0.058% U and containing 348.8ktU,
 - Indicated Mineral Resources in the amount of 764.5Mt with a content of 0.051% U and containing 387.7ktU, and
 - Inferred Mineral Resources in the amount of 7.9Mt with a content of 0.045% U and containing 3.6ktU.

Aggregate Mineral Resources and Ore Reserves of all Mineral Assets as of December 31, 2018

Mining subsidiary	Deposit	Ore Reserves			Mineral Resources		
	(Qty)	(Mt)	(%U)	(ktU)	(Mt)	(%U)	(ktU)
Mining assets							
Kazatomprom-SaUran LLP	5	71.9	0.041	29.8	73.6	0.042	30.6
Ortalyk PE LLP	2	62.4	0.045	28.0	106.9	0.040	42.3
RU-6 LLP	2	20.4	0.076	15.5	20.4	0.076	15.5
JV APPAK LLP	1	53.6	0.035	18.8	53.6	0.035	18.8
JV Inkai LLP	3	262.1	0.054	141.8	262.1	0.054	141.8
Semizbai-U LLP	2	58.8	0.046	27.3	58.8	0.046	27.3
JV Akbastau JSC	3	49.0	0.088	43.0	49.0	0.088	43.0
Karatau LLP	1	58.4	0.080	46.9	58.4	0.080	46.9
JV Zarechnoye JSC	1	8.3	0.060	5.0	11.2	0.057	6.4
JV KATCO LLP	2	55.5	0.105	58.1	55.5	0.105	58.1
JV Khorasan-U LLP	1	39.1	0.107	41.7	39.1	0.107	41.7
JV SMCC LLP	2	100.3	0.043	43.1	214.4	0.041	88.2
Baiken-U LLP	1	19.2	0.112	21.5	19.2	0.112	21.5
Subtotal	26	859.1	0.061	520.6	1,022.3	0.057	582.2
Pre-mining exploration assets							
NAC Kazatomprom JSC	2	n/a	n/a	n/a	306.1	0.041	125.1
Budenovskoye LLP	2	n/a	n/a	n/a	45.3	0.072	32.7
Subtotal	4	n/a	n/a	n/a	351.4	0.045	157.8
TOTAL	30	859.1	0.061	520.6	1,373.7	0.054	740.0

2.6. NAMES, REGISTRATION DATES, REGISTERED AND OFFICE ADDRESSES (LOCATIONS) OF ALL THE ISSUER'S BRANCHES AND REPRESENTATIVE OFFICES.

The Issuer has a US-based representative office in the city of Bethesda, Maryland.

BRANCH/REPRESENTATIVE OFFICE NAME	LOCATION / MAILING ADDRESS	REGISTRATION DATE
US Representative Office of NAC Kazatomprom JSC	7315 Wisconsin Avenue Suite 700E, MD, Bethesda; Zip code: 20814	May 1, 2013

2.7. EQUITY

As of August 1, 2019

AUTHORIZED ORDINARY SHARES (TYPE)	259,356,608
OUTSTANDING ORDINARY SHARES (TYPE)	259,356,608
RIGHTS GRANTED TO THE SHARE HOLDER	The Issuer's shareholder has right to: <ol style="list-style-type: none"> 1) participate in the Issuer's governance as provided by the Law and/or the Issuer's Charter ("Charter"); 2) receive dividends; 3) receive information on the Issuer's activities, including the Issuer's financial statements, as specified by the Issuer's general meeting of shareholders ("General Meeting of Shareholders") or Charter; 4) receive extracts from the central depository or nominee holder confirming their ownership of securities;

5) propose the candidates to the General Meeting of Shareholders to be elected to the Issuer's Board of Directors ("Board of Directors");

6) challenge the resolutions made by the Issuer's bodies in court;

7) address written requests to the Issuer for the Issuer's activities and receive justified answers within thirty (30) calendar days from the date of the request received by Issuer. Moreover, the information constituting state secrets is accessed as provided by the laws of the Republic of Kazakhstan;

8) a part of property upon liquidation of the Issuer;

9) pre-emptive purchase of the Issuer's shares or other securities convertible into the Issuer's shares as provided by the Law, except for the cases provided for by the legislation of the Republic of Kazakhstan;

10) participate in making the resolution by the General Meeting of Shareholders to change the number of Issuer's shares or their type as provided by the Law of the Republic of Kazakhstan *On Joint-Stock Companies* ("Law");

11) when owning, whether on its own or jointly with other shareholders, five percent (5%) or more of the Issuer's voting shares:

- propose some additional issues for the Board of Directors to be included in the agenda of the General Meeting of Shareholders in accordance with the Law;
- receive information on the amount of remuneration based on the annual performance of an individual member of the Board of Directors and/or the Management Board of the Issuer in cases stipulated by the Law;
- address the judicial authorities on its own behalf in the cases provided for by the Law, demanding the Issuer being compensated by the Issuer's officials for losses incurred by the Issuer, and the profit (income) being refunded to the Issuer if received by the Issuer's officials and/or their affiliates as a result of making decisions on making (proposals to make) major transactions and/or related party transactions.

A large shareholder (one or more shareholders acting under an agreement entered into by them that (alone or jointly) owns ten percent (10%) or more of the Issuer's voting shares) has the following extra rights:

- 1) require to convene an extraordinary General Meeting of Shareholders or apply to the court with a lawsuit to convene it if the Board of Directors has refused to convene the General Meeting of Shareholders;
- 2) require to convene a meeting of the Issuer's Board of Directors;
- 3) require an auditor to audit the Issuer at its own expense.

EQUITY HISTORY

At the time of incorporation, in 1997, the Issuer's Equity of KZT 3,373,136,000 was formed by the property portfolio of southern mine groups (Central, Stepnoy and Mine Group No. 6) and state-owned stake of Volkovgeologiya JSC, UMP and KATEP JSC.

For the period from 2005 to 2007, the Issuer's Equity increased by a total of KZT 33,319,225,000 (33,319,225

shares) from the contributions of the sole shareholder represented by the Ministry of Energy and Mineral Resources of the Republic of Kazakhstan made in the amount of KZT 33,157,311,000, with securities in the amount of KZT 52,115,000, property rights in the amount of KZT 109,799,000.

In January 2009, the shareholder changed and the ownership of the Issuer's shares was assigned by the Ministry of Energy and Mineral Resources of the Republic of Kazakhstan to Samruk-Kazyna JSC 100%-owned by the Government of the Republic of Kazakhstan.

For the period since 2009, the Issuer's Equity has increased by a total amount of KZT 358,583,000 (358,583 shares) from to contributions of the sole shareholder represented by Samruk-Kazyna JSC made by securities in the amount of KZT 92,600,000 and property rights in the amount of KZT 265,983,000.

In August 2018, the National Bank of the Republic of Kazakhstan registered the split of the total number of the Issuer's outstanding (paid-up) shares in a ratio of 1 to 7. As a result of this increase, the number of the Issuer's authorized and outstanding (paid-up) ordinary shares increased from 37,050,944 to 259,356,608 shares.

On November 13, 2018 Samruk-Kazyna JSC offered 38,903,491 shares, including global depositary receipts or GDRs, which is 15% of the Issuer's equity in the form of a dual listing on the London Stock Exchange (LSE) and Astana International Exchange (AIX). Each GDR represents one share. The offer price was 11.60 USD per GDR and 4,322.74 KZT per ordinary share, respectively.

As of August 1, 2019, 85.08% of the Issuer's shares belong to Samruk-Kazyna JSC and 14.92% of float; the Issuer's Equity is KZT 37,050,945,000.

2.8. SELECTED FINANCIAL DATA

Selected historical financial data confirmed by audit reports for 2016-2018 and interim data at the end of the first six months of 2019.

INDICATOR, million KZT	31.12.2016 ²	31.12.2017 ³	31.12.2018	30.06.2019 ⁴
Assets	820,031	938,032	1,381,116	1,578,514
Net assets	567,830	641,176	963,010	1,140,602
Equity	36,785	37,051	37,051	37,051
Number of shares*	36,784,961	37,050,944	259,356,608	259,356,608
	FOR 2016	FOR 2017	FOR 2018	FOR 6M 2019
Gross income	110,433	67,112	122,815	46,959
Profit / (loss) from the operating activities	73,242	32,602	77,480	27,094
Profit / (loss) from continuing activities	111,555	136,723	379,162	103,956
Profit / (loss) for the period	111,555	139,154	380,266	103,956
Profit / (loss) from the operating activities per share, KZT	1,995	882	299	104
Profit / (loss) from continuing activities per share, KZT	3,038	3,699	1,431	358
Dividends per share	1,790	4,374	308	-
Diluted profit per share	2,963	3,748	1,435	358

* In 2018, the National Bank of the Republic of Kazakhstan registered the split of the total number of the Issuer's outstanding (paid-up) shares in a ratio of 1 to 7.

** The figures for 2016-2017 were disclosed in accordance with the audit reports for the next periods.

As of August 1, 2019:

The Issuer has not repurchased its outstanding shares.

Subsidiaries do not own the Issuer's shares.

The Issuer has not issued any shares not included in its equity.

² According to the Annual Financial Statements for 2015-2017, https://www.kazatomprom.kz/ru/investors/lse_prospectus

³ According to the Annual Financial Statements for 2017-2018, taken from the financial statements for 2018 at: https://www.kazatomprom.kz/storage/1a/nac_kazatomprom_31_december_2018_0.pdf

⁴ According to financial statements for 6 months of 2019, taken from the Overview of the Financial Statements for 6 months of 2019 at: https://www.kazatomprom.kz/storage/78/kfo_za_3_i_6_mesyatsev_zakonchivshihnya_30_iunya_2019_rus_yaz.pdf

3. GOVERNANCE AND SHAREHOLDERS

3.1. STRUCTURE OF THE ISSUER'S GOVERNANCE BODIES.

Supreme Body is the General Meeting of Shareholders (the Sole Shareholder used to be the Issuer's supreme body before the General Meeting of Shareholders was established);

Governance Body is the Board of Directors;

Executive Body is the Management Board headed by its chairman, called the "Chairman of the Board";

The body supervising the Issuer's business and financial activities is the Internal Audit Service;

The competence of the governance bodies is determined in compliance with the laws of the Republic of Kazakhstan and the Issuer's Charter.

General Meeting of Shareholders

The exclusive competence of the General Meeting of Shareholders includes the following issues:

- 1) make amendments to the Charter or its approval in a new wording;
- 2) conduct the Issuer's voluntary reorganization or liquidation;
- 3) make decisions to increase the number of the Issuer's authorized shares, determine their type or change the type of the Issuer's unallocated authorized shares;
- 4) identify the terms and conditions for converting the Issuer's securities and their change;
- 5) make decisions to issue securities convertible into the Issuer's ordinary shares;
- 6) make decisions to exchange the outstanding shares of one type with the shares of a different type, determine the terms and conditions for such exchange;
- 7) make decisions to remove (delist) the Issuer's securities, whether temporarily or permanently, from the official list of the stock exchange where the Issuer's securities are circulating;
- 8) approve the Corporate Governance Code and any amendments thereto;
- 9) identify the number of members and term of office of the counting commission, election of members of the counting commission and early termination of their powers;
- 10) identify the number of members and term of office of the Board of Directors, election of the Chairman and Members, early termination of their powers, approve the regulations on the Board of Directors, and determine the remuneration amount and payment terms and reimbursement the members of the Board of Directors for the expenses related to the performance of their duties;
- 11) designate the auditor to conduct the audit of the Issuer;
- 12) approve the Issuer's annual financial statements (whether consolidated or separate);
- 13) approve the procedure for distributing the Issuer's net income for the reporting financial year, make a decision to pay dividends on ordinary and preference shares (if any are issued by the Issuer), and approve the dividend amount per one (1) ordinary share and one (1) preference share of the Issuer (if any);
- 14) make a decision not to pay dividends on the Issuer's ordinary shares;
- 15) approve the Issuer's dividend policy;
- 16) make a decision for the Issuer to make interested party transactions in cases provided for by the laws of the Republic of Kazakhstan;
- 17) determine the form of a notice given by the Issuer to shareholders to convene the General Meeting of Shareholders;
- 18) approve the methodology for determining the value of shares when they are redeemed by the Issuer in the unorganized market, and amendments thereto;
- 19) make a decision to grant share options to members of the Board of Directors;
- 20) approve the agenda of the General Meeting of Shareholders;
- 21) determine the procedure for providing shareholders with information on the Issuer's activities, unless such procedure is not determined by the Issuer's Charter;
- 22) make a decision on the Issuer's participation in the incorporation or operation of other legal entities or cessation of membership (resignation from the shareholders) of other legal entities by assigning (receiving) one or more portions of assets in the amount of twenty-five percent (25%) and more of all the Issuer's assets;
- 23) make a decision to make a major transaction by the Issuer, which results (may result) in the Issuer's acquisition or alienation of property, the value of which is fifty percent (50%) or more of the total carrying value of the Issuer's assets as of the date of the decision on the transaction, which results (may result) in acquisition or alienation of fifty percent (50%) or more of the total carrying value of its assets; and
- 24) other issues, decision-making on which falls within the exclusive competence of the General Meeting of Shareholders under the laws of the Republic of Kazakhstan and/or the Charter.

Board of Directors

The exclusive competence of the issuer's Board of Directors includes the following issues:

- 1) identify priority lines of the Issuer's activities, approve the Issuer's development strategy and development plans (amendments thereto), approve the annual report on the implementation of the Issuer's development strategy;
- 2) approve the Issuer's consolidated business plan for a five (5) year period, monitor its implementation and performance and approve adjustments to the consolidated business plan;
- 3) make decisions to place (sell), including a number of shares to be placed (sold) within the number of authorized shares, the method and price of their placement (sale);
- 4) make decisions on redemption of outstanding shares or other securities by the Issuer and the price of such redemption;
- 5) give a preliminary approval of the Issuer's annual financial statements (consolidated and separate), approve the annual performance report of the Issuer's Board of Directors and Executive Board;
- 6) approve the Issuer's integrated annual report;
- 7) review and approve the Issuer's interim financial statements (biannual);
- 8) determine the amount of fees for the auditing services for the audit of the Issuer's financial statements and for appraising services for appraisal of the market value of property which is transferred for payment of the Issuer's shares or is the subject of a major transaction;
- 9) determine terms and conditions for issuing the Issuer's bonds and derivatives, and make decisions on their issue;
- 10) determine the number of members and term of office of the Issuer's Management Board, approve the regulations on the Management Board, elect the Chairman of Management Board and members of Management Board, and terminate early their powers, determine the amount of official salaries and terms of remuneration, bonuses and social support of the Chairman of Management Board and members of Management Board, make a decision to impose and cancel disciplinary penalties on the members of Management Board;
- 11) make a decision to convene the annual and extraordinary General Meeting of Shareholders;
- 12) give recommendations to the General Meeting of Shareholders regarding the amount and payment terms of remuneration to members of the Board of Directors;
- 13) establish a committee or other body of the Board of Directors, determine the procedure for their establishment and operation, number of members, activities and competences, approve regulations on such committees or bodies;
- 14) establish and monitor compliance of the Issuer's internal control procedures;
- 15) determine the number and term of office of the Internal Audit Service employees, approve the regulations on the Internal Audit Service, appoint its manager and members, and terminate their powers early, determine the procedure for the operation of the Internal Audit Service, its competences and functions, and the amount and terms of remuneration, bonuses and social support, make decisions to impose disciplinary penalties on the employees of the Internal Audit Service, approve the annual audit plan of the Issuer's Internal Audit Service, review quarterly and annual reports of the Issuer's Internal Audit Service and make decisions on them;
- 16) appoint and determine the term of office of the manager of the Issuer's Compliance Service, and terminate his/her powers early, approve the Regulations on the Compliance Service, determine the procedure for the operation of the Issuer's Compliance Service, its competences and functions, and the amount and terms of remuneration, bonuses and social support, make decisions to impose disciplinary penalties on the manager of the Compliance Service, approve the action plan for the Issuer's Compliance Service, review quarterly and annual performance reports of the Compliance Service and make decisions on them, approve the Issuer's policies, procedures and other internal documents on compliance issues;
- 17) appoint and determine the term of office of the corporate secretary, terminate his/her powers early, approve the regulations on the corporate secretary, make a decision to establish the corporate secretary service, and determine the amount of official salary and terms of remuneration, social support of the corporate secretary, make decisions to impose disciplinary penalties on the corporate secretary;
- 18) appoint and determine the term of office of the ombudsman, terminate his/her powers early, approve the regulations on the ombudsman, and determine the amount of official salary and terms of remuneration, social support, make decisions to impose disciplinary penalties on the ombudsman, review performance reports of the ombudsman and make decisions on them;
- 19) determine the procedure for using the Issuer's reserve capital (if any);
- 20) approve documents regulating the Issuer's internal activities, the list of which is approved by the Board of Directors, including an internal document establishing the terms and procedure for placement of the Issuer's securities through auctions and/or subscriptions;
- 21) make decisions to acquire (alienate) ten percent (10%) and more of shares (interests in the authorized capital) of other legal entities by the Issuer;
- 22) make decisions on the Issuer's participation in establishment or operation of other legal entities or on the cessation of the membership (resignation from the shareholders) of other legal entities through the transfer

