"NAC "KAZATOMPROM" JSC

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The following statement is made with a view to distinguish the respective responsibilities of management and those of the independent auditor's in relation to the separate financial statements of JSC National Atomic Company Kazatomprom ("Company") and for the year ended 31 December 2020.

Management of the Company is responsible for the preparation of separate financial statements of the Company for the year ended 31 December 2020, that presents fairly, in all material respects, the financial position of the Company as at 31 December 2020, and the results of its operations, cash flows and changes in equity for the year then ended in compliance with International Financial Reporting Standards ("IFRS").

In preparing the separate financial statements, management is responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, as well as other events and conditions on the Company's financial position and financial performance; and
- making an assessment of the Company's ability to continue as a going concern.

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Company;
- maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the separate financial statements of the Company comply with IFRS;
- maintaining statutory accounting records in compliance with legislation and accounting standards of the Republic of Kazakhstan;
- taking all reasonably possible measures to safeguard the assets of the Company; and
- preventing and detecting fraud and other irregularities.

The separate financial statements for the year ended 31 December 2020 were authorised for issue by management of the Company on 15 March 2021.

SYZDYKOVA K.B.	KOZHA-AKHMET D.A.
CHIEF FINANCIAL OFFICER	FINANCIAL CONTROLLER

JSC National Atomic Company Kazatomprom

Separate Financial Statements
for the year ended 31 December 2020 and
Independent Auditor's Report

Content

Independent Auditor's Report

To the Shareholders and the Board of Directors of National Atomic Company Kazatomprom JSC

Our opinion

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of National Atomic Company Kazatomprom JSC (the "Company") as at 31 December 2020, and the Company's separate financial performance and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Company's separate financial statements comprise:

- the separate statement of profit or loss and other comprehensive income for the year ended 31 December 2020;
- the separate statement of financial position as at 31 December 2020;
- the separate statement of cash flows for the year then ended; and
- the separate statement of changes in equity for the year then ended;
- the notes to the separate financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the separate financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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Our audit approach

Overview

Materiality	Overall Company materiality: Kazakhstani Tenge (KZT) 9,100 million, which represents approximately 5% of profit before tax.
Key audit matters	• Impact of COVID-19 on the Company's operations

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the separate financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the separate financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the separate financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Company materiality for the separate financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the separate financial statements as a whole.

Overall Company materiality	KZT 9,100 million
How we determined it	approximately 5% of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which, in our view, is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impact of COVID-19 on the Company's operations *Refer to Notes 2 and 37 to the separate financial statements* The COVID-19 pandemic has disrupted global uranium production as some of the world's largest producers had temporary closed their mines between March and September 2020. In Kazakhstan where the Company's and its subsidiaries' principal business operations are conducted, the state of emergency was introduced from 16 March 2020 with restrictive epidemiological measures which were extended through the middle of August 2020. To minimize the risk of the virus outbreak at its operations, the Company and its subsidiaries have reduced the number of its staff on sites to a minimum level during the four month period from April to July 2020, which resulted in a lower level of the wellfield activity and, in consequence, a reduction in a production volume in 2020 by approximately 10%-15% from the production level previously announced to the market and in excess of the allowed deviation in the Company's and its subsidiaries' subsurface use contracts. Following correspondence with authorities, Kazakh government expressed its intent to make corresponding amendments to the Company's and its subsidiaries' subsurface use contracts without applying penalties.	Our audit procedures included: • discussion of the impact of COVID-19 on business with Management of the Company and its subsidiaries and assessment of measures taken to minimize impact of COVID-19 on the Company's future financial results; • analysis of reasonableness of application of the going concern assumption including our review of the Company's cash flow forecasts; • analysis of indicators of impairment of non-financial non-current assets including consideration of the pandemic impact on the global uranium spot and future price; • analysis of the Company's and its subsidiaries' compliance with the terms of its subsurface use contracts in relation to 10%-15% lower production level in excess of the allowed deviation in the Company's and its subsidiaries' subsurface use contracts. We reviewed the Company's correspondence with Kazakh government authorities and the Company's explanation that the deviation during 2020 was caused by the state of emergency announced in Kazakhstan in relation to COVID-19 pandemic.

Due to recent volatility in global trade, disruption in the uranium production both globally and in Kazakhstan, trade, supply chain and logistical challenges presented by additional restrictions imposed on business by the governments in the context of pandemic and potential impact on demand as a result of the COVID-19 virus, we have focused on analysis of the impact of COVID-19 on the Company's business as it might have a significant impact on the figures presented in the separate financial statements.

- performance of a net realisable value test for finished goods;
- a test of compliance with covenants set in loan contracts.
- consideration of disclosures in the financial statements and assessment of their adequacy.

Other information

Management is responsible for the other information. The other information comprises of the annual report but does not include the separate financial statements and our auditor's report thereon. The Company's complete Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the separate financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the separate financial statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The certified auditor responsible for the audit resulting in this independent auditor's report is Almaz Sadykov.

PricewaterhouseCoopers LLP

Almaty, Kazakhstan
15 March 2021

Approved by:

Dana Inkarbekova
Managing Director
PricewaterhouseCoopers LLP
(General State License of the RK Ministry of Finance No.0000005 dated 21 October 1999)

Signed by:

Almaz Sadykov
Audit Partner
(The Association of Chartered Certified Accountants №00836388 dated 31 July 2007)

Signed by:

Svetlana Belokurova
Statutory Auditor
(Qualified Auditor's Certificate №0000357 dated 21 February 1998)

In millions of Kazakhstani Tenge	Note	For the year ended 31 December 2020	For the year ended 31 December 2019
Revenue	8	423,197	403,076
Cost of sales	9	(321,439)	(301,659)
Gross profit		**101,758**	**101,417**
Distribution expenses	10	(4,734)	(5,013)
General and administrative expenses	11	(14,961)	(15,696)
Reversal of impairment losses on non-financial assets	12	2,167	803
Impairment losses on non-financial assets	12	(6,316)	(7,229)
Reversal of impairment / (impairment loss) on financial assets	12	378	(434)
Gain from disposal of joint venture	1	27,594	-
Net foreign exchange loss	14	(218)	(101)
Other income	13	5,969	20,748
Other expenses	14	(4,221)	(4,530)
Finance income	16	89,834	53,593
Finance costs	16	(5,768)	(8,602)
Profit before tax		**191,482**	**134,956**
Income tax expense	17	(25,203)	(20,200)
PROFIT FOR THE YEAR		**166,279**	**114,756**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Income from equity securities, measured at fair value through other comprehensive income		-	7
Remeasurements of post-employment benefit obligations		(49)	(5)
Other comprehensive income for the year		**(49)**	**2**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**166,230**	**114,758**
Basic and diluted earnings per ordinary share	42	641	442

These separate financial statements were approved by management on 15 March 2021:

Syzdykova K.B.	Kozha-Akhmet D.A.	Jakypbekova S.J.
Chief Financial Officer	Financial Controller	Chief Accountant

In millions of Kazakhstani Tenge	Note	31 December 2020	31 December 2019
ASSETS			
Non-current assets			
Property, plant and equipment	19	31,708	40,713
Mine development assets	20	19,829	21,019
Mineral rights	21	186,320	195,941
Exploration and evaluation assets	22	21,144	21,271
Investment property		4,508	-
Intangible assets	18	50,615	48,105
Right-of-use assets	28	764	1,245
Investments in subsidiaries	23	165,169	160,995
Investments in associates	24	14,438	19,036
Investments in joint ventures	25	27,129	26,784
Financial derivative asset		1,048	543
Loans to related parties	30	8,423	10,125
Other non-current assets	27	17,350	2,793
		548,445	**548,570**
Current assets			
Accounts receivable	26	133,910	108,369
Prepaid income tax		4,565	6,027
VAT recoverable		45,474	40,387
Inventories	29	175,651	175,520
Loans to related parties	30	4,588	2,799
Notes of the National Bank of the Republic of Kazakhstan		5,035	-
Cash and cash equivalents	31	34,572	33,783
Other current assets	27	3,584	13,152
		407,379	**380,037**
Assets classified as held for sale	1	2,297	12,891
		409,676	**392,928**
TOTAL ASSETS		**958,121**	**941,498**
EQUITY			
Share capital	32	37,051	37,051
Reserves		(1,537)	(1,537)
Retained earnings		645,258	578,030
TOTAL EQUITY		**680,772**	**613,544**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	33	76,300	69,300
Lease liabilities		113	582
Provisions	34	3,792	5,832
Deferred tax liabilities	17	38,056	41,109
Employee benefits		398	234
Other non-current liabilities	36	3,719	3,683
		122,378	**120,740**
Current liabilities			
Loans and borrowings	33	788	72,564
Lease liabilities		394	401
Accounts payable	35	126,220	129,919
Other tax and compulsory payments liabilities		1,294	916
Employee benefits		44	32
Income tax payable		629	107
Other current liabilities	36	25,602	3,275
		154,971	**207,214**
TOTAL LIABILITIES		**277,349**	**327,954**
TOTAL EQUITY AND LIABILITIES		**958,121**	**941,498**
Book Value per Share	42	**2,430**	**2,180**

These separate financial statements were approved by management on 15 March 2021:

Syzdykova K.B. Chief Financial Officer	Kozha-Akhmet D.A. Financial Controller	Jakypbekova S.J. Chief Accountant

In millions of Kazakhstani Tenge	Note	For the year ended 31 December 2020	For the year ended 31 December 2019
OPERATING ACTIVITIES			
Cash receipts from customers		502,972	475,478
VAT refund		19,018	22,443
Interest received		2,506	9,213
Payments to suppliers		(429,510)	(387,308)
Payments to employees		(7,046)	(7,386)
Income tax paid		(24,466)	(22,492)
Other taxes paid		(9,225)	(8,728)
Interest paid		(4,146)	(6,511)
Cash flow from operating activities		**50,103**	**74,709**
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(4,521)	(13,505)
Proceeds from disposal of property, plant and equipment		19	8
Proceeds from disposal of intangible assets		-	18
Acquisition of intangible assets		(46)	(109)
Acquisition of mine development assets		(4,107)	(4,764)
Acquisition of exploration and evaluation assets		(1,146)	(13,878)
Proceeds from sale of investments in subsidiaries		-	3,834
Acquisition of notes of the National Bank of the Republic of Kazakhstan		(11,040)	-
Repayment of notes of the National Bank of the Republic of Kazakhstan		6,098	-
Placement of term deposits and restricted cash		(324)	(623)
Redemption of term deposits and restricted cash		271	502
Issuance of loans		(1,500)	-
Acquisition of investments in subsidiaries		(924)	(1,581)
Acquisition of investments in associates and joint ventures		(2,415)	(426)
Deposits transferred with subsoil use contracts		-	(412)
Proceeds from sale of investments in joint-venture		43,858	-
Dividends received from subsidiaries		40,612	23,706
Dividends received from associates, joint ventures and other investments		55,813	16,949
Loan repayments received from related parties		3,124	8,102
Repayment of debt instruments		181	59
Other		23	-
Cash flow from investing activities		**123,976**	**17,880**
FINANCING ACTIVITIES			
Proceeds from loans and borrowings	33	106,205	190,679
Proceeds from bonds issued	33	-	70,000
Repayment of loans and borrowings	33	(182,439)	(208,480)
Repayment of bonds issued	33	-	(73,500)
Dividends paid to shareholders	32	(99,002)	(80,001)
Payments under lease	33	(289)	(291)
Cash flow used in financing activities		**(175,525)**	**(101,593)**
Net decrease in cash and cash equivalents		**(1,446)**	**(9,004)**
Cash and cash equivalents at the beginning of the year		33,783	45,034
Effect of exchange rate fluctuations on cash and cash equivalents		2,233	(2,251)
Change in cash and cash equivalents impairment reserve		2	4
Cash and cash equivalents at the end of the year	31	**34,572**	**33,783**

These separate financial statements were approved by management on 15 March 2021:

Syzdykova K.B.	Kozha-Akhmet D.A.	Jakypbekova S.J.
Chief Financial Officer	Financial Controller	Chief Accountant

In millions of Kazakhstani Tenge	Share capital	Reserves	Retained earnings	Total equity
Balance at 1 January 2019	**37,051**	**(1,544)**	**543,280**	**578,787**
Profit for the year	-	-	114,756	114,756
Other comprehensive income	-	7	(5)	2
Total comprehensive income for the year	**-**	**7**	**114,751**	**114,758**
Dividends declared (Note 32)	-	-	(80,001)	(80,001)
Balance at 31 December 2019	**37,051**	**(1,537)**	**578,030**	**613,544**
Profit for the year	-	-	166,279	166,279
Other comprehensive income	-	-	(49)	(49)
Total comprehensive income for the year	**-**	**-**	**166,230**	**166,230**
Dividends declared (Note 32)	-	-	(99,002)	(99,002)
Balance at 31 December 2020	**37,051**	**(1,537)**	**645,258**	**680,772**

These separate financial statements were approved by management on 15 March 2021:

Syzdykova K.B.
Chief Financial Officer

Kozha-Akhmet D.A.
Financial Controller

Jakypbekova S.J.
Chief Accountant

1 Kazatomprom Company and its Operations

These separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) for the year ended 31 December 2020 for JSC National Atomic Company Kazatomprom (hereinafter referred to as the "Company").