(receipt) of a part or some parts of the assets, except for the cases provided for in Paragraph 22) of Clause 106 of the Charter;

23) make decisions to establish or close down the Issuer's foreign branches and representative offices and approve regulations on them;

24) make decisions to make major transactions by the Issuer in compliance with the Legislation, except for major transactions falling within the competence of the General Meeting of Shareholders under the Issuer's Charter;

25) make decisions to make interested party transactions by the Issuer, except for interested party transactions falling within the competence of other bodies of the Issuer under the Charter;

26) make decisions to increase the Issuer's liabilities by an amount equal to ten percent (10%) and more of the Issuer's equity;

27) acquisition, transfer by the Issuer (or any of its subsidiaries or jointly controlled entities) of licenses or subsoil use contracts in the Republic of Kazakhstan and outside, make amendments to such licenses or contracts (except for changes in the details of the parties and changes of editorial nature), enter into contracts with strategic partners under the legislation on subsoil use;

28) provide a preliminary approval of the Issuer's dividend policy and submit it for approval by the General Meeting of Shareholders;

29) give recommendations to the General Meeting of Shareholders on the procedure for distributing the Issuer's net income for the terminated financial year and on the dividend amounts per one (1) ordinary and one (1) preference share of the Issuer paid by the Issuer at the end of the year and/or subject to the procedure described in the Issuer's dividend policy;

30) monitor the compliance with the listing rules of the stock exchange, where the Issuer's securities are circulating;

31) give a preliminary approval of the decision on temporary or permanent delisting of the Issuer's securities from the stock exchange, where the Issuer's securities are listed;

32) approve any plans of options (option programs) for shares and/or long-term incentive plans for the Chairman of Management Board, members of the Issuer's Management Board and employees of the Issuer;

33) approve the Issuer's social expenses for an amount equivalent to or exceeding zero point twenty-five per cent (0.25%) of the cost of all assets that belong to the Issuer (except for the social expenses as required by the Legislation, in cases provided for in the Charter, or under existing agreements);

34) approve the total number of the Issuer's employees, including the Issuer's representative offices and branches, the structure of the Issuer's central office;

35) make a decision to give consent to elect members of the Issuer's Management Board to the bodies of another legal entity or get employed by another organization;

36) assess the efficiency of the Issuer's corporate governance system;

37) approve key performance indicators of the Chairman of Management Board and members of the Issuer's Management Board and their target and actual values, key performance indicators of the Issuer's Internal Audit Service, Compliance Service, Corporate Secretary and Ombudsman and monitor the implementation;

38) approve the Issuer's accounting policy, make amendments thereto;

39) approve a document regulating management of the assets of the Issuer and legal entities whose shares (interests) are directly or indirectly owned by the Issuer (including but not limited to restructuring, reorganization, liquidation, acquisition and/or alienation, transfer to trust management, imposition/creation of encumbrances, etc.), monitor its implementation, and revise this document on a regular basis;

40) approve internal documents relating to appointment of officials in legal entities whose shares (interests) are directly or indirectly owned by the Issuer;

41) identify the Issuer's risk management strategy and policy, ensure compliance and assess the efficiency of the risk management system;

42) make decisions on matters related to the competence of the general meeting of shareholders (members) of a legal entity, ten percent (10%) and more percent of shares (interests in the authorized capital) of which are owned by the Issuer;

43) make decisions on matters provided for by the Legislation and by internal documents approved by the General Meeting of Shareholders, except for decisions falling within the competence of the Issuer's General Meeting of Shareholders or Management Board;

44) review Management Board's report with information on the key activities that took place in the reporting period, including updates on each of the operational lines of activities, including but not limited to implementation of the strategy and expectations of shareholders, investment projects, progress in achieving corporate key performance indicators of the status of occupational safety and performance of the transformation program;

45) review Management Board's report describing the financial results of the activities for the expired period, explaining any deviations from the plan, analyzing these deviations;

46) approve strategic documents on sustainable development, a sustainable development report and plan of actions;

- 47) identify the information concerning the Issuer or the Issuer's activities, which constitutes an official, commercial or other secret protected by the Legislation;
- 48) make a decision for the Issuer to make a transaction or a series of related transactions, which results (may result) in the Issuer's acquisition or alienation of property, the value of which is ten percent (10%) and more percent of the total value of the Issuer's assets, except for the transactions, the decisions on which are taken by the General Meeting of Shareholders;
- 49) approve and monitor efficient implementation of major investment projects and other key strategic projects;
- 50) make a decision to make transactions with state authorities, state institutions and state enterprises, legal entities with fifty and more percent of voting shares (interest in the authorized capital) belonging to the state, and state-affiliated legal entities, except for transactions with the Issuer's subsidiaries and/or affiliates, as well as contracts, the standard form of which is established by the legislation of the Republic of Kazakhstan;
- 51) give a preliminary approval of the amendments to the Charter or approve the Charter in a new edition;
- 52) other issues provided for by the laws, listing rules of the relevant stock exchange, Issuer's Charter, Issuer's internal documents, methodological recommendations and corporate standards for legal entities with more than fifty percent (50%) of voting shares (interest) directly or indirectly owned by Samruk-Kazyna Sovereign Wealth Fund.

The Issuer's Management Board.

The competence of the Issuer's Management Board includes making decisions on the following issues:

- 1) approve documents regulating the Issuer's internal activities (except for the documents adopted by the General Meeting of Shareholders and/or the Issuer's Board of Directors in accordance with the Legislation and/or the Charter);
- 2) appoint managers of the Issuer's branches and representative offices (both in Kazakhstan and abroad);
- 3) approve and submit the Issuer's development strategy, the Issuer's development plan (business plan) for a five (5) year period and adjustments thereof for the Issuer's Board of Directors to review;
- 4) approve the annual report on implementation of the Issuer's development strategy, a separate annual budget (including the financial plan, consolidated investment plan and estimated administrative expenses of the Issuer) and a separate Business Plan of the Issuer for a five (5) year period;
- 5) establish and close down the Issuer's branches and representative offices located in the Republic of Kazakhstan, and approve regulations on them;
- 6) the Issuer makes transactions not falling within the competence of other Issuer's bodies and Chairman of the Issuer's Management Board under the laws and/or the Charter;
- 7) make a transaction or a series of related transactions, which results (may result) in the Issuer's acquisition or alienation of property, the value of which is less than ten percent (10%) of the total value of the Issuer's assets;
- 8) submit the total number of the Issuer's employees and the structure of the central office for the Issuer's Board of Directors to consider;
- 9) approve the Issuer's manning table, including its branches and representative offices, taking into account the total number of Issuer's employees approved by the Board of Directors, the structure of the Issuer's central office;
- 10) approve rules on remuneration, provision of social support, plans of official salaries of the Issuer's administrative and management personnel (except for the members of the Issuer's Management Board, employees of the Issuer's Internal Audit Service, employees of the Issuer's Compliance Service, the Issuer's Corporate Secretary and Ombudsman);
- 11) provide sponsorship and charity support by the Issuer in accordance with the Legislation, sponsorship and charity support policy of Samruk-Kazyna JSC and Issuer's internal documents;
- 12) elect the Secretary of the Issuer's Management Board as presented by the Chairman of the Issuer's Management Board;
- 13) make decisions on implementation of social programs for development of the social sphere of the regions and training of Kazakh personnel and determine the amount of funds for their implementation;
- 14) determine the amount of the appraiser's fee for assessing the market value of property transferred as payment of the Issuer's shares or being the subject of a major transaction;
- 15) establish committees under the Issuer's Management Board in certain focus areas of the Issuer's activities, decision-making on establishment of which does not fall within the competence of other bodies of the Issuer;
- 16) approve the Issuer's tax accounting policy;
- 17) settle corporate conflicts on matters within its competence;
- 18) monitor the implementation of decisions of the General Meeting of Shareholders and the Issuer's Board of Directors, provide information on implementation as requested;
- 19) develop common financial, investment, production and economic, scientific and technical, accounting, tax, risk management policies, and other policies relating to the Issuer's subsidiaries and affiliates when approving their development strategies, development plans, conducting their current activities, preparing financial

statements and its audit, and other standard documents subject to Clause 111 of the Charter;

20) submit an integrated annual report of the Issuer to the Issuer's Board of Directors for approval, and preliminary approval of the Issuer's annual financial statements (consolidated and separate);

21) submit the Issuer's dividend policy to the Issuer's Board of Directors for preliminary approval;

22) submit the Issuer's corporate accounting policy to the Issuer's Board of Directors for approval and making amendments and additions to it;

23) submit the reports specified in Paragraphs 44)-45) of Clause 111 of the Charter for consideration of the Board of Directors;

24) approve sustainable development documents (if not included in Paragraph 1) of this Clause);

25) make the Issuer's Interested party transactions with:

a) Samruk-Kazyna JSC;

b) legal entities with more than fifty percent of voting shares (interest in the authorized capital) directly or indirectly owned by the Issuer by right of ownership or trust management;

c) legal entities with more than fifty percent of voting shares (interest in the authorized capital) directly or indirectly owned by Samruk-Kazyna JSC by right of ownership or trust management as part of the implementation of state programs and business transformation program of Samruk-Kazyna JSC;

26) other issues provided for by the laws of the Republic of Kazakhstan, the Charter and internal documents of the Issuer, that do not fall within the competence of the Issuer's General Meeting of Shareholders or Board of Directors.

3.2. MEMBERS OF THE ISSUER'S BOARD OF DIRECTORS.

As of August 1, 2019, the Issuer has the following Members of the Board of Directors

NAME AND DATE OF BIRTH	DATE OF ENTRY INTO OFFICE	POSITIONS HELD BY EACH MEMBER OF THE ISSUER'S BOARD OF DIRECTORS FOR THE PAST THREE YEARS AND CURRENTLY CHRONOLOGICALLY, INCLUDING PART-TIME POSITIONS
Jon Dudas 24.12.1959	28.11.2015	Since 2012, Independent Adviser, business adviser to mining companies, Since 2015, Independent Director of the Board of Directors of NAC Kazatomprom JSC, Since August 2018, Chairman of the Board of Directors, Independent Director of NAC Kazatomprom JSC.
Neil Longfellow 20.11.1958	30.06.2017	Since 2015, Managing Director, INCL, Member of the Board of Directors of Guinea Alumina Corporation S.A.
Russell Banham 15.01.1954	14.08.2018	Since 2014, Independent Director in various international companies
Almassadam Satkaliyev 31.10.1970	30.05.2019	2012-2018, Chairman of the Management Board, Samruk-Energy JSC, 2018-2018, Deputy Chairman of Association of Legal Entities "Kazakhstan Association of Oil-Gas and Energy Sector Organizations "KAZENERGY", Since 2018, Managing Director for Asset Management of Samruk-Kazyna JSC.
Kanat Kudaibergen 03.06.1979	14.08.2018	2015 – 2016, Kazatomprom, Trading and Transportation Company LLP, First Deputy General Director, 2016 – 2018, NAC Kazatomprom JSC, Karatau LLP, General Director, 2018 – 2018, NAC Kazatomprom JSC, Managing Director of the uranium mining division, Since 2018, NMC Tau-Ken Samruk JSC, Chairman of the Management Board.
Beybit Karymsakov 31.10.1962	23.04.2018	2015-2018, Managing Director, NC Astana EXPO-2017 JSC, Since 2018, Managing Director for Economy and Finance of Samruk-Kazyna JSC.

NAME AND DATE OF BIRTH	DATE OF ENTRY INTO OFFICE	POSITIONS HELD BY EACH MEMBER OF THE ISSUER'S BOARD OF DIRECTORS FOR THE PAST THREE YEARS AND CURRENTLY CHRONOLOGICALLY, INCLUDING PART-TIME POSITIONS
Galymzhan Pirmatov 24.04.1972	29.09.2017	2015-2017, Deputy Chairman of the Management Board of the National Bank of the Republic of Kazakhstan, Since 2017, Chairman of the Management Board, NAC Kazatomprom JSC.

As of June 28, 2019, the Chairman of the Issuer's Board of Directors holds voting shares of the Issuer in the amount of 0.0000077% of the total number of shares.

Other members of the Issuer's Board of Directors do not hold any voting shares of the Issuer.

Members of the Board of Directors do not own shares (interest in the authorized capital) in the Issuer's subsidiaries or affiliates

In 2018, members of the Issuer's Board of Directors and the Management Board (independent directors) received remuneration totaling to KZT 932.2 million (before taxes and other mandatory payments).

No savings are made to provide pension benefits to members of the Board of Directors.

The pension contributions were accrued and transferred to the members of the Management Board who are residents in accordance with the Law of the Republic of Kazakhstan *On Pension Provision in the Republic of Kazakhstan*.

COMMITTEES OF THE BOARD OF DIRECTORS

In order to create a platform for active discussion and a detailed analysis of individual issues of governing the Issuer, four committees operate under the Board of Directors: the Audit Committee, the Strategic Planning and Investment Committee, the Nomination and Remuneration Committee and the Health, Safety and Environment Committee.

The activities of the committees are regulated by the relevant regulations of these committees.

According to the regulations on the committees, only independent directors can be elected as members of the Audit Committee, and independent directors should constitute a majority in other committees. In addition, according to the Law of the Republic of Kazakhstan No., 415-II dated May 13, 2003 "On Joint-Stock Companies", independent directors are chairpersons of committees of the Board of Directors.

Audit Committee

The Audit Committee was established as an advisory body of the Board of Directors and gives recommendations on the effectiveness of financial control, internal controls and risk management of the Issuer. The Audit Committee also oversees the activities of the Internal Audit Service, the Compliance Service, and also monitors the Company's corporate governance system and controls the quality of non-financial information and reporting, including the Integrated Annual Report and Sustainable Development Report. The Audit Committee acts in the interests of the Issuer's shareholders and assists the Board of Directors by providing recommendations on the following:

- financial reporting issues;
- issues of internal control and risk management;
- issues of external audit;
- issues of internal audit;
- compliance and observation of laws issues;
- other issues in accordance with the requirements of the Regulation on the Audit Committee.

Strategic Planning and Investment Committee.

The Strategic Planning and Investment Committee was established as an advisory body of the Board of Directors and gives recommendations on the strategic areas of the Issuer's activity as well as on the investment and innovation activity of the Issuer. The Strategic Planning and Investment Committee acts in the interests of the Issuer's shareholders and assists the Board of Directors by providing recommendations on:

- developing the Issuer's strategy, evaluating the performance of measures intended to implement the strategy, means to achieve the strategy goals, the Issuer's internal documents related to the development of the Issuer's strategy, strategic decisions related to improving efficiency in the short and long term, strategic decisions on mergers and acquisitions and reorganization procedures;
- internal documents regulating the Issuer's investment activities, the Issuer's investment projects within the framework of the Issuer's strategy, changes in market environment and laws that may affect the Issuer's development, approval of the general development plan;
- reviewing and evaluating the Issuer's investment and innovation projects at all stages of its development.

Nomination and Remuneration Committee.

The Nomination and Remuneration Committee was established as an advisory body of the Board of Directors and gives recommendations on candidates for the Board of Directors, the Management Board, for the positions of Corporate Secretary, Ombudsman and heads of structural subdivisions of the Issuer, other employees whose appointment or approval is made by the Board of Directors (except for employees of the Internal Audit Service and the Compliance Service), according to the policy and the structure of remuneration to members of the Board of Directors, members of the Management Board, Corporate Secretary, according to key performance indicators of members of the Management Board of the Issuer, according to the effectiveness of the Issuer's Personnel Policy. The Nomination and Remuneration Committee acts in the interests of the Issuer's shareholders and works to assist the Board of Directors by providing recommendations on:

attracting qualified specialists to the Board of Directors, the Management Board, for the position of the Issuer's corporate secretary and other employees appointed or coordinated by the Board of Directors;

making proposals for the Board of Directors on remuneration of independent directors, members of the Management Board, corporate secretary in compliance with the goals, objectives, current position of the Issuer and the remuneration in similar companies, by type and scope of functions;

the Issuer's HR policy, the procedure for nominating members of the Board of Directors and the Management Board, the rules for evaluating the activities of members of the Board of Directors and the Management Board, the corporate secretary, advanced training of members of the Board of Directors and other issues as decided by the Board of Directors.

Health, Safety and Environment Committee

The Health, Safety and Environment Committee was established as an advisory body of the Board of Directors and gives recommendations on regular reports on the state of industrial safety in the Issuer and the Issuer's subsidiaries and affiliates. The Committee also reviews reports on social issues and on sustainable development issues in the Issuer. Health, Safety and Environment Committee acts in the interests of the Issuer's shareholders and works to assist the Board of Directors.

3.3. THE ISSUER'S EXECUTIVE BODY (MANAGEMENT BOARD)

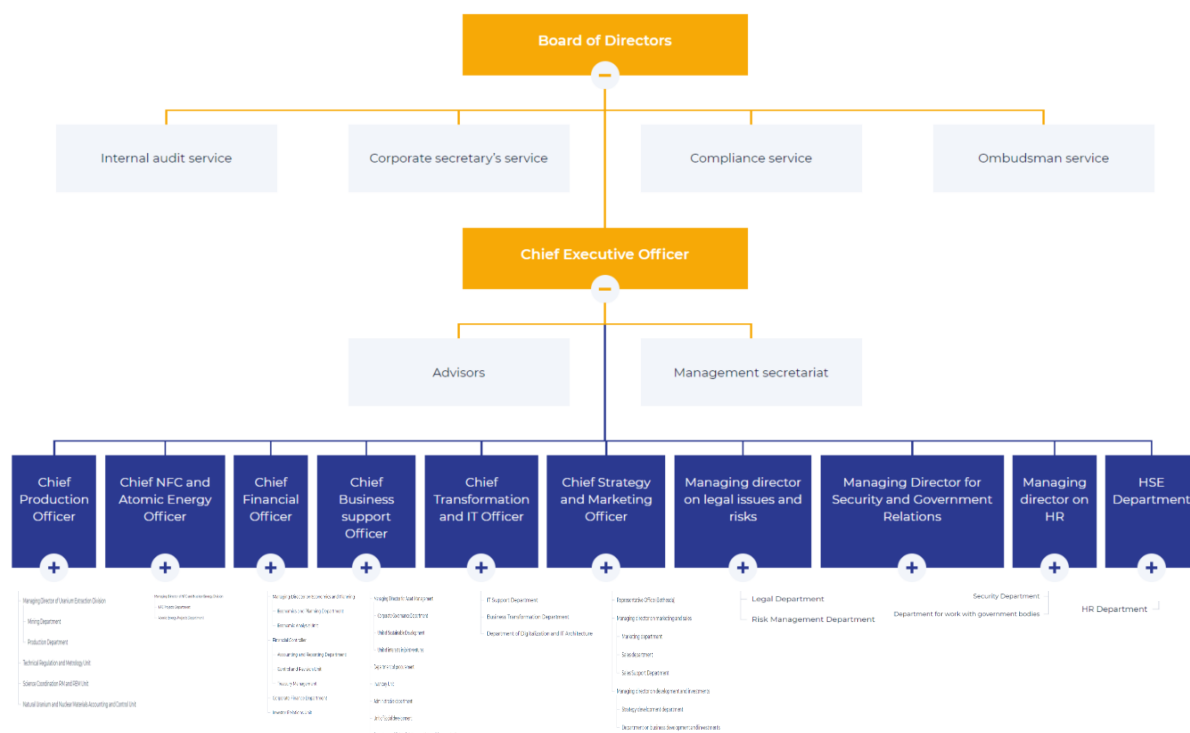
As of August 1, 2019, the Issuer has the following members of the Management Board:

NAME AND YEAR OF BIRTH OF THE MEMBER OF THE MANAGEMENT BOARD	POSITIONS HELD BY EACH MEMBER OF THE COLLECTIVE EXECUTIVE BOARD OR PERSON ACTING AS THE ISSUER'S SOLE EXECUTIVE BODY FOR THE PAST THREE YEARS AND CURRENTLY CHRONOLOGICALLY, INCLUDING PART-TIME POSITIONS, WITH A SCOPE INDICATED
Galymzhan Pirmatov, 1972	<ul style="list-style-type: none"> – Chief Executive Officer of NAC Kazatomprom JSC since August 31, 2017; – Deputy Chairman of the National Bank of Kazakhstan from December 9, 2015 to August 29, 2017; – President of Cameco Kazakhstan LLP from February 1, 2011 to December 8, 2015.
Dauren Kunanbayev, 1967	<ul style="list-style-type: none"> – Chief Operations Officer of NAC Kazatomprom JSC, Member of the Management Board since June 26, 2019; – Chief Operations Officer of NAC Kazatomprom JSC, from June 4, 2019 to June 26, 2019; – Managing Director of Uranium Production Division of NAC Kazatomprom JSC, from July 18, 2018 to June 3, 2019; – Director General of Trade and Transport Company LLP from August 28, 2015 to July 17, 2018;
Baurzhan Ibrayev, 1958	<ul style="list-style-type: none"> – Chief NFC (Nuclear Fuel Cycle) and Atomic Energy Officer, Member of the Management Board of NAC Kazatomprom JSC since January 24, 2018; – Chief Operations Officer - Member of the Management Board of NAC Kazatomprom JSC from June 28, 2017 to January 23, 2018; – Chief Operations and NFC (Nuclear Fuel Cycle) Officer, Member of the Management Board of NAC Kazatomprom JSC from August 28, 2015 to June 28, 2017; – Director General of PE Ortalyk LLP of NAC Kazatomprom JSC from February 23, 2011 to August 27, 2015.
Meirzhan Yussupov, 1979	<ul style="list-style-type: none"> – Chief Financial Officer, Member of the Management Board of NAC Kazatomprom JSC since November 17, 2015; – Head of Treasury, Corporate Finance and Treasury Director of NAC Kazatomprom JSC from September 10, 2010 to November 16, 2015;
Riaz El Hasan Sayed Rizvi, 1972	<ul style="list-style-type: none"> – Chief Strategy and Marketing Officer – Member of the Management Board of NAC Kazatomprom JSC since March 10, 2017; – CEO, Co-Founder of NuCap Limited from July 1, 2009 to March 9, 2017;
Birzhan Duisembekov, 1971	<ul style="list-style-type: none"> – Chief Business Support Officer – Member of the Management Board of NAC Kazatomprom JSC since January 4, 2018; – Advisor to Chair of the Management Board of NAC Kazatomprom JSC from October 2, 2017 to January 3, 2018; – Director of Intelligent Consulting Solutions LLP from April 7, 2016 to January 9, 2017.
Beksultan Bekmuratov, 1986	<ul style="list-style-type: none"> – Chief Transformation and IT Officer - Member of the Management Board of NAC Kazatomprom JSC since June 26, 2019; – Chief Transformation and IT Officer of NAC Kazatomprom JSC from February 1, 2018 to June 26, 2019; – Director on Transformation Projects Portfolio Management of Samruk-Kazyna JSC from October 1, 2017 to January 31, 2018; – Manager of Project Management Office of Samruk-Kazyna JSC from May 1, 2014 to September 30, 2017.

Members of the Issuer's Management Body do not hold voting shares of NAC Kazatomprom JSC.

3.4. THE ISSUER'S ORGANIZATIONAL CHART

The Issuer's organizational chart as of August 1, 2019



The total number of employees of the Issuer's group, including employees of branches and representative offices, as of June 30, 2019 is 20,645 people.

Information on the managers of the key subdivisions of the Issuer as of August 1, 2019.

#	SUBDIVISION	NAME	ГОД РОЖДЕНИЯ
1	Legal Department	Anvar Pirmatov	01.07.1980
2	Sales Support Department	Gani Kassabekov	02.06.1973
3	HR Department	Lyazzat Kozhakhmetova	23.05.1967
4	Natural Uranium and Nuclear Materials Accounting and Control Unit	Natalya Bokovaya	04.11.1970
5	Technical Regulation and Metrology Unit	Yevgeniy Yushchenko	10.04.1963
6	IT Support Department	Dmitriy Tsoy	02.09.1978
7	HSE Department	Manas Iskakov	07.07.1970
8	Administrative Department	Askhat Dunenov	03.10.1979
9	Ombudsman Service	Bolat Zhylykshiyev	17.09.1957
10	Control and Revision Unit	Yelnar Kazeshev	13.11.1979
11	Economics and Planning Department	Marat Tulebayev	09.08.1982
12	NFC Projects Department	Dosbolat Sarymsakov	30.12.1971
13	Economic Analysis Unit	Aidos Demeshev	13.11.1981
14	Government Relations Department	Zharkynbek Ospanov	16.05.1964
15	Accounting and Reporting Department	Zurakhan Kaliyeva	30.10.1960
16	Procurement Department	Yermakan Mukanov	02.10.1978
17	Strategy Development Department	Sergey Lim	01.02.1984
18	Inventory Unit	Anuar Kassymov	26.04.1988
19	Corporate Finance Department	Assemgul Zhunussova	02.06.1977
20	Corporate Secretary's Service	Maira Tnymbergenova	26.09.1988
21	Mining Department	Aliya Akzholova	20.10.1985
22	Corporate Governance Department	Samat Imankulov	15.11.1983
23	Internal Audit Service	Madina Korganbayeva	07.10.1970
24	Sales Department	Nursultan Tolkimbayev	16.02.1985
25	Security Department	Bezhan Alzhanov	09.10.1968
26	Management Board Secretariat	Olga Kim	07.12.1977
27	Marketing Department	Orazbek Yskak	21.07.1981

#	SUBDIVISION	NAME	ГОД РОЖДЕНИЯ
28	Social Development Unit	Bakyt Imangaliyev	01.09.1970
29	Business Transformation Department	Bayan Konirbayev	27.08.1986
30	Risk Management Department	Sagadat Bralin	18.03.1977
31	Investor Relations Unit	Cos Cory	23.03.1980
32	Compliance Service	Samat Sarbassov	16.04.1979
33	Public Relations and Internal Communications Department	Torgyn Mukayeva	29.06.1974
34	Business Development and Investment Department	Talgat Yerzhanov	14.02.1984
35	Production Department	Zhandos Sadyrbayev	11.12.1983
36	JV Interests Management Unit	Aziz Niyazov	12.04.1984
37	Sustainable Development Unit	Nurzhan Abenov	22.12.1981
38	Treasury Management Unit	Aidyn Akan	01.09.1986
39	Digitalization and IT Architecture Department	Venera Seksenbayeva	09.01.1987
40	Science Coordination RM and REM Unit	Armanbek Omirgali	22.03.1989
41	Atomic Energy Projects Department	-	

3.5. THE ISSUER'S SHAREHOLDERS

3.5.1. The Issuer's Shareholders

As of August 1, 2019, the Issuer's major shareholder is Samruk-Kazyna JSC, which owns 85.08% of the Issuer's shares:

SHAREHOLDER'S NAME	REGISTERED AND OFFICE ADDRESS (LOCATION)	NUMBER OF ISSUER'S SHARES HELD BY THE SHAREHOLDER
Sovereign Wealth Fund Samruk-Kazyna Joint-Stock Company	Republic of Kazakhstan, 010000, Nur-Sultan, E-10 Street, 17/10, 010000	220,661,900

The Sole Shareholder of Samruk-Kazyna JSC is the Government of the Republic of Kazakhstan. There are 38,694,708 ordinary shares (14.92%) of the Issuer floating, owned by individuals and legal entities. However, there are no shareholders holding shares in the amount of five or more percent of the total number of the Issuer's outstanding shares.

3.5.2. Details of the Issuer's affiliates.

For the details of the Issuer's affiliates, see Appendix 2 hereto.

3.5.3. Information on all transactions or a series of transactions over the past three years resulting in a change in the Issuer's shareholders (members) holding shares (interest in paid-up authorized capital) in an amount of five or more percent of the total number of its outstanding shares (paid-up authorized capital).

On November 13, 2018, Samruk-Kazyna JSC offered 38,903,491 shares, including global depositary receipts (GDRs), which is 15% of the Issuer's equity in the form of dual listing on the London Stock Exchange (LSE) and Astana International Exchange (AIX). Each GDR represents one share. The offer price was USD 11.60 per GDR and KZT 4,322.74 per ordinary share, respectively. As of June 30, 2019, 85.08% of the Issuer's shares are held by Samruk-Kazyna JSC and 14.92% float.

3.6. DETAILS OF ORGANIZATIONS WHERE THE ISSUER HOLDS SHARES (INTEREST) OF FIVE OR MORE PERCENT OF THE TOTAL NUMBER OF ITS OUTSTANDING SHARES (PAID-UP AUTHORIZED CAPITAL).

For the details of organizations that are legal entities where the Issuer holds five or more percent of shares or interest in the authorized capital as of August 1, 2019, see Appendix 3 hereto.

THE ISSUER'S GROUP STRUCTURE

The following table lists the Issuer group's subsidiaries, joint ventures and associates as of June 30, 2019. In

all cases, the Issuer's share proportion is equal to the Issuer's voting rights, with the exception of Ulba Metallurgical Plant JSC and Volkovgeologia JSC, where the Group has 100% voting rights in each:

Treatment	Name	Share (%)
Uranium Mining and Processing		
Subsidiaries	Ortalyk PE LLP	100.00%
	Kazatomprom-SaUran LLP ⁽¹⁾	100.00%
	RU-6 LLP ⁽¹⁾	100.00%
	JV Appak LLP	65.00%
	JV Inkai LLP ⁽²⁾	60.00%
	Baiken-U LLP ^{(4) (5)}	52.50%
Joint Ventures	JV Khorassan-U LLP ⁽⁴⁾	50.00%
	JV Budenovskoye LLP	51.00%
Joint Operations	Semizbai-U LLP	51.00%
	JV Akbastau JSC ⁽³⁾	50.00%
	Karatau LLP ⁽³⁾	50.00%
	Energy Asia (BVI) Limited ^{(4) (5)}	40.05%
Power System International Limited (100%) ⁽⁵⁾	9.95%	
Associates	JV Katco LLP	49.00%
	JV South Mining Chemical Company LLP	30.00%
	JV Zarechnoye JSC	49.98%
	Kyzylkum LLP ⁽⁵⁾	50.00%
	Zhanakorgan-Transit LLP ⁽⁶⁾	60.00%
Nuclear Fuel Cycle and Metallurgy		
Subsidiaries	Ulba Metallurgical Plant JSC	90.18%
	ULBA-CHINA Co Ltd ⁽⁶⁾	100.00%
	Mashzavod JSC ⁽⁶⁾	100.00%
	Ulba FA LLP ⁽⁶⁾	51.00%
Nuclear Fuel Cycle		
Joint Ventures	Uranium Enrichment Centre CJSC	50.00%
	Ural Electrochemical Integrated Plant JSC ⁽⁶⁾	25.00%
	JV UKR TVS Closed Joint-Stock Company	33.33%
Investment	International Uranium Enrichment Centre JSC	10.00%
Ancillary Operations		
Subsidiaries	High Technology Institute LLP	100.00%
	KazakAtom TH AG	100.00%
	KAP-Technology JSC	100.00%
	Trading and Transportation Company LLP	99.99%
	Volkovgeologia JSC	90.00%
	Rusburmash-Kazakhstan LLP ⁽⁶⁾	49.00%
Joint Ventures	Korgan-KAP LLP	100.00%
	SKZ-U LLP	49.00%
	Uranenergo LLP	79.45%
	Shieli – Energoservice LLP ⁽⁶⁾	99.17%
	Taukent – Energoservice LLP ⁽⁶⁾	99.95%
Associates	Uranenergo-PUL LLP ⁽⁶⁾⁽⁹⁾	100.00%
Associates	JV SKZ Kazatomprom LLP	9.89%

¹ The Issuer transferred its rights and obligations under the subsoil use licenses relating to Kanzhugan, Southern Moinkum, Eastern Mynkuduk and Uvanas deposits, along with the associated production assets to Kazatomprom-SaUran LLP and its rights and obligations under the subsoil use licenses relating to the Southern and Northern Karamurun deposits, to RU-6 LLP, in November 2018. The rights and obligations under the subsoil use contracts relating to the Central Moinkum deposit are planned to be assigned to Kazatomprom-SaUran LLP in H2 2019.

² The Issuer increased its interest in JV Inkai LLP from 40% to 60%, and accordingly started fully consolidating this entity in its financial statements, with effect from 1 January 2018.

³ JV Akbastau JSC and Karatau LLP were classified as JOs, with effect from January 1, 2018.

⁴ On December 13, 2018, the Issuer completed the acquisition of 40.05% shares in EAL and a 16.02% stake in the issued capital of JV Khorasan-U LLP from Energy Asia Holdings (BVI) Limited.

As a result of these transactions, the Issuer increased its interests in the authorized capital of Baiken-U LLP from 5% to 52.5% (direct ownership 5%, indirect ownership through Energy Asia (BVI) Limited 47.5%), its interest in the authorized capital of JV Kyzylkum LLP from 30% to 50% (direct ownership 30%, indirect ownership through Energy Asia (BVI) Limited 20.0%), in the authorized capital of JV Khorasan-U from 33.98% to 50% (direct ownership).