The Company is a joint stock company set up in accordance with regulations of the Republic of Kazakhstan. The Company was established pursuant to the Decree of the President of the Republic of Kazakhstan on the establishment of National Atomic Company Kazatomprom No. 3593, dated 14 July 1997, and the Decree of the Government of the Republic of Kazakhstan on National Atomic Company Kazatomprom Issues No. 1148 dated 22 July 1997, as a closed joint stock company with a 100% government shareholding.

As of 31 December 2020, 75% of the Company's shares are held by Samruk-Kazyna JSC and 25% are on free float.

The Company's registered address is E-10 street, house 17/12, Nur-Sultan city, the Republic of Kazakhstan. The principal place of business is the Republic of Kazakhstan.

The Company's principal activities include production of uranium and sale of uranium products. The Company is one of the leading uranium producing companies of the world. The Company's subsidiaries are also involved in production of uranium and sale of uranium products, mining of rare and rare-earth metals, manufacture and sale of beryllium and tantalum products and development of high technologies.

JSC NAC Kazatomprom is an entity representing interests of the Republic of Kazakhstan at the initial stages of the nuclear fuel cycle. The Company is a participant in a number of associates and joint ventures, which make a significant contribution to the Company's profit (Notes 24 and 25). In 2018, the Company's development strategy was revised in order to focus on the core business activities of the Company - the extraction and processing of uranium and associated natural resources. The development strategy is designed to ensure long-term value growth for all stakeholders of the Company in accordance with the principles of sustainable development by optimising production volumes according to market conditions and applying a market-oriented approach to product sales opportunities, applying best practices in business activities, and developing a corporate culture consistent with the Company's position as an industry leader.

As at 31 December 2020, the Company was a party to the following contracts on production and exploration of uranium:

Mine/area	**Stage**	**Contract date**	**Contract term**	**Subsurface user**
Moinkum, block 3 (Central) (Northern part)	Production	31.05.2010	31 years	The Company
Budenovskoye, block 2	Production	08.07.2005	35 years	Karatau LLP
Budenovskoye, block 1	Production	20.11.2007	30 years	JV Akbastau JSC
Budenovskoye, blocks 3, 4	Production	20.11.2007	31 years	JV Akbastau JSC
Inkai, block 2	Exploration	25.06.2018	4 years	The Company
Inkai, block 3	Exploration	25.06.2018	4 years	The Company

At 31 December 2020, the Company had investments in 34 entities (2019: 34), including associates and joint ventures, located in 5 regions of Kazakhstan: Turkestan region, East Kazakhstan region, Kyzylorda region, Akmola region, Pavlodar region and Almaty region. At 31 December 2020, the aggregate number of the Company's employees is 396 (2019: 405) people.

Presented below are changes in the structure of the Company's investments during the year.

JSC Uranium Enrichment Center (TsOU)

In 2019 the Company has entered into a conditional contract to sell its 50% interest minus 1 (one) share in JSC Uranium Enrichment Center (TsOU) to its partner in this joint venture - TVEL JSC (TVEL). The Company maintained 1 share of TsOU, which will retain the Company's right to access uranium enrichment services in accordance with the conditions previously agreed with TVEL. As at 31 December 2019 the Company classified the investment in the joint venture TsOU as an asset held for sale. On 17 March 2020, the Company completed this sale. The contract price was Russian rubles 6,253 million or Euro 90 million fixed at an exchange rate as of 31 December 2019. Actual cash consideration received was Euro 90 million (Tenge 43,858 million equivalent).

1 Kazatomprom Company and its Operations (Continued)

In millions of Kazakhstani Tenge	
Contract price in accordance with exchange rate as at 31 December 2019	40,485
Less: carrying value of the investment in joint venture	(12,891)
Gain from disposal of joint venture	**27,594**

As at 31 December 2019 the Company classified the investment in the joint venture TsOU as an asset held for sale.

Caustic JSC

The Company intends to sell its entire stake in Caustic JSC by the end of 2021. Based upon an independent appraisal report, the fair value of the investment of Caustic JSC was lower than the carrying amount of the investment, as a result of which an impairment of Tenge 1,626 million was recognised during the year (Note 12). As at 31 December 2020 the Company classified the investment in the associate Caustic JSC as an asset held for sale.

KazPV project

Certain non-core assets are to be disposed under the plan presented in the IPO prospectus of NAC Kazatomprom JSC including entities of the KazPV project: Astana Solar LLP, Kazakhstan Solar Silicon LLP and MK KazSilicon LLP. As previously reported, on 17 May 2019, a conditional sales contract was entered into which provided for the initial sale of 75% of the Company's shareholding in the entities of the KazPV project (further – Agreement). However, the Agreement did not enter into force due to non-compliance by the purchaser with certain conditions. As a result, in the first quarter of 2020, the Company terminated its relations with potential buyers under this contract. The Company has received the required regulatory approvals to recommence disposal of the KazPV assets in 2021.The assets and liabilities of the entities in the KazPV project are presented as assets and liabilities held for sale in these audited separate financial statements.

2 Operating Environment of the Company

The economy of the Republic of Kazakhstan continues to display characteristics of an emerging market and is particularly sensitive to prices for oil and gas and other commodities, which constitute major parts of the country's exports. These characteristics include, but are not limited to, the existence of a national currency that is not freely convertible outside of the country and a low level of market liquidity of debt and equity securities. Ongoing political tension in the region and volatility of exchange rates have caused and may continue to cause negative impacts on the economy of the Republic of Kazakhstan, including decreases in liquidity and creation of difficulties in attracting international financing.

On 20 August 2015 the National Bank and the Government of the Republic of Kazakhstan took actions to discontinue supporting the Tenge exchange rate and implement a new monetary policy, which is based on an inflation targeting regime, cancellation of the exchange rate trading band and start a free-floating exchange rate. However, the National Bank's exchange rate policy allows it to intervene to prevent dramatic fluctuations of the Tenge exchange rate and to ensure financial stability.