⁵ The Issuer holds 100% (direct ownership) in Power System International Limited (PSIL) and 40.05% (direct ownership) in Energy Asia (BVI) Limited. PSIL hold 9.95% (direct ownership) in Energy Asia (BVI) Limited. Energy Asia (BVI) Limited holds 40% (direct ownership) in Kyzylkum LLP and 95% (direct ownership) in Baiken-U LLP.

⁶ These companies are 3rd tier entities for the Issuer through the interests in subsidiaries, JVs and Associates presented above these companies in the table. The corresponding interests belongs to the 2nd tier entities, not the Issuer.

Consolidation

Besides the Issuer and its consolidated subsidiaries, the Issuer's consolidated financial statements include, in accordance with the IFRS, joint ventures and associated organizations, by the equity method

- *Subsidiaries* are entities that the Issuer's group 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 Issuer's group's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Issuer's group has power over another entity.
- *Joint ventures* are entities that are under the joint control of the Issuer's group acting collectively with other parties, and decisions over the relevant activities of such entity require unanimous consent of all parties sharing control. The Issuer's group's interests in joint ventures are accounted for using the equity method of accounting.
- *Joint operations* are entities in respect of which the Issuer's group has joint control and has rights to their assets and revenues and has obligations relating to their expenses, as well as financial obligations in proportion to the Issuer's group's interests. The Issuer's group's joint operations, such as JV Akbastau JSC and Karatau LLP, are consolidated from January 1, 2018 on a proportional consolidation basis.
- *Associates* are entities over which the Issuer's group has, directly or indirectly, significant influence, but not sole or joint control, which is typical for a shareholding of between 20% and 50% of the voting rights. The Issuer's group's investments in associates are accounted by an equity method.
- *Equity investments* are entities in which the Issuer's group has less than 20% of the voting rights. Equity investments are recognized at fair value as other investments in the Issuer's consolidated IFRS financial statements.

The following assets are under sale:

Treatment	Name	Share (%)
Nuclear and alternative energy		
Subsidiaries	Kazakhstan Solar Silicon LLP ⁽⁷⁾	100.00%
	KazSilicon MC LLP ⁽⁷⁾	100.00%
	Astana Solar LLP ⁽⁷⁾	100.00%
	Uranenergo-Pul LLP ^{(6) (9)}	100.00%
Auxiliary operations		
Associates	Caustic JSC ⁽⁸⁾	40.00%

⁷ On May 17, 2019 agreement for sale and purchase of 75% of participatory interests of the Issuer in the charter capitals of Astana Solar LLP, MC KazSilicon LLP and Kazakhstan Solar Silicon LLP. В настоящее время ожидается оплата согласно подписанного договора.

⁸ Caustic JSC – the Issuer intends to dispose of its entire block of shares by the end of 2020.

⁹ Uranenergo-Pul LLP is 3rd tier entity for the Issuer through the participatory interests in the charter capital of Uranenergo LLP. In June 2019, the General Meeting of Members of Uranenergo LLP approved the sale of Uranenergo-Pul LLP. The legal entity is expected to be disposed of by the end of 2019.

As of June 30, 2019, the Issuer's consolidated income from operating activities (revenue) is KZT 176,555 million, the most of which is from the Issuer's activities. There are no subsidiaries with the Issuer holding shares (participatory interests) in an amount of 50% or more of the total number of outstanding shares (paid-up authorized capital), which account for 20% or more of the Issuer's consolidated income from operating activities (revenue).

SIGNIFICANT CHANGES IN THE STRUCTURE OF THE ISSUER'S GROUP

In 2018 and in H1 of 2019, transactions were completed that had a significant impact on the structure of the Issuer's group:

- The Issuer's ownership interest in JV Inkai LLP was increased from 40% to 60%.
- Agreements were signed with Uranium One Inc. under which the Issuer and Uranium One Inc. had the obligation to purchase all production of JV Akbastau JSC and Karatau LLP at equitable terms, with financing to the joint arrangements in proportion to their shareholdings.
- The Issuer sold its interest in MAEC-Kazatomprom LLP (100%) to its sole shareholder – Samruk-

Kazyna JSC,

- The Issuer sold its 100% block of shares in Kazakhstan Nuclear Power Plants JSC to its sole shareholder – Samruk-Kazyna JSC.
- The Issuer sold a 76% interest in the authorized capital of Kyzylytu LLP to the second member – Stepnogorsk Mining and Chemical Combine LLP (SMCC)
- The Issuer assigned its interest in SARECO LLP, a company engaged in the production of minor volumes of rare-earth metals, in favor of National Mining Company Tau-Ken Samruk JSC – a portfolio company of Samruk-Kazyna JSC;
- The Group's ownership interest in Baiken-U LLP, Kyzylkum LLP and JV Khorasan-U LLP increased to 52.5%, 50% and 50%, respectively. Before the transaction, those ownership interests were 14.45%, 33.98% and 33.98%, respectively.
- As of December 31, 2018, the Group got control over Baiken-U LLP through having majority of the voting rights and representation in the Supervisory Board.
- the Group maintained significant influence over Kyzylkum LLP and JV Khorasan-U LLP as of December 31, 2018 and the Group concluded at that date that no control was taken over JV Khorasan-U LLP pending participants' approval of changes in the charter of the investee that will enable the Group to exercise the majority of votes.
- In February 2019, the owners of JV Khorasan-U LLP approved changes to the constituent documents of that entity, which gave the Group the ability to cast a majority vote at the supervisory board. As a result, the Group got control over JV Khorasan-U LLP from that date.

In 2019, the Issuer plans to sell its interest in Astana Solar LLP, Kazakhstan Solar Silicon LLP and KazSilicon MC LLP. In August 2019, termination of Ulba-Conversion LLP's operations was registered.

In 2020, the Issuer plans to sell its block of shares in Caustic JSC.

In total, the number of the Group's subsidiaries, JVs, JOs and Associates decreased from 44 (as of December 31, 2018) to 43 (as of 30 June 2019).

3.7. INDUSTRIAL, BANKING, FINANCIAL GROUPS, HOLDINGS, CONCERNS, ASSOCIATIONS, WHICH THE ISSUER IS A PART OF; PURPOSE OF THE ISSUER'S PARTICIPATION IN THE ABOVE

The Issuer is a member of the Samruk-Kazyna JSC group of companies.

The Issuer is an active member of the nuclear energy professional associations:

- World Nuclear Association (WNA);
- World Nuclear Fuel Cycle (WNFC);
- World Nuclear Fuel Market (WNFM);
- World Nuclear Transport Institute (WNTI);
- Nuclear Energy Institute (NEI)
- Nuclear Society of Kazakhstan Association;
- Tantalum Niobium International Study Center;
- Taxpayers of Kazakhstan Association.

The Issuer is a member of the industrial associations:

- Legal Entities Organization Association of Mining and Metallurgic Enterprises (AMME);
- Association of Legal Entities KAZENERGY.

The Issuer is not a part of any banking, financial groups, concerns or consortia.

The Issuer strictly complies with key agreements in the field of peaceful uses of atomic energy, to which the Republic of Kazakhstan has acceded.

The international agreements in the field of peaceful uses of atomic energy, to which the Republic of Kazakhstan has acceded

Title	Place and date of signing	Effective date
Agreement on the Privileges and Immunities of the IAEA	Vienna, July 1, 1959	Law of Kazakhstan No. 178-I dated October 30, 1997 <i>On Ratification</i>
Convention on the Physical Protection of Nuclear Material	Vienna, New York City March 3, 1980	Law of Kazakhstan No. 17 dated December 22, 2004 <i>On Ratification</i> Law of Kazakhstan No. 416-IV dated March 19, 2011 <i>On Ratification of the Amendment to the Convention</i>
Convention on Early Notification of a Nuclear Accident	Vienna, September 26, 1986	Law of Kazakhstan No. 243-IV dated February 3, 2010 <i>On Ratification</i> . Effective from April 9, 2010
Convention on Assistance in the case of Nuclear Accident or Radiological Emergency	Vienna, September 26, 1986	Law of Kazakhstan No. 244-IV dated February 3, 2010 <i>On Ratification</i> . Effective from April 9, 2010
Agreement on Basic Principles of Cooperation in Peaceful Uses of Atomic Energy (between CIS Member States)	Minsk, June 26, 1992	Effective from the date of signing
Treaty on the Non-Proliferation of Nuclear Weapons (NPT) (Washington, DC, London, Moscow, July 1, 1968) Geneva, July 1, 1968	December 13, 1993	Resolution of Supreme Soviet of Kazakhstan No. 2593-XII dated December 13, 1993 <i>On Accession</i> . Effective from the date of signing
Convention on Nuclear Safety	Vienna, June 17, 1994	Law of Kazakhstan No. 245-IV dated February 3, 2010 <i>On Ratification</i> . Effective from June 8, 2010
Memorandum on Security Assurances in connection with Kazakhstan's accession to the Treaty on the Non-Proliferation of Nuclear Weapons	December 5, 1994	Effective from the date of signing
Agreement on Security Assurances in connection with the Treaty on the Non-Proliferation of Nuclear Weapons signed by and between Kazakhstan and IAEA	Almaty, June 19, 1995	Decree of the President of Kazakhstan No. 2344 dated June 19, 1995
Comprehensive Nuclear-Test-Ban Treaty	New York City, September 30, 1996	Law of Kazakhstan No. 270 dated December 14, 2001 <i>On Ratification</i>
Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management	Vienna, September 5, 1997	Law of Kazakhstan No. 246-IV dated February 3, 2010 <i>On Ratification</i> . Effective from June 8, 2010
International Convention for the Suppression of Acts of Nuclear Terrorism (UN General Assembly on April 13, 2005)	New York City, September 14, 2005	Law of Kazakhstan No. 33-IV dated May 14, 2008 <i>On Ratification</i>
Treaty on the Central Asia Nuclear-Weapon-Free Zone	Semipalatinsk September 8, 2006	Approved by Decree of the President of Kazakhstan No. 176 dated September 7, 2006 Law of Kazakhstan No. 120-IY dated January 5, 2009 <i>On Ratification</i>
Supplementary Protocol to the Agreement on Security Assurances in connection with the Treaty on the Non-Proliferation of Nuclear Weapons signed by and between Kazakhstan and IAEA	2007	Law of Kazakhstan No. 229 dated February 19, 2007
Vienna Convention on Civil Liability for Nuclear Damage 1997 (Consolidated text of the Vienna Convention on Civil Liability for Nuclear Damage dated May 21, 1963 as amended by the protocol dated September 12, 1997)	February 2011	Law of Kazakhstan No. 405-IV dated February 10, 2011 <i>On Ratification</i> . Effective from June 29, 2011

4. THE ISSUER'S BANKS, ADVISERS AND AUDITORS

4.1. DETAILS OF BANKS AND/OR OTHER INSTITUTIONS, WHICH HAVE BEEN DELIVERING FINANCIAL SERVICES TO THE ISSUER FOR THE PAST THREE YEARS, INCLUDING FULL NAMES, REGISTERED AND OFFICE ADDRESSES (LOCATIONS), CEO DETAILS, TYPES OF SERVICES DELIVERED TO THE ISSUER AND DETAILS OF MAJOR TRANSACTIONS MADE BY THE ISSUER WITH SUCH INSTITUTIONS.

Banks delivering services to the Issuer as of August 1, 2019

BANK/FINANCIAL INSTITUTION NAME	QUICK DETAILS OF THE BANK/FINANCIAL INSTITUTION
Halyk Bank	<p>Registered and office address (location): 109B Abay Ave., Almaty Line of business: Banking operations CEO: Umut Shayakhmetova Types of services delivered to the Issuer: payment processing, deposits, currency control, currency conversion, payroll project Major transactions made by the Issuer with this institution: none</p>
Forte Bank	<p>Registered and office address (location): 8A Dostyk Street, Astana Line of business: Banking operations CEO: Guram Andronikashvili Types of services delivered to the Issuer: payment processing, deposits, currency control, payroll project Major transactions made by the Issuer with this institution: none</p>
Altyn Bank	<p>Registered and office address (location): 109B Abay Ave., Almaty Line of business: Banking operations CEO: Marat Almenov Types of services delivered to the Issuer: payment processing, deposits, currency control, payroll project Major transactions made by the Issuer with this institution: none</p>
Citibank Kazakhstan	<p>Registered and office address (location): 41A Kazybek Bi Street, Almaty Line of business: Banking operations CEO: Andrey Kurilin Types of services delivered to the Issuer: payment processing, deposits, currency control, currency conversion, lending, custodian services Major transactions made by the Issuer with this institution: none</p>

4.2. DETAILS OF FINANCIAL AND/OR LEGAL ADVISERS ENGAGED IN PREPARATION OF THE ISSUER'S DOCUMENTS FOR REGISTRATION OF ITS SECURITIES ISSUE AND THE LISTING PROCEDURE FOR SUCH SECURITIES.

The Issuer's financial adviser

FINANCIAL ADVISER/UNDERWRITER DETAILS	Name: Joint-Stock Company Subsidiary Organization of the Halyk Bank of Kazakhstan "Halyk Finance" Types of services delivered to the Issuer: financial advising and underwriting Location and contact details: 5 th floor, Globus BC, 109B Abay Avenue, Almaty CEO: Talgat Ayupov
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There are no legal advisers as of August 1, 2019

4.3. DETAILS OF THE ISSUER'S AUDIT ORGANIZATIONS, WHICH HAVE BEEN AUDITING THE ISSUER'S FINANCIAL STATEMENTS OR REVIEWING THE ISSUER'S INTERIM FINANCIAL STATEMENTS FOR THE PAST THREE YEARS OR FOR THE PERIOD OF ITS ACTUAL OPERATION, AND THE AUDITOR ORGANIZATIONS, WHICH WILL AUDIT THE ISSUER'S FINANCIAL STATEMENTS FOR THE NEXT THREE YEARS.

The audit organization that has audited the Issuer's financial statements for the past three years

AUDIT ORGANIZATION NAME	REGISTERED AND OFFICE ADDRESSES (LOCATIONS) AND CEO	MEMBER OF ASSOCIATIONS
PricewaterhouseCoopers LLP	4 th floor, Building A, 34 Al-Farabi Avenue, A25D5F6, Almaty, Kazakhstan Dana Inkarbayeva, Managing Director	Professional Audit Organization Chamber of Auditors of the Republic of Kazakhstan

PricewaterhouseCoopers LLP has been providing its services under the Audit Services Purchase Contract to audit the Issuer's financial statements for 2017, 2018, 2019. As of August 1, 2019, the selection procedures in respect of an audit organization to audit the Issuer's financial statements for 2020, 2021, 2022 have not been completed by the Issuer.

5. THE ISSUER'S ACTIVITIES

5.1. OVERVIEW OF GENERAL TRENDS IN THE INDUSTRY WHERE THE ISSUER OPERATES, INCLUDING THOSE ESSENTIAL TO THE ISSUER.

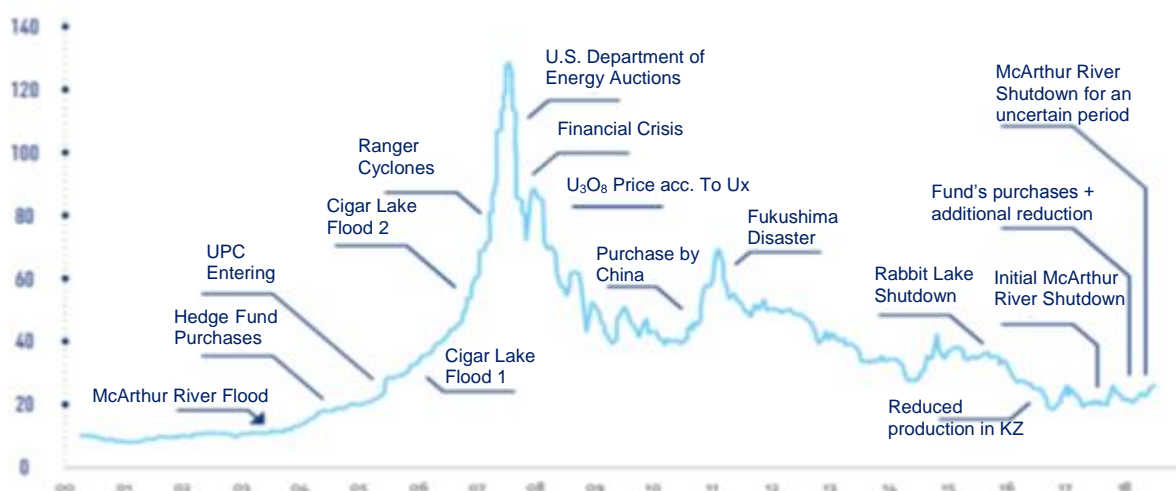
General industrial trends

Since 2011, there has been an overabundance of material in the world uranium market due to a shutdown of Japanese reactors and the non-nuclear policy of a number of countries. The uranium prices started declining; in 2011 uranium cost around 70 USD/LBS, then at the end of 2016, prices dropped below 20 USD/LBS. Due to extended drops in prices, due to an oversupply of uranium in the market, some uranium producers, including the Issuer, decided to reduce production.

In early 2017, the price started rising and shifted within the range of \$20-\$26. In 2018, multidirectional factors affected the demand in the uranium product market. Thus, the consumer sentiment was influenced by the uncertainty surrounding the ongoing investigation in accordance with Section 232 of the U.S. Trade Expansion Act, which might result in worse access of US nuclear power plant operators to imported uranium as a result of possible quotas or customs duties. Regarding the prospects of introducing additional generating capacities, over the year the demand was affected, on the one hand, by the delay in the construction of a UAE nuclear reactor and the slow pace of restarting Japanese reactors and, on the other hand, by the delay in plans to reduce the share of nuclear energy in France and opposition sentiments of the population regarding plans for a possible phase out of nuclear power in Taiwan and South Korea. As for the supply, the reduction in supplies and investment in the expansion of production by the largest manufacturers, including the Issuer, was an important factor. Supply from secondary sources also declined.

As a result, after a long period of excess supply in the market, there was a shift towards achieving a balance or even a small deficit in 2018. As a result, the prices rose from \$24 to nearly \$29 per pound of U₃O₈ (natural triuranium octoxide) in the spot market during 2018 at high trading volumes. After reaching a three-year high of \$29.00 at the end of January 2019, the spot price started weakening gradually. Although, in general, the market activity is expected to be decreased at the beginning of the year (based on the historical distribution of annual activity), the uncertainty that arose as a result of an investigation by the US Department of Commerce contributed to the decline in prices. In addition, the emerging trend of lowering spot prices forced some traders to sell material purchased at lower prices at the beginning of the price increase in 2018, trying to lock in profits, thereby putting additional pressure on the spot price. As a result, the price dropped to \$24 in July 2019. However, after July 12, 2019, the price rose to \$26 due to the decision of the U.S. President not to take any sanctions on the import of uranium to the United States. Currently, the price is in the range of \$25-26.

In the long-term market, prices have been around \$30-32 for a long time, as there is still a low level of contracting in the long-term market.



Significant factors that affect the Issuer's performance include:

- price received for the sale of natural uranium and changes in the prices for uranium products;
- change in the structure of assets;
- impact of changes in exchange rates;
- taxation, including mineral extraction taxes;
- cost and availability of sulfuric acid;
- effect of changes in stock valuation; and

- transactions with joint ventures and associates.

Competitors' details, comparative characteristics of the Issuer's operations and industry average indicators inside and outside of the country

The world uranium market is represented by five largest uranium producers: NAC Kazatomprom JSC (leading position, 23% of world production in 2018), Orano (France), Cameco (Canada), Uranium One (Canada) and CNNC / CGN (China).

The Issuer is a global leader in the production of natural uranium concentrates. The sale of the triuranium octoxide (U₃O₈) is one of the Issuer's core activities and affects its sustainable development.

A comparative analysis of the Issuer's performance for 2018 with indicators of other global leaders in uranium mining (Orano, Cameco, Uranium One) showed the following:

INDICATOR	UOM	2018 (FULL YEAR)				
		ISSUER	CAMECO*	ORANO**	U1***	TOTAL IN THE MARKET
Production volume of U ₃ O ₈	tons U	11,476	3,538	n/a	4,383	53,077
Sales volume of U ₃ O ₈	tons U	15,287	13,500	n/a	5,216	73,423
Cost of production	USD/LBS U ₃ O ₈	15.08	24.01	n/a	8.00	

* according to Cameco:

<https://s3-us-west-2.amazonaws.com/assets-us-west-2/quarterly/CCO-2018-Q4-MDA-FS-and-Notes.pdf>

** according to Orano:

https://www.orano.group/docs/default-source/orano-doc/finance/publications-financieres-et-reglementees/2018/resultats-annuels-2018/orano-annuel-activity-report-2018.pdf?sfvrsn=bccc98ee_6

*** according to Uranium One:

<http://www.uranium1.com/upload/iblock/907/90719a29602ec273428d6d4392f97dcc.pdf>

The cost of production of most competitors is at or above current market prices. Moreover, in the near future they are secured by long-term contracts with fixed prices signed in the period of high prices. However, after the expiration of such long-term contracts, the production is expected to decline at the enterprises where the cost exceeds market prices.

Forecast regarding the future development of the industry (sector) where the Issuer operates, and the Issuer's position in this industry.

Despite a decrease in production rates in Canada, Kazakhstan, Africa and the United States over the past two years and according to UxC estimates, basic supplies, as forecasted by UxC, will exceed basic demand (uranium needs model) for the period from 2020 to 2027, unless the production cuts are announced. Basic demand, with a confidence level of 50%, shows a weak trend until 2023, as growth in China and India is offset by reactor shutdowns in Germany, Belgium, South Korea and Taiwan. Meanwhile, UxC predicts continued purchases in volumes exceeding the fuel requirements of reactors around the world (i.e., stockpiling) in the coming period due to the countries developing their nuclear energy programs (e.g., China, India and the UAE). As the nuclear programs of these countries expand, they will purchase additional volumes of uranium, which goes into production and stockpiling. However, stocks in the US, EU and Japan are expected to decline in the future.

The Issuer is the parent company of the group, which includes the Issuer and its associated subsidiaries. See the structure of the Issuer's group in Section 3.6. hereof.

The Issuer has the status of the national operator of the Republic of Kazakhstan for the export and import of uranium and uranium compounds, fuel for nuclear power plants, special equipment and technology, as well as rare metals. The corresponding status of a national company in Kazakhstan allows the Issuer's group to enjoy certain privileges, including, but not limited to obtaining subsurface use contracts through direct negotiations with the Government, rather than through the bidding process that would be required otherwise. This practically provides the Issuer's group with a priority access to such opportunities as high-quality and ISR-suitable natural uranium deposits, many of which are located in the Republic of Kazakhstan.

According to UxC, the Issuer, together with its subsidiaries, is the largest producer of natural uranium in the world (in terms of production) with priority access to one of the largest resource bases in the world. According

to UxC, uranium mining in the Issuer's group, including production at its jointly controlled enterprises and associates belonging to the Issuer's group, for the year ended December 31, 2017, amounted to approximately 20% of the total primary uranium mining in the world and amounted to approximately 40% of the global in situ recovery ("ISR") as part of uranium mining.

Being the National Atomic Company of the Republic of Kazakhstan, the Issuer has established partner relations with almost all the leading players in the uranium mining industry around the world. The Issuer's group has established a number of successful asset level partnerships with Cameco, CGNPC, Kansai, Marubeni, Orano (formerly Areva), Rosatom and Sumitomo, as well as the Energy Asia Consortium.

Although uranium mining is the core line of business, the Issuer's group is also present (through its subsidiaries, JV and associates) at most other stages of the "initial" nuclear fuel cycle, except for conversion. These stages include the production of uranium dioxide or UO₂, ceramic powders, fuel granules, and enrichment. In addition, the Issuer's group is currently constructing a plant for fuel assemblies production, which is expected to be commissioned by the end of 2020. The Issuer's group produces uranium products, including natural uranium concentrate, ceramic powder of uranium dioxide and fuel granules, which are used in the manufacture of nuclear fuel assemblies, fuel used by nuclear power plants to generate electricity.

In addition to uranium operations, the Issuer's group is engaged in the production of certain products from rare metals, first of all, tantalum, beryllium and niobium (See 5.9.8. of this Investment Memorandum).

5.2. DETAILS OF THIRD-PARTY ATTEMPTS OF THE ISSUER'S ACQUISITION (THROUGH SHARE ACQUISITION) OR THE ISSUER'S ATTEMPTS TO ACQUIRE ANOTHER ENTITY FOR THE PRECEDING AND CURRENT YEAR. PLEASE DISCLOSE THE SHARE OFFER PRICE, NUMBER OF SHARES OR SHARE EXCHANGE TERMS AND CONDITIONS AT SUCH ATTEMPTS.

None.

5.3. DETAILS OF THE TERMS AND CONDITIONS OF THE CONTRACTS, AGREEMENTS ENTERED INTO BY THE ISSUER THAT MIGHT HAVE FURTHER SIGNIFICANT EFFECT ON THE ISSUER'S OPERATION.

The Issuer does not have any contractual obligations, which may further have a significant negative impact on its operation.

5.4. MAJOR CAPITAL EXPENDITURES.

The major capital expenditures of the Issuer are incurred by subsidiaries, joint operations, joint ventures and associates engaged in the mining of natural uranium. Such expenditures are comprised of the following key components:

- well construction costs, including wellfield development;
- expansion costs, which typically include expansion of production facilities, extension of services and transport routes to new wellfield areas, implementation of new systems and processes;
- sustaining capital – largely reflecting recurring, infrastructure, maintenance and equipment replacement related costs which are assumed to cease three years prior to cessation of production; and
- liquidation fund contributions and mine closure costs.

The following table provides the expenditures for the Group's subsidiaries, joint ventures and associates engaged in uranium mining for the periods indicated.

(MILLION KZT)	2017					2018					H1 2019				
	SHARE	WC ¹	S ²	LF/C ³	TOTAL	SHARE	WC ¹	S ²	LF/C ³	TOTAL	SHARE	WC ¹	S ²	LF/C ³	TOTAL
PE Ortalyk LLP	100%	2,555	543	169	3,267	100%	2,321	5,010 ⁽⁴⁾	171	3,267	100%	940	63	-	1,003
Kazatomprom-SaUran LLP	100%	5,197	1,185	639	7,020	100%	6,778	1,478	2,990	7,020	100%	1,678	39	225	1,942
RU-6 LLP	100%	2,453	541	282	3,276	100%	2,472	676	1,062	3,276	100%	845	172	114	1,131
JV Appak LLP	65%	2,046	209	87	2,341	65%	999	257	68	2,341	65%	181	66	8	255
JV Inkai LLP	40%	5,258	8,077	—	13,335	60%	8,707	2,324	31	13,335	60%	4,080	578 ⁴	(2)	4,656
Semizbai-U LLP	51%	2,364	470	137	2,971	51%	2,996	980	115	2,971	51%	782	1,423	36	2,241
Karatau LLP	50%	4,369	2,558	99	7,026	50%	2,376	685	80	7,026	50%	1,205	836 ⁴	(0)	2,041
JV Akbastau JSC	50%	3,103	2,486	144	5,733	50%	2,031	1,192	79	5,733	50%	1,040	110	52	1,202
JV Zarechnoye JSC	49.98%	3,386	535	11	3,931	49.98%	3,971	182	10	3,931	49.98%	1,771	77	-	1,848
JV Katco LLP	49%	10,252	2,866	768	13,886	49%	9,275	2,447	1,368	13,886	49%	4,423	1,032 ⁴	600	6,055
JV Khorassan-U LLP	34%	6,582	254	182	7,018	34%	4,983	1,611	142	7,018	50%	1,003	75	-	1,078
JV SMCC LLP	30%	3,962	2,761	858	7,582	30%	5,813	339	535	7,582	30%	1,746	175	(160)	1,761
Baiken-U LLP	5%	4,389	3,051	233	7,674	5%	4,674	861	146	7,674	52.5%	1,529	83	10	1,622
TOTAL OF MINING ASSETS		55,918	25,535	3,609	85,061		57,396	18,041	6,798	82,235		21,223	4,729	883	26,835

¹ Well construction, including wellfield development

² Sustaining

³ Liquidation fund / closure

⁴ Includes total expansion investment.

The most capital expenditures relate to the costs of well construction, including wellfield development and capital expenditures to maintain production, which amounted to ca. 97% on average in the indicated periods.

In order to achieve the planned levels of production, the Issuer's Group's mining companies assess the required level of wellfield and mining preparation based on the availability of reserves. These costs relate to the capitalized costs of maintaining the sites, with the main component being wellfield construction.

5.5. VOLUMES OF PRODUCTS SOLD

MAJOR PRODUCTS

Major product specifications

Uranium products	uranium mining, processing and sales of uranium products;
Beryllium products	production and sales of beryllium items as well as research and development activities;
Tantalum products	production and sales of tantalum items as well as research and development activities;
Other operations	production and sales of other goods and services and delivery of services for core production

The Issuer's core business is export sale of uranium products – triuranium octoxide (U₃O₈) and rare metals.

ITEM	FOR 2016	FOR 2017	FOR 2018	FOR 6M 2019
U ₃ O ₈ sales volume (consolidated), tons	9,687	10,111	16,647	5,425
Beryllium products, tons	1,766.2	1,599.6	1,662.1	848.2
Tantalum products, tons	122.7	135	137.7	47.1
Niobic products, tons	52.1	23.7	22.9	0.1

Historically, the share of U₃O₈ sales in total revenue ranged from 70% to 85%. Sales volumes of uranium products and rare metals depend on market demand, in this regard, the volumes can vary from year to year,

while the main factors that can have a significant impact on sales volumes in monetary terms are the spot quotation for uranium products, the price for rare metals and the exchange rate of tenge to foreign currency.

Consolidated sales in 2018 were positively impacted by the U3O8 sale to Yellow Cake LLC (uranium fund) after an initial public offering (IPO) and the transformation of the Issuer's group marketing function, which included the incorporation of THK, which led to attraction of new customers and increased number of direct contracts without intermediaries.

In May 2018, the Issuer entered into a supply agreement with Yellow Cake plc., a long-term corporate holder of physical uranium listed on the London Stock Exchange. The agreement provides for an initial supply of 8.1 million pounds of U3O8 (or approximately 3,112 tons) for the amount of US\$170 million and the right of Yellow Cake plc to purchase U3O8 for an additional amount of US\$100 million on an annual basis in 2019–2027.

The Issuer incorporated Trading House Kazakatom AG (THK), its subsidiary trading company based in Switzerland in 2017, in order to improve its marketing function, strengthen cooperation with partners, facilitate sales of uranium and uranium products in Kazakhstan, and, generally, extend the global market coverage by the Issuer. Key THK functions include:

- sell and purchase uranium in the spot market in order to gain additional profit by THK through quick decision-making procedures;
- assist in creating additional liquidity in the uranium spot market and improve the reliability of the uranium mining contract portfolio of Kazatomprom; and
- extend the Issuer's global coverage in the uranium market by offering a wider range of price and contract structures and by providing Kazatomprom customers with extra market tools, such as sets of offers and more flexible pricing structures.

Since its incorporation, THK has helped the Issuer to enjoy some benefits in the uranium market. In particular, THK reached additional spot sales volumes of above US\$80 million for the year ended December 31, 2018. THK also attracted new customers for the Issuer over this period, and the Issuer's Group entered into a number of long-term uranium supply contracts (some of which are valid until 2029).

With THK scope and operation, it is much easier for the Issuer to understand both sides of the global uranium market: the demand side as a leading producer and seller of natural uranium, and the supply side. As a result, the Issuer sees the market better, which improves analytical capabilities and allows management to make informed decisions.

5.6. POSITIVE AND NEGATIVE FACTORS INFLUENCING THE ISSUER'S RETURN ON SALE FROM THE OPERATING ACTIVITIES

The positive factors influencing the Issuer's return on sales (work, services) are:

- the prospects of the natural uranium market arising from the general attractiveness of the nuclear energy market;
- the world's largest natural uranium production;
- priority access to a high-quality and extensive resource base of the deposits;
- low-cost production due to in situ recovery technology;
- geographical proximity to the fastest emerging markets of nuclear power plant construction;
- international high-quality customer base and reliable sales structure;
- high-quality reputation in the field of health, safety and environment.

Negative factors affecting the Issuer's return on sales (work, services) are:

- volatility of prices for natural uranium can have a significant adverse effect on the Issuer;
- major and large-scale accidents in the nuclear industry can lead to a serious drop in uranium prices, which will affect the Issuer's profitability and financial position;
- nuclear energy competes with other energy sources, which may lead to a decrease in demand for natural uranium;
- nuclear energy is subject to risks associated with the influence of public opinion;
- the Issuer's activities in uranium mining and transportation are subject to operational risks, as well as the risks of unforeseen downtime and interruptions;
- uranium mining in deposits may be commercially inappropriate.

5.7. THE ISSUER'S ACTIVITIES TO ARRANGE PRODUCT SALES (WORK PERFORMANCE, SERVICE DELIVERY)

The Issuer focuses on its core business – mining and processing of uranium and associated mineral resources.

The Issuer optimizes production, processing and sales volumes taking into account market environment, strengthens the marketing function and expands sales channels, applies best practices in business activities and develops a corporate culture that corresponds to the status of an industry leader.

In 2017, the International Atomic Energy Agency (IAEA) announced that it had selected the Issuer as one of the suppliers of low enriched uranium (LEU) for the IAEA LEU Bank, which indicates a high level of confidence on the part of the world community in the Issuer as a reliable and recognized supplier of uranium products.