As at the date of issuance of these separate financial statements the official exchange rate of the National Bank of the Republic Kazakhstan was Tenge 418.64 per USD 1, compared to Tenge 420.71 per USD 1 as at 31 December 2020 (31 December 2019: Tenge 381.18 per USD 1).

On 21 August 2020 Fitch Ratings affirmed the long-term foreign currency issuer default rating ("IDR") of Kazakhstan as "BBB" with a stable outlook. This rating reflects Kazakhstan's oil-related fiscal revenues and a strong sovereign net foreign asset position, offset by high commodity dependence, a weak banking sector relative to peers, and lower governance scores than 'BBB' medians. Public debt remains low with the country's fiscal position assessed as robust despite the oil price and coronavirus risks.

According to the official estimates, real GDP during the nine months of 2020 contracted by 3.1%. In August 2020 Fitch forecasted that real GDP would contract by 2.0% in 2020 (2019: +4.5%) as coronavirus containment measures hit domestic demand, and OPEC+ oil production cuts affect net exports.

Additionally, the mining sector in the Republic of Kazakhstan continues to be impacted by political, legislative, fiscal and regulatory developments. The prospects for future economic stability in the Republic of Kazakhstan are largely dependent upon the effectiveness of economic measures undertaken by the Government, together with legal and political developments, which are beyond the Company's control.

2 Operating Environment of the Company (Continued)

For the purpose of measurement of expected credit losses ("ECL") the Company uses supportable forward-looking information, including forecasts of macroeconomic variables. As with any forecast, the projections and likelihoods of their occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different from those projected.

Management believes it is taking all the necessary measures to support the sustainability and growth of the Company's business in the current circumstances. The future economic situation and regulatory environment may differ from management's current expectations

In December 2019, news from China about the outbreak of a new virus first appeared. On 11 March 2020, the World Health Organization declared the outbreak of a new type of coronavirus COVID-19 a pandemic. The COVID-19 epidemic has spread globally, with a sharp negative effect on the entire global economy.

According to the Decree of the President of the Republic of Kazakhstan dated 15 March 2020 No. 285 "On the introduction of a state of emergency in the Republic of Kazakhstan", a state of emergency was introduced for the period from 16 March 2020 until 15 April 2020 and later extended until 11 May 2020. On 5 July 2020, the State Commission for Ensuring State of Emergency under the President of Kazakhstan, in consideration of the complications of the epidemiological situation and the increase in the prevalence of coronavirus infection in Kazakhstan, introduced restrictive measures for 14 days, subsequently extended until 16 August 2020.

In the cities of Kazakhstan, including Almaty and Nur-Sultan a quarantine regime was introduced. The Company took actions to prevent the spread of coronavirus infection and ensure continuity of operations of production facilities, including shift change algorithms that were developed requiring PCR testing for shift production employees before arrival and departure from the shift and updated plans for continuity of operations and actions in case of the onset of symptoms among workers.

The Company's response plans are constantly updated in accordance with the Resolutions of the Chief State Sanitary Doctor of the Republic of Kazakhstan.

On 9 March 2020 oil quotes dropped amid the collapse of the OPEC deal, and the price of Brent crude in March fell below US Dollar 25 per barrel. The depreciation of Tenge against the US Dollar in March 2020 from the beginning of the year was 17%. During May-June 2020 due to a gradual increase in oil prices, the currency partially recovered and slightly decreased during July-September 2020. As of 31 December 2020, the price of Brent crude oil increased to US Dollar 51.82 per barrel, and the price of WTI futures increased to US Dollar 48.63 per barrel.

The devaluation of the Tenge against the US Dollar since the beginning of the year was approximately 10%.

As of the date of the issuance of these financial statements, the COVID-19 situation is still developing, and to date there has not been any significant effect on the Company's revenues and deliveries. Due to COVID-19 restrictive measures the Company has decreased its exploration activities (Note 20) and production volumes. The Company has fulfilled its 2020 sales obligations. There are currently no logistical restrictions on physical deliveries to all of the Company's export destinations including China which resumed shipments from April 2020. As at 31 December 2020 NAC Kazatomprom JSC remains a financially stable company with a strong, balance sheet with more than Tenge 252 billion of net current assets including over Tenge 35 billion in cash and cash equivalents, a low level of borrowings and more than Tenge 242 billion (US Dollars 574 million) of undrawn bank credit lines. The uranium spot price, which acts as a base for the pricing of the Company's sales, increased by more than 35% from the middle of March 2020 to the end of April, and after continuous decline, at 31 December 2020, the spot price settled at US Dollar 30.20 per pound of U_3O_8 (US Dollar 24.93 at 31 December 2019).

Management is unable to predict the extent or duration of changes in the Kazakhstani economy or evaluate their possible impact on the financial position of the Company in the future. Management believes that it is taking all necessary actions to maintain the sustainability and growth of the Company in the current circumstances.

3 Significant Accounting Policies

Basis of preparation

These financial statements have been prepared in accordance with IFRS under the historical cost convention, as modified by financial instruments categorised at fair value through profit or loss (“FVTPL”) and at fair value through other comprehensive income (“FVOCI”). The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented.

The preparation of separate financial statements in accordance with IFRS requires the use of certain critical accounting estimates. In addition, management must rely on its own judgment in applying the Company's accounting policies. Areas of accounting that involve a higher degree of valuation or complexity, as well as areas in which assumptions and estimates are material to the financial statements, are indicated in Note 4.

These separate financial statements were issued in addition to the consolidated financial statements of the Company and its subsidiaries (hereinafter “the Group”) in accordance with the relevant statutory requirements. In the consolidated financial statements operations of subsidiaries are fully consolidated. Subsidiaries are those investees, including structured entities, that the Group controls because the Group (i) has power to direct the relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of the investor’s returns. The consolidated financial statements also include results of joint ventures and associates accounted for under the equity method.

The consolidated financial statements have been authorised for issue on behalf of management on 15 March 2021. These separate financial statements shall be read by users in conjunction with the consolidated financial statements as at and for the year ended 31 December 2020, for the purpose of obtaining complete information in financial position, results of operations and changes in financial position of the Company, as a whole.

In 2018, the Company and Uranium One Inc. signed a number of agreements related to Karatau LLP and JV Akbastau JSC. As a result, these joint ventures were classified as joint operations under the IFRS 11 with effect from 1 January 2018. The Company ceased recognition of investments in joint ventures and recognised its share in joint operations by proportionate consolidation of the entities’ assets, liabilities, revenue and expenses.

Presentation currency

These separate financial statements are presented in millions of Kazakhstani Tenge (“Tenge”), unless otherwise stated.