Over recent years, the Issuer has strengthened its position in a number of areas regarding the organization of a sales and distribution system. In particular, the Issuer successfully created a new distribution channel through Kazakatom Trading Company (THK) in Switzerland, which allows the Issuer to deal with a new category of customers, such as US utilities that prefer buying uranium in the spot market, and also improved the Issuer's analytical potential while providing an opportunity to conduct arbitrage operations and effectively enter the market for spot/short-term contracts, where significant operational flexibility is required. The Issuer has expanded its presence in each of the main target geographic regions and will continue to strengthen its sales network. In addition, with the launch of THK operations in 2017, the Issuer could offer a complex formula pricing terms to its customers.

In 2016, the Issuer stopped selling to uranium traders. This reflects the fact that the Issuer is serious about avoiding intermediaries in order to build direct relations with smaller contracting customers.

The Issuer considers the low cost of production as a key global competitive advantage and plans to constantly work on its retention. The Issuer intends to achieve this by simultaneous production plan optimization and strict cost control, focusing on cost and economic return.

5.8. DETAILS OF THE ISSUER'S KEY SUPPLIERS AND CONSUMERS

SUPPLIERS

The Issuer's total expenses related to the acquisition of goods, works and services as of June 30, 2019 equaled to KZT 149,461 million (KZT 129,596 million in cost of goods sold, KZT 4,108 million in selling costs, KZT 15,757 million in general and administrative expenses), including the raw materials as the most significant share of expenses.

The Issuer's major suppliers on raw materials and materials acquisition are subsidiaries, affiliates and other organizations from which the Issuer purchases uranium products for subsequent resale under its contracts.

In H1 2019, the Issuer's major supplier (more than 10%) of raw materials and materials was a 100%-owned subsidiary, from which the Issuer purchased uranium products.

Given that the key suppliers of the Issuer are subsidiary and affiliated entities, on whose operation the Issuer may affect to a particular extent, dependence on suppliers, which account for 10 and more percent of total expenses is under the Issuer's control.

CONSUMERS

The Issuer's revenue as of June 30, 2019 is KZT 176,555 million. The key buyers of the Issuer are China, France and Canada (about 70%).

The Issuer's key customers are nuclear energy operators; currently the largest nuclear energy markets are the USA, France, Japan, China, Russia and South Korea.

The Issuer's sales (revenue) as of June 30, 2019 are distributed by countries of location of the key consumers as follows:

NAME	JUNE 30, 2019 (MILLION KZT)	SHARE OF SALES
China	70,782	40
France	28,419	16
Canada	23,402	13
Kazakhstan	17,600	10
UK	14,922	8
USA	12,566	7
Germany	1,462	1
Japan	1,111	1
South Korea	515	0
India	16	0
Other countries	5,760	3

TOTAL CONSOLIDATED REVENUE	176,555	100%
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The Issuer sells uranium and uranium products under long-term and short-term contracts, as well as in the spot market through its trading subsidiary KazakAtom TH AG (Switzerland) to more than 22 customers in 11 countries.

According to the Issuer's estimates, the market is slowly recovering, despite the current short-term excess in the market. The anticipated demand for uranium products looks positive, as new reactors are under construction in developing countries, such as China, India, the UAE, etc. Under any scenario, the economy in these regions is expected to grow. In order to support this economy growth, energy consumption rates will also rise. Medium- and long-term prospects for uranium demand are positive.

TRANSPORTATION

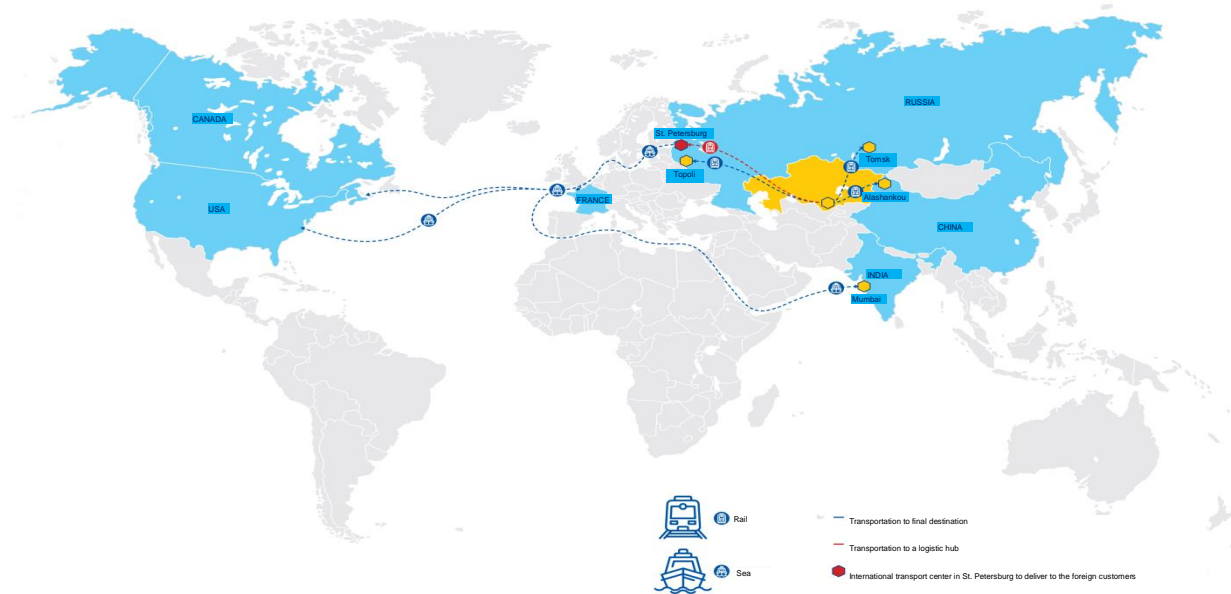
U3O8 is transported in special 20-foot sealed containers, and such cargo is accompanied by security guards until the containers reach their destination. The Issuer also insures the risks associated with the transportation of uranium.

The Group supplies U3O8 and finished products to the following destinations for conversion purposes or for end customers:

- Western destinations. The Group transports U3O8 to the West, to the enterprises, such as ConverDyn (USA), Cameco (Canada) and Comurhex (France) by rail to the port of St. Petersburg in Russia, then by sea to various ports in the United States, Canada or Europe and, finally, by rail or road to the processing facilities. In some cases, the Group enters into swap agreements to reduce transportation costs, which include the exchange of U3O8 with the partners of the Group at the conversion facility;
- China. When transporting materials to China, the Issuer delivers the goods to the Alashankou railway station near the Kazakh-Chinese border;
- Russia. When supplying to the Russian Federation, the consignees are: Angarsk Electrolysis Chemical Plant (AECF) Federal State Unitary Enterprise, Siberian Chemical Plant OJSC (SCP) and Chepetsk Mechanical Plant OJSC (Rosatom). The Group supplies cargo to the Sukhovskaya railway station in order to deliver material to the AECF facilities in Angarsk; to the Tomsk-2 railway station to deliver material to the SCP facilities in Seversk and to the Glazov railway station to deliver material to the facilities of Chepetsk Mechanical Plant OJSC (Rosatom) in Glazov;
- India. The Issuer delivers U3O8 to India's destinations by rail to the port of St. Petersburg, Russia, and then by sea to the port of Mumbai, India. From the port of Mumbai, the customer transports the products to its destination on its own.

The average cost of product delivery to these destinations ranges between 0.5 and 3.0 USD per kilogram of U3O8.

To the extent possible, the Group endeavors to enter into swap agreements in order to minimize the delivery terms (physical transportation of materials takes 100 days on average, while deliveries under the swap agreement take 25 days on average), transportation costs and risks associated with the transportation of uranium products.



Potential negative factors affecting the marketing of products:

- The risk of being sanctioned by the United States and EU countries;
- Force majeure effects;
- Hostilities;
- Difficulties in using the railways connecting Kazakhstan with neighboring countries or other transport infrastructure.

5.9. KEY FACTORS AFFECTING THE ISSUER'S PERFORMANCE.

5.9.1. Seasonal nature of the Issuer's activities, types of the Issuer's activities that have a seasonal nature and their share in the Issuer's total income.

Pursuant to the Charter, the Issuer pursues the following types of business:

- exploration, mining, processing of uranium and its compounds, rare and rare-earth metals, production of nuclear fuel for nuclear power plants, special equipment and technologies, dual-use materials based on the IAEA guidelines;
- export and import of uranium and its compounds, rare and rare earth metals, nuclear fuel for nuclear power plants, special equipment and technologies, dual-use materials directly and/or through its subsidiaries, affiliate joint-stock companies and/or jointly controlled organizations in the manner established by law, and monitoring the sales market;
- exploration and extraction of groundwater for making sure the mining processes for uranium and its compounds, rare and rare earth metals and other minerals are supplied with water;
- trust management of property in its ownership and at its disposal as well as handing over the issuer's property to trust;
- sales of products, including, but not limited to the products of the nuclear energy complex of the Republic of Kazakhstan in the global market;
- maintenance of the nationwide reserve of nuclear materials;
- assisting in monitoring geological information on uranium deposits across the Republic of Kazakhstan;
- representing the interests of the Republic of Kazakhstan to the full extent of the powers granted to the issuer, protecting such interests in the external and internal markets in accordance with applicable law;
- participating in the delivery of the state policy to prevent predatory pricing processes in the external and internal markets for products of the nuclear power complex of the Republic of Kazakhstan;
- offering uranium product export services;
- design, construction and operation of nuclear power plants and renewable energy facilities;
- investment business, including delivery of investment projects in subsidiaries and affiliate joint-stock companies;
- safeguarding the issuer's trade secrets, protecting state secrets;

- property rental and management;
- the Issuer has the right, in the manner and under the conditions established by law, to pursue other types of business not prohibited by law, both in the Republic of Kazakhstan and abroad.

Seasonal nature of the Issuer's activities

The Issuer does not perform any activities of seasonal nature.

5.9.2. The share of imports in the total volume of raw materials (works, services) supplied to the Issuer, and the share of products (works, services) sold by the Issuer for export in the total volume of products sold.

The share of local content in the procurement of goods, works and services of the Issuer, according to the Kazakhstan Content Monitoring Map in the procurement of goods, works, services of Samruk-Kazyna JSC holding (www.kmks.kz) as of June 30, 2019, is 31%, including for goods (0%), for works (11%), for services (56%).

The Issuer exports 100% of uranium products.

5.9.3. Description of the key markets where the Issuer has been competing with other organizations over the past three years, including the geographical location of these markets.

The global uranium market is represented by five largest producers of uranium products: NAC Kazatomprom JSC (leading position, 23% of global production in 2018), Orano (France), Cameco (Canada), Uranium One (Canada) and CNNC / CGN (China).

The Issuer's key customers are nuclear energy operators; currently the largest nuclear energy markets are the USA, France, Japan, China, Russia and South Korea. Together, these six countries account for approximately 73% of the total global capacity of nuclear energy. In the future, the largest increase in nuclear energy will be observed in China, which accounts for about 50% of all new capacities that will be built between 2018 and 2030. Other important countries for the construction of new reactors are Russia, India, South Korea and the United Arab Emirates. However, over the same period, these benefits are expected to be partially diminished due to decommissioning of old reactors in several key countries such as Germany, Japan, and the United States.

The Issuer sells uranium and uranium products under long-term contracts, short-term contracts, as well as in the spot market through its trading subsidiary in Switzerland. The uranium price represents a relatively small share of the total costs of producing nuclear energy, and most of the Issuer's customers prefer supply reliability rather than a beneficial price, and the Issuer can ensure reliable supplies due to the production scale and volume.

The Issuer sells its products to more than 22 customers in 11 countries. For the calendar year 2018, the share of the Group's income from uranium products sold to the first three major customers amounted to 45% and to the first five customers – 62%, respectively.

The table below shows the geographical division of customers into uranium products of the Issuer by income for the 2015-2018 calendar years:

AREA	YEAR ENDED ON DECEMBER 31			
	2015	2016	2017	2018
China	44%	47%	60%	34%
Europe	19%	16%	18%	9.2%
India	—	11%	8%	23.2%
S. Korea	3%	6%	4%	—
USA	20%	12%	4%	4.5%
Other	14%	8%	6%	29.1%
TOTAL	100%	100%	100%	100%

5.9.4. The Issuer's contracts and obligations: details of a transaction (several related transactions) that shall be completed or executed within six months from the date of the application for securities listing, if the amount of this transaction is ten or more percent of the carrying value of the Issuer's assets.

As of June 30, 2019, the Issuer has no valid contractual obligations in the amount of ten or more percent of the carrying value of its assets (KZT 1,579 billion), which shall be completed within six months from the date of the application for securities listing.

5.9.5. The Issuer's future obligations exceeding ten or more percent of the carrying value of the Issuer's assets, and the impact that these obligations may have on the Issuer's performance and financial condition.

As of June 30, 2019, the Issuer has no future obligations in the amount of ten or more percent of the carrying value of its assets (KZT 1,579 billion), which may have on the Issuer's performance and financial condition.

5.9.6. Details of the Issuer's engagement in litigations: administrative sanctions imposed on the Issuer or its officials by state authorities and/or the court over the past year.

As of August 1, 2019, the Issuer has no pending litigations that threaten the termination or limitation of the Issuer's activities, or any monetary and other obligations imposed on the Issuer in the amount of at least the equivalent of 1,000 MCI.

The Issuer has not been engaged in any international litigations or arbitrations over the past year.

5.9.7. Risk factors

The Issuer is exposed to the following key risks that could have a material adverse effect on the Group and its results:

- major accidents affecting the nuclear industry may result in a dramatic fall in uranium prices;
- nuclear energy competes with several other sources of energy, and sustained lower prices of such other energy sources may result in lower demand for nuclear energy, and consequently, in a reduction in demand for uranium which could impact market prices;
- nuclear energy is subject to public opinion risks that could have a material adverse impact on the demand for nuclear power and increase the regulation of the nuclear power industry;
- the Group's profitability is directly related to the market prices of uranium, which are volatile;
- the Group faces competition and could lose customers to other suppliers of uranium and uranium products;
- the Group is currently dependent on a small number of customers that purchase a significant portion of the Group's uranium, and the loss of a significant customer could have a material impact;
- certain customers and business associates of the Group may be subjected to US and EU sanctions, and such sanctions could have a material impact;
- the US or other uranium importers could impose tariffs or quotas on uranium imports;
- the Group may continue to hold significant U3O8 inventories throughout the U3O8 pricing cycle if production exceeds sales;
- the Group's uranium extraction and transportation activities are subject to operational risks, hazards and unexpected disruptions, which could delay the production and delivery of the Group's uranium and uranium products, increase the Group's cost of extraction, or result in accidents at the Group's extraction locations;
- the availability and cost of sulfuric acid materially affects the continuity and commercial viability of the Group's operations, as the Group uses substantial amounts of sulfuric acid to extract uranium;
- the Group may face difficulty using railroads or other transportation infrastructure connecting Kazakhstan with neighboring countries;
- the Group may be unsuccessful in maintaining existing ore reserves or discovering new ore reserves, and the reported quantities or classifications of the Group's uranium ore reserves may be lower than estimated because of inherent uncertainties in the estimation process;
- the Group may be unable to obtain, on commercially acceptable terms or at all, the necessary financing for its operations, strategy implementation, and/or expansion of its business and local infrastructure;
- the Group is subject to various financial risks related to certain financial and other restrictive covenants, fluctuations of interest and currency rates, liquidity constraints or fail to obtain the necessary funding, or defaults of counterparties;
- the Group may be affected by arbitration or litigation proceedings to which it is not a party, or by legal consequences of non-compliance / misinterpretation of legislation;
- the Group's insurance coverage may not be adequate to cover losses arising from potential operational hazards and unforeseen interruptions;
- failures of the Group's IT systems or cyber-attacks could negatively influence the results of operations;
- failure to achieve planned uranium production or products (U3O8) output volumes, sales, or production costs of products and services;
- failure to achieve the Group's assets restructuring plan;
- failure to successfully improve corporate governance systems and health, safety, and environmental programs;

- failure to reach planned performances on fuel assemblies production in the Republic of Kazakhstan;
- the Group is impacted by the macroeconomic, social and political conditions in Kazakhstan, and the Group may be exposed to risks related to adverse sovereign action by local government, or subject to extensive government regulation and legislation;
- the Group and its reputation may be negatively affected by labor unrest or increased social tension in Kazakhstan;
- the Group's results of operations are subject to economic, political and legal developments in China, India and South-East Asia;
- unexpected catastrophic events, including acts of vandalism and terrorism.

5.9.8. Other information concerning the Issuer's activities and the markets where the Issuer operates.

In addition to the main uranium operations, the Issuer's group is also engaged in the processing and production from rare metals, in particular, beryllium, tantalum and niobium.