Investments in subsidiaries, joint ventures and associates

For the purposes of accounting for such investments in these separate financial statements the Company used historical cost method less impairment provision.

Joint operations

The Company is a party of joint arrangement when it exercises joint control over arrangement by acting collectively with other parties and decisions about the relevant activities require unanimous consent of the parties sharing control. If participants of joint arrangements have rights to assets and bear responsibility for obligations under joint arrangements, then the joint arrangement is classified as a joint operation.

In relation to its interest in joint operations the Company recognises: (i) its assets, including its share of any assets held jointly, (ii) liabilities, including its share of any liabilities incurred jointly, (iii) its share of the revenue from the sale of its share of the output arising from the joint operation, (iv) its expenses, including its share of any expenses incurred jointly. In accordance with requirements of the relevant agreements, participants buy output of joint operations equally in accordance with their 50% ownership interest. If participants of the joint operations do not comply with this requirement during a period, a liability or receivable under joint operations is recognised for an amount equivalent to the corresponding gross margin. The liability/receivables is settled either when participants satisfy the parity requirements or participants mutually agree to discharge the liabilities/receivables, and a corresponding loss/gain is recognised in profit and loss. Receivables and payables between participants of the joint operations are presented on a gross basis in the financial statements. No revenue from joint operations is recognised in financial statements until the Company sells the output to third parties.

3 Significant Accounting Policies (Continued)

Property, plant and equipment

(i) Recognition and measurement of property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and provision for impairment, wherever required.

Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads. The individual significant parts of an item of property, plant and equipment (components) whose useful lives are different from the useful life of the given asset as a whole are depreciated individually, applying depreciation rates reflecting their anticipated useful lives.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Specialised spare parts and servicing equipment with a significant initial value and a useful life of more than one year are recognised as an item of property, plant and equipment. Other spare parts and auxiliary equipment are recognised as inventories and accounted for in profit and loss for the year as retired.

Costs of minor repairs and day-to-day maintenance are expensed when incurred. Cost of replacing major parts or components of property, plant and equipment items are capitalised and the replaced part is disposed. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss for the year.

(ii) Depreciation

Land is not depreciated. Depreciation of items within buildings category that are used in extraction of uranium and its preliminary processing is charged on a unit-of-production (UoP) method in respect of items for which this basis best reflects the pattern of consumption. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	Useful lives in years
Buildings	10 to 50
Machinery and equipment	3 to 50
Vehicles	3 to 10
Other	3 to 20

Each item's estimated useful life depends on its own useful life limitations and/or term of a subsurface use contract and the present assessment of economically recoverable reserves of the mine property at which the item is located. The residual value of an asset is the estimated amount that the Company would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Mine development assets

Mine development assets are stated at cost, less accumulated depreciation and provision for impairment, where required. Mine development assets comprise the capitalised costs of pump-in and pump-out well drilling, main external tying of the well with surface piping, equipment, measuring instruments, ion-exchange resin, estimated site restoration, acid costs and other development costs. Mine development assets are amortised at the mine or block level using the unit-of-production method. Unit-of-production rates are based on proved reserves estimated to be recovered from mines (blocks) using existing facilities and operating methods. The estimate of proved reserves is based on reserve reports which are integral part of each subsoil use agreement. These reserve reports are incorporated into feasibility models which are approved by the government and detail the total proven reserves and estimated scheduled extraction by year. Since 2017, the Company uses reserve reports prepared by an independent consultant (Note 4).

3 Significant Accounting Policies (Continued)

Intangible assets

(i) Recognition and measurement of intangible assets other than goodwill

The Company's intangible assets have definite useful lives and primarily include capitalised production technology development costs, computer software, patents, and licences. Acquired computer software licences and patents are initially measured at costs incurred to acquire and bring them to use.

(ii) Amortisation of intangible assets

Intangible assets are amortised using the straight-line method over their useful lives:

	Useful lives in years
Licences and patents	3 to 20
Software	1 to 14
Other	2 to 15

If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs to sell.

(iii) Research and development costs

Research expenditure is recognised as an expense when incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and costs can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs with a finite useful life that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit.

(iv) Goodwill

Goodwill is carried at cost less accumulated impairment losses, if any. The Company tests goodwill for impairment at least annually and whenever there are indications that goodwill may be impaired. Goodwill is allocated to the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination. Such units or groups of units represent the lowest level at which the Company monitors goodwill and are not larger than an operating segment.

Gains or losses on disposal of an operation within a cash-generating unit to which goodwill has been allocated include the carrying amount of goodwill associated with the disposed operation, generally measured on the basis of the relative values of the disposed operation and the portion of the cash-generating unit which is retained.

Mineral rights

Mineral rights are stated at cost, less accumulated depreciation and provision for impairment, where required. The capitalised cost of acquisition of mineral rights comprises subscription bonus, commercial discovery bonus, the cost of subsurface use rights and capitalised historical costs. The Company is obliged to reimburse historical costs incurred by the state in respect of mines prior to licence being issued or subsoil use contracts transferred. These historical costs are recognised as part of the acquisition cost with a corresponding liability equal to the present value of payments made during the licence period or subsoil use contract period.

Mineral rights are amortised using unit-of-production method based upon proved reserves commencing when uranium first starts to be extracted. The estimate of proved reserves is based on reserve reports which are integral part of each subsoil use agreement. These reserve reports are incorporated into feasibility models which are approved by the government and detail the total proven reserves and estimated scheduled extraction by year. Since 2017, the Company uses reserve reports prepared by an independent consultant (Note 4).

3 Significant Accounting Policies (Continued)

Exploration and evaluation assets

Exploration and evaluation assets are measured at cost less provision for impairment, where required. The Company classifies exploration and evaluation assets as tangible or intangible according to the nature of the assets acquired. Exploration and evaluation assets comprise the capitalised costs incurred after the Company has obtained the legal rights to explore a specific area and prior to proving that viable production is possible and include geological and geophysical costs, the costs of exploratory wells and directly attributable overheads associated with exploration activities.

The decision to enter into or renew a subsoil use contract after the expiration of the exploration and appraisal period is subject to the success of the exploration and appraisal of mineral resources and the Company's decision to proceed to the production (development) stage. Tangible exploration and evaluation assets are transferred to mine development assets upon demonstration of commercial viability of uranium production and amortised using unit-of-production method based upon proved reserves. Once commercial reserves (proved or commercial reserves) are found, intangible exploration and evaluation assets are transferred to mineral rights. Accordingly, the Company does not amortise exploration and evaluation assets before commercial reserves (proved or commercial reserves) are found. If no commercial reserves are found exploration and evaluation assets are expensed.

Exploration and evaluation assets are tested by the Company for impairment whenever facts and circumstances indicate assets' impairment. An impairment loss is recognised for the amount by which exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation assets' fair value less costs to sell and their value in use. One or more of the following facts and circumstances indicate that the Company should test its exploration and evaluation assets for impairment (the list is not exhaustive):

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral reserves in the specific area is neither budgeted nor planned;
- exploration and evaluation of mineral reserves in the specific area have not led to the discovery of commercially viable quantities of mineral reserves and the Company has decided to discontinue such operations in the specific area;
- sufficient data exist to indicate that, although development works in the specific area are likely to proceed, the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full resulting from efficient development or by sale.

Investment property

Investment property is property held by the Company to earn rental income or for capital appreciation, or both and which is not occupied by the Company.

Investment properties are stated at cost less accumulated depreciation and provision for impairment, where required. If any indication exists that investment properties may be impaired, the Company estimates the recoverable amount as the higher of value in use and fair value less costs of disposal. The carrying amount of an investment property is written down to its recoverable amount through a charge to profit or loss for the year. An impairment loss recognised in prior years is reversed if there has been a subsequent change in the estimates used to determine the asset's recoverable amount.

Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the item will flow to the Company, and the cost can be measured reliably. All other repairs and maintenance costs are expensed when incurred. If an investment property becomes owner-occupied, it is reclassified to property, plant and equipment.

Earned rental income is recorded in profit or loss for the year within other income. Gains or losses on disposal of investment property are calculated as proceeds less the carrying amount.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its carrying amount at the date of reclassification becomes its deemed cost for accounting purposes.

3 Significant Accounting Policies (Continued)

Impairment of non-financial assets and investments in subsidiaries, joint ventures and associates

The carrying amounts of the Company's non-financial assets (other than inventories and deferred tax assets) and investments in subsidiaries, joint ventures and associates are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell (the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date) and its value in use (being the net present value of expected future cash flows of the relevant cash generating unit). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. If it is not possible to estimate the recoverable amount of the individual asset, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Basis for determination of cash-generating units is presented in Note 4.

The estimates used for impairment reviews are based on detailed life of mine layouts and operating budgets, modified as appropriate to meet the requirements of IAS 36 "Impairment of Assets". Future cash flows are based on:

- estimates of the volumes of the reserves for which there is a high degree of confidence of economic extraction;
- future production levels;
- future commodity prices (assuming the current market prices will revert to the Company's assessment of the long-term average price, generally over a period of three to five years); and
- future costs of production and other operating and capital expenditures.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to profit and loss for the year so as to reduce the carrying amount in the separate statement of financial position to its recoverable amount. An impairment loss for an asset recognised in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell. This reversal is recognised in profit and loss for the year and is limited to the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised in prior years.

Leases

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments) less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Company, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, collateral and conditions. Lease payments are allocated between principal and finance costs. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture with value of Tenge 500 thousand or less.

Operating lease

Where the Company is a lessor in a lease which does not transfers substantially all the risks and rewards incidental to ownership to the lessee (i.e. operating lease), lease payments from operating leases are recognised as other income on a straight-line basis.

Income taxes

Income taxes have been provided for in the financial statements in accordance with legislation enacted by the end of the reporting period. The income tax charge/(credit) comprises current tax and deferred tax and is recognised in profit or loss for the year, except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.

3 Significant Accounting Policies (Continued)

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax balances are measured at tax rates enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient future taxable profit available against which the deductions can be utilised.

The Company controls the reversal of temporary differences relating to taxes chargeable on dividends from subsidiaries or on gains upon their disposal. The Company does not recognise deferred tax liabilities on such temporary differences except to the extent that management expects the temporary differences to reverse in the foreseeable future.

The Company's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management’s best estimate of the expenditure required to settle the obligations at the end of the reporting period.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and are subsequently carried at amortised cost using the effective interest method.

Inventories

Inventories are recorded at the lower of cost and net realisable value. The cost of inventory is determined on the weighted average basis. The cost of finished goods and work in progress comprises raw material, direct labour, other direct costs and related production overheads (based on the normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

Inventory loans

The Company enters into inventory loan agreements, according to which one party (the lender) undertakes to provide the other party (the borrower) with uranium products, and the borrower obliges to return to the lender an identical amount of uranium products. The Company obtains inventory loans to facilitate the performance of its uranium supply obligations. The Company classifies inventory loans as a non-financial liability.

Upon receipt of the inventory loan, the Company accounts for the inventory at the contracted cost. Liability arising from inventory loan are recognised as part of other liabilities at the fair value of the uranium products at the reporting date. Subsequent revaluation of the inventory loan is carried out through profit or loss as part of other income/expenses in accordance with changes in the fair value of uranium products.

Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year. Non-current prepayments are not discounted.

3 Significant Accounting Policies (Continued)

Assets classified as held for sale

Assets and disposal groups (which may include both non-current and current assets) are classified in the statement of financial position as 'Assets of disposal groups classified as held for sale' if their carrying amount will be recovered principally through a sale transaction (including loss of control of a subsidiary holding the assets) within twelve months after the reporting period. Assets are reclassified when all of the following conditions are met: (a) the assets are available for immediate sale in their present condition; (b) the Company management approved and initiated an active programme to locate a buyer; (c) the assets are actively marketed for sale at a reasonable price; (d) the sale is expected within one year; and (e) it is unlikely that significant changes to the plan to sell will be made or that the plan will be withdrawn.

Non-current assets or disposal groups classified as held for sale in the current period's statement of financial position are not reclassified or re-presented in the comparative statement of financial position to reflect the classification at the end of the current period.

A disposal group is a group of assets (current or non-current) to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. Non-current assets are assets that include amounts expected to be recovered or collected more than twelve months after the reporting period. If reclassification is required, both the current and non-current portions of an asset are reclassified.

Held for sale disposal groups as a whole are measured at the lower of their carrying amount and fair value less costs to sell. Held for sale property, plant and equipment are not depreciated. Reclassified non-current financial instruments are not subject to write down to the lower of their carrying amount and fair value less costs to sell.

Liabilities directly associated with the disposal group that will be transferred in the disposal transaction are reclassified and presented separately in the statement of financial position.

Financial instruments

Key measurement terms

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is the price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the number of instruments held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

(i) Transaction costs

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

3 Significant Accounting Policies (Continued)

(ii) Amortised cost

Amortised cost ("AC") is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses *("ECL")*. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to the maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the statement of financial position.