Beryllium. Metal beryllium is used in spacecraft, inertial guidance systems and space optical systems because it is durable, stable in a wide range of temperatures and light compared to alternative materials. This material is especially useful in the nuclear industry, where it is mainly used as a reflector. Despite the wide range of applications of metallic beryllium, only about 15% of the consumption of beryllium is in this form because of its high cost compared to substitutes. In particular, demand is vulnerable to changes in defense spending. Beryllium production within the Issuer's group began in 1951 at Ulba Metallurgical Plant JSC (UMP) – this is one of three enterprises in the world that has a full beryllium production cycle from concentrate processing to production of beryllium alloys. By the end of 2018, UMP was the second largest producer of beryllium products in the world (1,711.7 tons in 2018), including pure beryllium and beryllium alloys. The beryllium market has a highly concentrated and closed nature. There are a small number of producers in the market. The dominant player in the market is Materion (USA), whose share is approximately 90%. There are no open source beryllium prices, the metal is not quoted on exchanges. The largest concentration of beryllium reserves is in Brazil, but significant reserves are also located in China, Russia and India. US beryllium production is the largest of all countries. Beryllium is also extracted from secondary sources, and it is estimated that its recycling yielded nearly 50 t Be from 322 tons Be of total processed products. US companies dominate the global beryllium industry. European and Japanese companies are still dependent on supplies of beryllium materials from the United States for the production of finished products containing beryllium. Primary product consumption of beryllium is split evenly between the US and the rest of the world. In 2018, approximately 70% of beryllium consumption was taken by copper-beryllium alloys. The main markets for this form of beryllium are electrical connectors, switches and springs that require thermal conductivity, strength and hardness of beryllium.

Tantalum. It is a malleable material that is highly resistant to acid corrosion and has good conductivity of heat and electricity. Tantalum powder is mainly used for the production of electronic components such as tantalum capacitors. Tantalum capacitors are used in portable phones, personal computers and automotive electronics. When alloyed, tantalum can be used to produce carbide tools for metalworking equipment and for the production of superalloys for jet engine parts. UMP tantalum production is the only one in the CIS countries and one of the largest in the world with a full production cycle from processing tantalum ore to finished products. UMP tantalum production is characterized by its flexible processing technology for all types of tantalum ore, including those difficult to concentrate, which guarantees the production of tantalum products with a purity of at least 99.99% as required by the customer. With a production volume of tantalum products in 2018 of 131.6 tons, the Issuer's group was the fourth largest tantalum producer in the world.

The electronics industry makes up the most of the tantalum market, which typically takes 50-60% of total consumption. This segment includes capacitors (using tantalum powder and wire) and ion sputtering targets (mainly used in semiconductors and inkjet printers). In alloys with other metals, tantalum can be used to produce carbide tools for metalworking equipment and for the production of superalloys. The superalloys used in aircraft engines and onshore industrial gas turbine plants (PSTUs) make up the next largest market share. The remainder is made up of hard alloys, rolled products – sheet and plate, welded pipes and wire products (mainly for chemical processing) and chemicals (mainly oxides for electronics and optics).

Primary supplies of tantalum are represented by traditional mining, artisanal mining, synthetic concentrates from tin processing (syncones) and regeneration. Artisanal mining in central Africa, concentrated in the Great Lakes of Africa, Nigeria and Sierra Leone, is a source of supplies of coltan and takes about half of all tantalum processed into processed products.

Traditional tantalum mining is focused in Brazil and China. Although there are tantalum deposits in Kazakhstan, they are not currently developed due to their economic unprofitability.

Niobium. The steel industry is today the main consumer of niobium. In the period 2008-2017, niobium consumption grew just a bit. Most (95%) of the global niobium production is attributable to the mineral pyrochlore, which is currently extracted at large deposits in Brazil and Canada. The rest is minerals such as tantalite-columbite and columbite, which are mined in a number of countries mainly due to the content of tantalum, mainly in Africa and South America.

UMP is a major producer of metal and niobium alloys, the production volume of which in 2018 amounted to 25.6 tons, which makes it one of three leading producers in the world. The main competitive advantages of UMP are: large capacity for the production of ingots and rolled products; as well as the possibility of producing alloys.

6. FINANCIAL POSITION

6.1. THE ISSUER'S FINANCIAL STATEMENTS

The Issuer keeps accounting records in tenge in accordance with International Financial Reporting Standards (IFRS).

The Issuer's consolidated financial statements in accordance with IFRS for 2016, 2017, 2018 was audited and the Issuer's condensed interim consolidated financial statements for H1 2019 was reviewed by PricewaterhouseCoopers LLP.

For the preparation of this Investment Memorandum, the following Issuer's Financial Statements were used:

- Consolidated financial statements in accordance with International Financial Reporting Standards for the years ended December 31, 2017, 2016 and 2015 and the audit report of an independent auditor;
- Consolidated financial statements in accordance with International Financial Reporting Standards for the year ended 31 December 2018, and audit report of an independent auditor;
- Condensed interim consolidated financial statements (unaudited) for three and six months ended June 30, 2019 (reviewed by the Issuer's independent auditor).

The audit report on the annual consolidated financial statements and the Review of the interim consolidated financial statements do not contain any clauses or paragraphs that draw attention to the reliability of the financial statements in the Issuer's independent auditor report.

See the Issuer's financial statements (consolidated statement of profit and loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity) in Appendix 1 hereto.

ASSETS

6.2. THE ISSUER'S INTANGIBLE ASSETS

According to the Issuer's consolidated financial statements as of June 30, 2019, the carrying value of intangible assets amounted to KZT 54,162 million, the subsoil use rights amounted to KZT 619,127 million. Intangible assets include licenses and patents, software, goodwill, etc.

million KZT

INTANGIBLE ASSET	INITIAL COST		ACCUMULATED DEPRECIATION		DEPRECIATED COST	
	31.12.2018	30.06.2019	31.12.2018	30.06.2019	31.12.2018	30.06.2019
Intangible assets	63,078	64,095	(8,979)	(9,933)	54,099	54,162
Subsoil use rights	465,281	647,060	(12,842)	(27,933)	452,439	619,127
Total	528,359	711,155	(21,821)	(37,866)	506,538	673,289

6.3. THE ISSUER'S FIXED ASSETS

According to the Issuer's consolidated financial statements, the carrying value of fixed assets as of June 30, 2019 amounted to 172,851 million tenge.

million KZT

ASSET	INITIAL COST	ACCUMULATED DEPRECIATION	CARRYING VALUE	DEPRECIATION RATE
	30.06.2019			
Buildings and facilities	129,809	(30,717)	99,092	24%
Plant and equipment	82,375	(34,589)	47,786	43%
Vehicles	18,179	(11,048)	7,131	61%
Land	401	-	401	-
Other	5,557	(2,546)	3,011	46%
Construction-in-progress	17,213	(1,783)	15,430	
Total	253,534	(80,683)	172,851	33.39%

The Issuer's fixed assets are carried at depreciable cost, i.e. at cost less accumulated depreciation and any

accumulated impairment losses.

No accounting for fixed assets at fair value (revaluation of fixed assets) is used.

PRODUCTION PREPARATION COSTS

million KZT

ASSET	INITIAL COST		ACCUMULATED DEPRECIATION		CARRYING VALUE	DEPRECIATION RATE
	31.12.2018	30.06.2019	31.12.2018	30.06.2019		
30.06.2019						
Development mining	247,641		(131,875)		115,776	Production method
Landscape restoration	16,800		(2,910)		13,890	Production method
Ion exchange resin	15,330		(4,437)		10,893	Production method
Total	279,771		(139,222)		140,549	
31.12.2018						
Development mining	157,339		(61,214)		96,125	Production method
Landscape restoration	14,754		(886)		13,868	Production method
Ion exchange resin	13,710		(2,627)		11,083	Production method
Total	185,803		(64,727)		121,076	
31.12.2017						
Development mining	65,843		(35,487)		30,356	Production method
Landscape restoration	11,728		(2,462)		9,266	Production method
Ion exchange resin	5,359		(1,451)		3,908	Production method
Total	82,930		(39,400)		43,530	
31.12.2016						
Development mining	66,298		(33,178)		33,120	Production method
Landscape restoration	7,062		(1,921)		5,141	Production method
Ion exchange resin	4,887		(1,466)		3,421	Production method
Total	78,247		(36,565)		41,682	

THE ISSUER'S EXPLORATION AND EVALUATION ASSETS

million KZT

INTANGIBLE ASSET	INITIAL COST		ACCUMULATED DEPRECIATION		DEPRECIATED COST	
	31.12.2018	30.06.2019	31.12.2018	30.06.2019	31.12.2018	30.06.2019
Exploration and evaluation assets	23,609	24,191	-	-	23,609	24,191
Total	23,609	24,191	-	-	23,609	24,191

6.4. CONSTRUCTION-IN-PROGRESS

Construction-in-progress is recognized in the fixed assets

million KZT

INTANGIBLE ASSET	INITIAL COST		ACCUMULATED DEPRECIATION		DEPRECIATED COST	
	31.12.2018	30.06.2019	31.12.2018	30.06.2019	31.12.2018	30.06.2019
Capital work-in-progress	19,497	17,213	(1,787)	(1,783)	17,710	15,430
Total	19,497	17,213	(1,787)	(1,783)	17,710	15,430

As of December 31, 2018, construction-in-progress includes technical re-equipment of production of Ulba Metallurgical Plant JSC for the amount of KZT 3,966 million, construction of a process road to the Zhalkpak deposit for the amount of KZT 1,295 million, and NAC Kazatomprom JSC's IT projects for the amount of KZT 4,408 million.

As of December 31, 2018, the share of construction-in-progress was 10% of the Issuer's fixed assets, at the end of H1 2019 - 9%, respectively.

6.5. INVESTMENTS ACCOUNTED BY EQUITY METHOD AND OTHER FINANCIAL ASSETS

Investment at equity and other financial assets as of June 30, 2019 amounted to KZT 123,003 million.

million KZT

INVESTMENT	30.06.2019
Long-term investments accounted by equity method to joint ventures and associates	122,408
Financial assets by governmental and non-governmental securities, including those held to maturity, held for sale and measured at fair value through profit or loss	595
Total:	123,003

The Group has the following investment in joint ventures as of June 30, 2019:

NAME	COUNTRY	CORE BUSINESS	INTEREST	MILLION KZT
UEC JSC	Russia	High-grade conversion uranium production	50.00%	15,355
Semizbai-U LLP	Kazakhstan	Uranium production, processing and export	51.00%	12,667
Ulba FA LLP	Kazakhstan	Fuel element plant construction	51.00%	6,763
JV Budyonovskoye LLP	Kazakhstan	Uranium production, processing and export	51.00%	5,630
Uranenergo LLP	Kazakhstan	Power transmission and distribution, operation of electric mains and substations	79.45%	2,770
SKZ-U LLP	Kazakhstan	Sulfuric acid production	49.00%	2,423
TOTAL INVESTMENT IN JOINT VENTURES				45,608

The Group has the following investment in associates as of June 30, 2019:

NAME	COUNTRY	CORE BUSINESS	INTEREST	MILLION KZT
JV KATCO LLP	Kazakhstan	Uranium production, processing and export	49.00%	55,971
JV Zarechnoye JSC	Kazakhstan	Uranium production, processing and export	49.98%	8,673
Kyzylkum LLP	Kazakhstan	Uranium production, processing and export	50.00%	5,985

Caustic JSC	Kazakhstan	Caustic soda supplies	40.00%	3,769
JV South Mining Chemical Company LLP	Kazakhstan	Uranium production, processing and export	30.00%	1,093
JV SKZ Kazatomprom LLP	Kazakhstan	Sulfuric acid production	9.89%	703
JV Rosburmash LLP	Kazakhstan	Geological prospecting and survey	49.00%	387
Zhanakorgan-Transit LLP	Kazakhstan	Transport and forwarding	40.00%	219
JV Khorassan-U LLP	Kazakhstan	Uranium production, processing and export	-	-
TOTAL INVESTMENT IN ASSOCIATES				76,800

6.6. ACCOUNTS RECEIVABLE

The accounts receivable as of June 30, 2019 amounted to KZT 47,518 million, including short-term accounts receivable of KZT 47,438 million.

Other assets amount to KZT 47,064 million, including short-term other assets of KZT 21,957 million

million KZT

Short-term accounts receivable	30.06.2019
Trade accounts receivable from related parties	3,115
Trade accounts receivable	44,475
Provision for doubtful trade accounts receivable	(172)
Provision for doubtful trade accounts receivable from related parties	(53)
Total short-term trade accounts receivable less provision	47,365
Other accounts receivable	843
Other accounts receivable from related parties	4
Provision for doubtful other accounts receivable	(774)
Total short-term other accounts receivable less provision	73
Total short-term accounts receivable	47,438
Long-term other assets	30.06.2019
Advances paid for long-term assets	1,443
Restricted cash	12,183
Long-term inventory	6,861
Dividends receivable from related parties	-
Loans issued to employees	709
VAT recoverable	2,279
Deferred expenses	1,320
Advances paid to related parties	312
Total other long-term assets	25,107
Short-term other assets	30.06.2019
Dividends receivable from related parties	9,298
Advances paid for goods and services	6,361
Receivables from employees	429
Advances paid for goods and services to related parties	3,934
Deferred expenses	471
Prepaid taxes, except for income tax	464
Restricted cash	110
Insurance prepaid	890
Other assets to related parties	-
Other assets	-
Total other short-term assets	21,957

About 50% (KZT 47,365 million) of the Issuer's accounts receivable is Short-term trade receivables, which are mainly represented by purchasers' debts for uranium products sold mostly in USD (and small amounts in EUR).

See details of the Issuer's key buyers in Section 5.8 *Details of the Issuer's Key Suppliers and Consumers* of this Investment Memorandum.

Impact of Changes in Exchange Rates

Uranium spot prices are typically quoted in USD; therefore, most sales contracts and the majority of the Issuer group's consolidated revenues are denominated in USD. In H1 2019, 78% of the Issuer group's revenue was denominated in USD.

A substantial portion of the Issuer group's expenses, including most of its operating production expenses and over two-thirds of its capital expenditures, are denominated in KZT. The principal expenses of the Issuer's group's that are not denominated in KZT relate to the purchase of industrial pumps used in ISR operations and the resins used in uranium processing. Moreover, the Issuer's group's borrowings are denominated in foreign currencies (as of June 30, 2019, 88% of the Issuer's group's borrowings were denominated in USD).

As most of the Issuer group's revenue is denominated in USD, while a significant share of its costs is in KZT, a weakening of the KZT against the USD generally has a positive effect on the Issuer group's financial performance. However, because the Issuer's group has significant outstanding USD-denominated liabilities, the positive effect of an appreciating USD on recorded revenues may be fully or partially offset. In addition, although the Issuer purchases uranium and uranium products from its Joint Ventures and Associates under KZT-denominated contracts, the prices are determined by reference to prevailing spot market prices for U3O8, which are in turn denominated in USD. Accordingly, a significant increase in USD would result in a corresponding increase in the KZT-denominated uranium purchase costs under such contracts.

The Issuer manages the currency risk by matching the currency of its interest payments and financial liabilities, with the currency of its cash flows. Through this matching, the Issuer can naturally hedge without the use of derivatives. For monetary assets and liabilities denominated in currencies other than KZT, the Issuer attempts to keep its net exposure to an acceptable level by buying or selling such currencies at spot rates when necessary to address short-term imbalances.

LIABILITIES

6.7. THE ISSUER'S EQUITY

million KZT

	NUMBER OF OUTSTANDING AUTHORIZED SHARES	NUMBER OF OUTSTANDING PAID-UP SHARES	AUTHORIZED CAPITAL
As of January 1, 2016	36,784,961	36,692,361	36,692
New outstanding shares issued		92,600	93
As of December 31, 2016	36,784,961	36,784,961	36,785
As of January 1, 2017	36,784,961	36,784,961	36,785
New outstanding shares issued	265,983	265,983	266
As of December 31, 2017	37,050,944	37,050,944	37,051
As of January 1, 2018	37,050,944	37,050,944	37,051
New outstanding shares issued			
As of December 31, 2018	259,356,608	259,356,608	37,051
As of January 1, 2019	259,356,608	259,356,608	37,051
New outstanding shares issued			
As of June 30, 2019	259,356,608	259,356,608	37,051

During 2016, the Issuer announced dividends for 2015 in the amount of KZT 12,031 million. Dividends accrued per ordinary share of the Issuer were KZT 328. The dividends paid were KZT 12,031 million.

During 2017, the Issuer announced dividends for 2016 in the amount of KZT 65,849 million. Dividends accrued per ordinary share of the Issuer were KZT 1,790. The dividends paid were 65.849 million tenge.

During 2018, the Issuer announced dividends for 2017 in the amount of KZT 161,661 million. Dividends accrued

per ordinary share of the Issuer were KZT 624, taking into account split (KZT 4,374 without split). The dividends paid were KZT 161,661 million.

During the 1st half of 2019, the Issuer announced dividends in the amount of KZT 80,001 million. Dividends accrued per ordinary share of the Issuer were KZT 308. The dividends paid were KZT 80,001 million.

6.8. CREDIT FACILITIES, LOANS AND LEASE CONTRACTS

The Issuer's financial liabilities comprise the loans received and guarantees issued on loans of associates. The debt portfolio is primarily denominated in USD, which is the main currency of the Issuer's sales contracts (88% during the first half of 2019). As a result, the Issuer gained a natural economic hedge of USD/KZT foreign currency risk without the use of derivative financial instruments.

The Issuer's financial liabilities as of June 30, 2019 amounted to KZT 145,801 million.

	million KZT
	JUNE 30, 2019
Long-term credits and loans, including	11,729
Bank loans	10,733
Non-bank loans	
Lease liabilities	996
Current credits and loans, including	134,072
Bank loans	24,949
Non-bank loans	16,629
Bonds outstanding	74,486
Liabilities on bills of exchange	17,451
Current lease liabilities	557
Total credits and loans	145,801

As of the end of the first half of the year, the Group has long-term debt on credit and loans in the amount of KZT 11,729 million, which is about 8% of the total debt.

The largest share in short-term debt is represented by bonds issued in 2018 with a par value of KZT 70,000 million. Until the end of 2019, they are planned to be refinanced through a new issue of 5-year bonds.

Promissory notes were issued by JV Khorasan-U LLP in December 2014 to repay the debt for mine development assets. According to the terms, promissory notes are payable on demand at an interest rate of 0.1%. As of 30 June 2019, the right of claim under these promissory notes belongs to Kyzykum LLP.

Non-bank loans are primarily related to loans received from Netherland International Uranium B.V. (NIU) by JV Inkai LLP. The loan is planned to be repaid before the end of 2019.

Bank loans as of June 30, 2019 amounted to KZT 35,681 million, including:

#	BORROWER	CREDITOR AND CREDITOR'S LOCATION	LOAN AMOUNT	LOAN CURRENCY	TERM	LOAN SECURITY	LOAN DEBT AS OF 30.06.2019 ('000 KZT)	TARGET
1	NAC Kazatomprom JSC	Mizuho Bank, Ltd., Tokyo, Japan	USD 100 million	USD	28.09.2018 - 28.09.2020	unsecured	27,048,134	common corporate targets
2	NAC Kazatomprom JSC	Societe Generale, Paris, France	USD 10 million	USD	28.02.2019 - 28.08.2019	unsecured	3,864,282	common corporate targets
3	Karatau LLP	Sberbank SB JSC, Shymkent, Kazakhstan	USD 12.5 million	USD	24.10.2017 - 18.10.2020	unsecured	4,768,711	working capital financing
Total in USD			122.5			Total in KZT	35,681,127	

The Issuer has contingent liabilities under the guarantees issued on loans of associates, which as of June 30, 2019 amounted to KZT 12,268 million.

Weighted average interest rate of the Issuer for bank loans for H1 2019

(%)	JUNE 30, 2019
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Fixed interest rates	4.15%
Variable interest rates	4.08%

6.9. ACCOUNTS PAYABLE

Accounts payable as of June 30, 2019 amounted to KZT 77,491 million, including short-term accounts payable of KZT 76,835 million.

Other liabilities amount to KZT 34,714 million, including short-term other liabilities in the amount of KZT 25,124 million

million KZT

Short-term accounts payable	30.06.2019
Trade accounts payable	46,410
Trade accounts payable to related parties	18,596
Swap transactions balance	10,883
Other accounts payable	945
Other accounts payable to related parties	1
Total short-term accounts payable	76,835
Other long-term liabilities	30.06.2019
Advances received from related parties	14
Advances received	3,637
Liabilities to the preference share holders	265
Other long-term liabilities	15
Warranty liabilities	77
Unearned revenue	876
Provision for leaves and other remuneration to employees	-
Historical cost liabilities	1,650
Other reserves	3,056
Total other long-term liabilities	9,590
Other short-term liabilities	30.06.2019
Advances received	1,735
Joint operations liabilities	11,489
Advances received from related parties	645
Salaries payable	1,943
Social contributions	528
Unearned revenue	101
Dividends payable to other participants	4,816
Provision for leaves and other remuneration to employees	2,811
Warranty liabilities	228
Historical cost liabilities	690
Other provisions and financial liabilities	138
Total other short-term liabilities	25,124

Short-term trade accounts payable amount to KZT 46,410 million (more than 40% of the total accounts payable) and are mostly represented by the Issuer's outstanding debt for uranium products purchased for subsequent resale under their contracts.

Related-party settlements and transactions

Related parties include entities controlled by Samruk-Kazyna JSC. Transactions with other state enterprises are not disclosed if they are carried out in the ordinary course of business in accordance with the terms and conditions that consistently apply to all public and private companies 1) when they are not individually significant; 2) if the Group's services are provided under standard terms and conditions available to all consumers, or 3) if there is no choice of a provider of such services as electric power transmission services, telecommunication services, etc.

Related party transaction balances as of June 30, 2019 include:

MILLION KZT	ACCOUNTS	DIVIDENDS	LOANS	ACCOUNTS	CREDITS AND
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	RECEIVABLE AND OTHER ASSETS	RECEIVABLE	ISSUED	PAYABLE AND OTHER LIABILITIES	LOANS
Associates	2,315	9,298	15,256	8,967	17,451
Joint ventures	4,901	-	2,310	5,468	-
Jointly controlled entities	153	-	-	693	-
Parent company's associates	23	-	-	4,128	-
Total	7,392	9,298	17,566	19,256	17,451

Items of income and expenses and other related-party transactions for the period ended June 30, 2019:

MILLION KZT	GOODS AND SERVICES SOLD	DIVIDENDS RECEIVABLE	GOODS AND SERVICES PURCHASED	INTEREST INCOME	OTHER PROFIT AND LOSS	DIVIDENDS PAYABLE TO SHAREHOLDER
Associates	16,850	8,884	10,260	671	14	-
Joint ventures	5,080	739	5,665	-	-	-
Jointly controlled entities	-	-	-	-	-	-
Parent company's associates	50	-	3,724	-	-	-
Parent company	-	-	-	-	-	68,065
Total	21,980	9,623	19,649	671	14	68,065

7. FINANCIAL PERFORMANCE

7.1. PRODUCTS SOLD

As of June 30, 2019, revenue (sales revenue) is KZT 176,555 million.

The main share in revenue is made up of sales of uranium products (on average, from 70% to 80%)

million KZT

ITEM	2016	SHARE	2017	SHARE	2018	SHARE	6M 2019	SHARE
Revenue								
Income from uranium products sold	268,101	68.0	207,788	75.0	368,325	84.4	145,710	82.5
Income from energy resources sold	57,555	14.6	-		-		-	-
Income from beryllium products sold	13,359	3.4	13,224	4.8	17,364	4.0	8,306	4.7
Income from goods purchased and other products sold	16,982	4.3	20,171	7.3	17,889	4.1	9,720	5.5
Income from tantalum products sold	11,749	3.0	12,871	4.6	14,333	3.3	3,844	2.2
Income from well drilling	10,532	2.7	9,950	3.6	6,803	1.6	3,782	2.1
Income from transportation services	5,148	1.3	3,895	1.4	2,887	0.7	1,440	0.8
Income from other goods and services	10,889	2.8	9,147	3.3	9,031	2.1	3,753	2.1
Total revenue	394,315	100.0	277,046	100.0	436,632	100.0	176,555	100.0

Allocation of sales volumes directly affecting the Issuer's return can vary substantially between financial periods due to variable timing of customer delivery requests and physical delivery dates. In addition, the amount of revenue can be affected by changes in the market spot price for uranium products and the volatile KZT-to-USD exchange rate.

7.2. COST OF GOODS SOLD

At the end of H1 2019, the cost of goods sold amounted to KZT 129,596 million. The largest share is made up of expenses for raw materials and materials, which amount to KZT 71,801 million or 55%. The personnel remuneration is KZT 10,407 million (8%).

million KZT

ITEM	2016	SHARE	2017	SHARE	2018	SHARE	6M 2019	SHARE
Raw materials and materials	204,881	72	143,771	68	202,817	64.6	71,801	55.4
Depreciation and amortization	15,113	5	13,623	6	39,866	12.7	26,113	20.1
Personnel remuneration	30,620	11	22,830	11	24,024	7.7	10,407	8.0
Taxes, other than income tax	9,511	3	10,552	5	22,033	7.0	8,845	6.8
Processing and other services	15,845	6	5,052	2	10,354	3.3	7,226	5.6
Transport expenses	2,558	1	2,570	1	3,490	1.1	1,215	0.9
Maintenance and repair	2,358	1	2,144	1	3,021	1.0	1,077	0.8
Utilities	1,541	1	1,432	1	1,581	0.5	647	0.5
Other	1,455	1	7,960	4	6,631	2.1	2,265	1.7
Total cost	283,882	100	209,934	100	313,817	100.0	129,596	100.0

The main impact on the cost of goods sold was made by factors related to a change in the Group's structure in 2018 and, as a result, there was an increase in expenses for raw materials and materials as well as recognition of acquired assets at fair value, which led to an increase in depreciation and amortization of fixed assets. The costs of processing and other production services increased mainly as a result of an increase in the costs of production services, due to an increase in the volume of work at service enterprises.

7.3. THE STRUCTURE OF THE ISSUER'S INCOME FROM NON-OPERATING ACTIVITIES

Other income for H1 2019 amounted to KZT 92,436 million, including other income of KZT 23,784 million

million KZT

ITEM	2016	2017	2018	6M 2019
Other income other than revenue				
Interest in the results of associates and jointly controlled entities	74,797	44,114	18,043	14,003
Net profit from business acquisition	-	-	313,517	54,649
Other income	1,065	114,907	1,242	23,784
Total income other than revenue	75,862	159,021	332,802	92,436

Financial income as of June 30, 2019 amounted to KZT 2,795 million, of which interest income amounted to KZT 1,969 (70%).

million KZT

ITEM	2016	2017	2018	6M 2019
Interest income	5,290	5,662	3,348	1,969
Other	10,535	153	601	826
Total financial income	15,825	5,815	3,949	2,795

7.4. THE STRUCTURE OF THE ISSUER'S EXPENSES FOR NON-OPERATING ACTIVITIES

The Issuer's general and administrative expenses as of June 30, 2019 amounted to KZT 15,757 million.

million KZT

ITEM	2016	2017	2018	6M 2019
Personnel remuneration	16,718	16,556	17,809	7,001
Consulting and information services	4,147	3,150	4,488	1,898
Social contributions (Turkestan region)	-	-	2,000	-
Debt impairment	474	3,009	1,743	29
Taxes, other than income tax	877	723	1,526	381
Lease	1,083	1,086	1,166	101
Depreciation and amortization	827	696	808	788
Other	6,751	4,974	5,265	5,559
Total general and administrative expenses	30,877	30,194	34,805	15,757

The Issuer's financial costs for H1 2019 amounted to KZT 6,220 million, of which interest expenses amounted to KZT 3,576 million (57%).

million KZT

ITEM	2016	2017	2018	6M 2019
Interest expenses	6,278	5,491	8,558	3,576
Provision discount write-off	1,100	1,267	2,385	1,249
Expenses for financial asset revaluation	2,673	1,223	30	882
Other	966	952	1,699	513
Total financial costs	11,017	8,933	12,672	6,220

The net gain / (loss) from the exchange rate difference as of June 30, 2019 is KZT (467) million

million KZT

ITEM	2016	2017	2018	6M 2019
Exchange rate difference	3,614	(805)	7,250	(467)

Income from impairment reversal / (loss from impairment of assets) as of June 30, 2019 is KZT (1,298) million

million KZT

ITEM	2016	2017	2018	6M 2019
Asset impairment reversal	184	526	15,128	837
Asset impairment	(22,007)	(27,938)	(9,618)	(2,135)
Total impairment / reversal	(21,823)	(27,412)	5,510	(1,298)

Other expenses for H1 2019 amounted to KZT 5,994 million, including selling expenses of KZT 4,108 million (69%)

million KZT

ITEM	2016	2017	2018	6M 2019
Selling expenses	6,314	4,316	10,530	4,108
Loss from subsidiary disposal	-	-	511	-
Other expenses	6,160	6,278	5,849	1,886
Total expenses other than cost	12,474	10,594	16,890	5,994

7.5. RATIOS

NET DEBT AND DEBT LEVERAGE RATIO

The following table summarizes the key ratios used by the Issuer's management to measure its financial stability:

million KZT

ITEM	JUNE 30, 2019
Financial liabilities	145,801
Cash	60,067
Net debt	85,734
Adjusted EBITDA ¹	165,492
Net debt / Adjusted EBITDA	0.5

¹ adjusted EBITDA for 6 months of 2019 was calculated as for 12 months (H1 of the reporting period and H2 of the preceding period).

The Issuer defines EBITDA or profit before interest, taxes, impairment and depreciation as profit before tax less financial income plus finance expenses plus impairment and depreciation plus or minus net loss or gain from translation into foreign currency, if possible.

The Issuer defines the adjusted EBITDA as an EBITDA less profit from a one-off effect (in H1 2019, the result of business acquisition and income from write-off of a liability for a joint operation), plus impairment losses less reversal of losses from impairment of assets.

Net debt includes all credit and loan liabilities and lease liabilities of the Issuer.

The above indicators demonstrate a stable financial position of the Issuer. They reflect the Issuer's solvency achieved by generating the necessary amount of cash and capital, as well as a moderate amount of debt.

8. CASH FLOWS

8.1. BRIEF OVERVIEW OF THE ISSUER'S CASH FLOWS

The Issuer's activities are financed mainly from cash flows from operating activities, and, to a lesser extent, from external sources of financing – to finance working capital and necessary long-term financing

million KZT

	2016	2017	2018	6M 2018	6M 2019
Net cash flows from operating activities	66,876	23,355	58,327	(45,001)	111,351
Net cash flows from investment activities	12,655	215,575	(40,279)	(13,158)	(16,039)
Net cash flows from financial activities	(56,196)	(74,881)	(139,272)	(82,880)	(161,487)
Net increase / (decrease) in cash and cash equivalents	23,335	164,049	(121,224)	(141,039)	(66,175)

Cash flows from operating activities increased to KZT 111,351 million for H1 2019, from KZT (45,001) million for H1 2018. This change occurred mainly due to:

- an increase in cash inflows from customers by KZT 69,213 million in H1 2019, which was mainly due to the cash inflows from products sold at the end of 2018 (a decrease in accounts receivable).
- a decrease in payments to suppliers in H1 2019 by KZT 80,235 million, which is due to an increase in accounts payable in H1 2019 (most payments will be made in H2 2019).

Net cash outflows from investing activities in H1 2019 were KZT 16,039 million compared to KZT 13,158 million in H1 2018.

Changes in investing cash flows in H1 2019 were due to:

- KZT 1,913 million increase in dividends received from joint ventures, Associates and other investment as a result of the Issuer's efforts to maximize the dividends from JV and Associates.
- KZT 9,790 million increase in acquisition of exploration and evaluation assets and mine development assets due to the change the Group structure.

Net cash outflows from financing activities were KZT 161,487 million in H1 2019 and KZT 82,880 million in H1 2018. This change was primarily due to:

- an increase of KZT 34,982 million in dividends paid to shareholders in first half of 2019 compared to 2018;
- KZT 12,749 million increase in repayment of loans and borrowings in first half of 2019.

LIQUIDITY

The Group manages its liquidity requirements to ensure sufficient funds are available for operations and for settlement of financial obligations using, amongst other sources, short-term and long-term corporate credit lines without collateral.

(KZT MILLION)	H1		CHANGE
	2018	2019	
Cash and cash equivalents	100.542	60.012	(40)%
Current term deposit	7.618	55	(99)%
Total cash	108.160	60.067	(44)%

The Group's cash and cash equivalents as of 30 June 2019 were KZT 60,012 million, compared to KZT 100,542 million as of 30 June 2018. The decrease was mainly the result of the payment of dividends to shareholders in the first half of 2019, and the scheduled repayment of debt.

Corporate credit facilities are an additional liquidity source for the Issuer. As of 30 June 2019, the Issuer, with certain subsidiaries, had total available revolving credit facilities of USD 275 million, of which approximately USD 265 million (96%) remained undrawn.

9. OTHER MATERIAL INFORMATION

For an additional analysis of the Issuer's financial condition and performance, as well as information regarding specific market trends affecting the uranium price, see the Annual Reports, Financial Performance Reports, and other reports and presentations posted on the accessible corporate website:
www.kazatomprom.kz

Financial Controller

D. A. Kozha-Akhmet