(iii) The effective interest method

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate. For assets that are purchased or originated credit impaired ("POCI") at initial recognition, the effective interest rate is adjusted for credit risk, i.e. it is calculated based on the expected cash flows on initial recognition instead of contractual payments.

Financial instruments – initial recognition

Financial instruments at FVTPL are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an ECL allowance is recognised for financial assets measured at AC and investments in debt instruments measured at FVOCI, resulting in an immediate accounting loss.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date on which the Company commits to deliver a financial asset. All other purchases are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets – classification and subsequent measurement

(i) Measurement categories

The Company classifies financial assets in the following measurement categories: FVTPL, FVOCI and AC. The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

(ii) Business model

The business model reflects how the Company manages the assets in order to generate cash flows – whether the Company's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows",) or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL.

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Company undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Company in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed, how the assets' performance is assessed and how managers are compensated.

3 Significant Accounting Policies (Continued)

(iv) Cash flow characteristics

Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Company assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature.

In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

Financial assets – reclassification

Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The entity did not change its business model during the current and comparative period and did not make any reclassifications.

Financial assets impairment – credit loss allowance for ECL

The Company assesses, on a forward-looking basis, the ECL for debt instruments measured at AC and FVOCI and for the exposures arising from loan commitments and financial guarantee contracts, for contract assets. The Company measures ECL and recognises net impairment losses on financial at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Debt instruments measured at AC and contract assets are presented in the statement of financial position net of the allowance for ECL. For loan commitments and financial guarantees, a separate provision for ECL is recognised as a liability in the statement of financial position. For debt instruments at FVOCI, changes in amortised cost, net of allowance for ECL, are recognised in profit or loss and other changes in carrying value are recognised in OCI as gains less losses on debt instruments at FVOCI.

The Company applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL").

Refer to Note 38 for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company's definition of credit impaired assets and definition of default is explained in Note 38.

For financial assets that are purchased or originated credit-impaired ("POCI Assets"), the ECL is always measured as a Lifetime ECL. Note 38 provides information about inputs, assumptions and estimation techniques used in measuring ECL, including an explanation of how the Company incorporates forward-looking information in the ECL models.

Financial assets – write-off

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. Indicators that there is no reasonable expectation of recovery include (i) court decision, (ii) liquidation of entity from which financial asset was acquired, (iii) overdue period of 3 years and more.

Derivative financial instruments

Derivative financial instruments are carried at their fair value. All derivative instruments are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of derivative instruments are included in profit or loss for the year. The Company does not apply hedge accounting.

3 Significant Accounting Policies (Continued)

Certain derivative instruments embedded in financial liabilities and other non-financial contracts are treated as separate derivative instruments when their risks and characteristics are not closely related to those of the host contract.

Financial assets – derecognition

The Company derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Company has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Financial assets – modification

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset, significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Company derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Company also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets) and recognises a modification gain or loss in profit or loss.

Financial liabilities – measurement categories

Financial liabilities are classified as subsequently measured at AC, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

Financial liabilities – derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

An exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment.

3 Significant Accounting Policies (Continued)

If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) in the event of default and (iii) in the event of insolvency or bankruptcy.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL. Restricted balances are excluded from cash and cash equivalents for the purposes of the cash flow statement. Balances restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period are included in other non-current assets.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

Dividends

Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved. Any dividends declared after the reporting period and before the financial statements are authorised for issue are disclosed in the subsequent events note.

Value added tax

Value added tax (VAT) related to sales is payable to the tax authorities when goods are shipped or services are rendered. Purchase VAT can be offset against sales VAT upon the receipt of a tax invoice from a supplier. Tax legislation allows the settlement of VAT on a net basis. Accordingly, VAT related to sales and purchases unsettled at the reporting date is stated

in the separate statement of financial position on a net basis. Recoverable VAT is classified as non-current if its settlement is not expected within one year after the reporting period. Non-current VAT is not discounted.

Loans and borrowings

Loans and borrowings are carried at amortised cost using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to get ready for intended use or sale (qualifying assets) are capitalised as part of the costs of those assets.

The commencement date for capitalisation is when (a) the Company incurs expenditures for the qualifying asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale. Capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use or sale.

The Company capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalised are calculated at the Company’s average funding cost (the weighted average interest cost is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred on the specific borrowings less any investment income on the temporary investment of these borrowings are capitalised.

3 Significant Accounting Policies (Continued)

Trade and other payables

Trade payables are accrued when the counterparty performs its obligations under the contract and are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method.

Provisions for liabilities and charges

Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The Company's provisions include site restoration and other provisions (Note 34).

Provisions for assets retirement obligations

Assets retirement obligations are recognised when it is probable that the costs would be incurred, and those costs can be measured reliably. Asset retirement obligations include the costs of rehabilitation and costs of liquidation (demolition of buildings, constructions and infrastructure, dismantling of machinery and equipment, transportation of the residual materials, environmental clean-up, monitoring of wastes and land restoration). Provision for the estimated costs of liquidation, rehabilitation and restoration are established and charged to the cost of property, plant and equipment or mine development assets in the reporting period when an obligation arises from the respective land disturbance in the course of mine development or environment pollution, based on the discounted value of estimated future costs. Movements in the provisions for assets retirement obligations, resulting from updated cost estimates, changes to the estimated term of operations and revisions to discount rates are capitalised within property, plant and equipment or mine development assets.

These costs are then depreciated over the lives of the assets to which they relate using the depreciation methods applied to those assets.

Provisions for asset retirement obligations do not include any additional obligations which are expected to arise from future disturbances. The cost estimates are calculated annually during the course of the operations to reflect known developments, e.g. updated cost estimates and revised term estimated lives of operations and are subject to formal reviews on a regular basis. Although the final cost to be incurred is uncertain, the Company estimates its costs based on feasibility and engineering studies using current restoration standards and techniques for conducting restoration and retirement works.

The amortisation or "unwinding" of the discount applied in establishing the net present value of provisions is charged to profit and loss in each reporting period. The amortisation of the discount is disclosed as finance costs.

Financial guarantees

Financial guarantees are irrevocable contracts that require the Company to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight-line basis over the life of the guarantee. At the end of each reporting period, the guarantees are measured at the higher of (i) the remaining unamortised balance of the amount at initial recognition and (ii) the best estimate of expenditure required to settle the obligation at the end of the reporting period.

Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its presentation currency is the national currency of Kazakhstan, Kazakhstani Tenge. Exchange restrictions and currency controls exist in relation of converting Tenge into other currencies. Currently, Tenge is not freely convertible outside of the Republic of Kazakhstan.

Monetary assets and liabilities are translated into Company's functional currency at the official exchange rate at the respective end of the reporting period. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into Company's functional currency at year-end official exchange rates are recognised in profit or loss. Translation at year-end does not apply to non-monetary items that are carried at historical costs.

At 31 December 2020 the principal rate of exchange used for translating foreign currency balances was USD 1 = 420.91 Tenge (31 December 2019: USD 1 = 382.59 Tenge).

.3 Significant Accounting Policies (Continued)

Employee benefits

(i) Long-term employee benefits

The Company provides long-term employee benefits to employees in accordance with the provisions of the collective agreement. The agreements provide for financial aid for employees' disability, retirement, funeral aid and other payments to the Company's employees. The entitlement to some benefits is usually conditional on the employee remaining employed until the retirement age and the completion of a minimum service period.

The Company does not have any funded post-employment plans. Liability recognised at each reporting date represents the present value of the plan liabilities. Actuarial gains and losses arising in the year are taken to the profit or loss for the year. For this purpose, actuarial gains and losses comprise both the effects of changes in actuarial assumptions and experience adjustments arising because of differences between the previous actuarial assumptions and what has actually occurred.

Actuarial gains and losses on post-employment obligations such as experience adjustments and the effects of changes in actuarial assumptions recognised in other comprehensive income in the period occurred. Other movements in the present value of the plan liabilities are also recognised in the profit or loss for the year, including current service cost.

The most significant assumptions used in accounting for defined benefit obligations are the discount rate, staff turnover and the mortality assumptions. The discount rate is used to determine the net present value of future liabilities and each year the unwinding of the discount on those liabilities is charged to profit or loss for the year. The mortality assumption is used to project the future stream of benefit payments, which is then discounted to arrive at a net present value of liabilities.

Employee benefits, including financial aid in case of employees' disability and funeral aid to the Company's employees and other payments are considered as other long-term employee benefits. The expected cost of these benefits is accrued over the period of employment using the same accounting methodology as used for the defined benefit plan. Changes in the actuarial assumptions for long-term employee benefits are recognised by the Company in the statement of profit or loss for the year. These long-term employee benefits are valued annually by independent qualified actuaries.

(ii) Payroll expense and related contributions

Wages, salaries, contributions to pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Company. In this case, the Company applies a defined contribution plan scheme. In accordance with the legal requirements of the Republic of Kazakhstan, the Company withholds pension contributions from employees' salary and transfers them into the united pension fund. Upon retirement of employees, all pension payments are administered by the united pension fund. The Company does not have any legal or constructive obligations to pay additional contributions, other than pension contributions withheld from the salaries of employees of the Company.

Revenue recognition

Revenue is income arising in the course of the Company's ordinary activities. Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties.

Revenue is recognised net of discounts, returns and value added taxes, export duties, other similar mandatory payments.

(i) Revenue from sales of goods (uranium, tantalum, beryllium, niobium and other products)

Sales are recognised when control of the good has transferred, being when the goods are delivered to the customer, the customer has full discretion over the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been delivered to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

Revenue from the sales with discounts is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

3 Significant Accounting Policies (Continued)

No element of financing is deemed present as the sales are made with an average credit term of 30-90 days, which is consistent with market practice.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Delivery of uranium, tantalum and beryllium products vary depending on the individual terms of a sale contract usually in accordance with the Incoterms classification. Delivery of uranium products occurs at the date of physical delivery in accordance with Incoterms or at the date of book-transfer to account with convertor specified by customer. Book-transfer operation represents a transaction whereby uranium account balance of the transferor is decreased with simultaneous allocation of uranium to the transferee’s uranium account with the same specialised conversion / reconversion entity.

(ii) Sales of services (transportation, drilling and other)

The Company may provide services under fixed-price and variable price contracts. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

Where the contracts include multiple performance obligations, the transaction price is allocated to each separate performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Company exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

If the contract includes variable consideration, revenue is recognised only to the extent that it is highly probable that there will be no significant reversal of such consideration.

(iii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(iv) Barter transactions and mutual cancellations

A portion of sales and purchases are settled by mutual cancellations, barter or non-cash settlements. These transactions are generally in the form of direct settlements by dissimilar goods and services from the final customer (barter), cancellation of mutual balances or through a chain of non-cash transactions involving several companies.

Sales and purchases that are expected to be settled by mutual settlements, barter or other non-cash settlements are recognised based on the management’s estimate of the fair value to be received or given up in non-cash settlements. The fair value is determined with reference to observable market information.

Non-cash transactions have been excluded from the cash flow statement. Investing and financing activities and the total of operating activities represent actual cash flows.

Interest income

Interest income is recorded for all debt instruments, other than those at FVTPL, on an accrual basis using the effective interest method. This method defers, as part of interest income, all fee received between the parties to the contract that are an integral part of the effective interest rate, all other premiums or discounts. Interest income on debt instruments at FVTPL calculated at nominal interest rate is presented within ‘finance income’ line in profit or loss.

Fees integral to the effective interest rate include origination fees received or paid by the Company relating to the creation or acquisition of a financial asset, for example fees for evaluating creditworthiness, evaluating and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents.

3 Significant Accounting Policies (Continued)

For financial assets that are originated or purchased credit-impaired, the effective interest rate is the rate that discounts the expected cash flows (including the initial expected credit losses) to the fair value on initial recognition (normally represented by the purchase price). As a result, the effective interest is credit-adjusted.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for (i) financial assets that have become credit impaired (Stage 3), for which interest revenue is calculated by applying the effective interest rate to their AC, net of the ECL provision, and (ii) financial assets that are purchased or originated credit impaired, for which the original credit-adjusted effective interest rate is applied to the AC.

Earnings per share

Earnings per share are calculated by dividing the profit or loss attributable to owners of the Company by the number of ordinary shares in issue during the reporting year, adjusted for stock splitting.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's chief operating decision maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. Reportable segments whose revenue, result or assets are ten percent or more of all the segments are reported separately.

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Company makes estimates and assumptions that affect the amounts recognised in the financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Ore reserves

Uranium reserves are a critical component of the Company's projected cash flow estimates that are used to assess the recoverable values of assets and to determine depreciation and amortisation expense.

Impairment of non-financial assets

At the end of each reporting period management assesses whether there is any indication of impairment of individual assets (cash generating units). If any such indication exists, management estimates the recoverable amount of an asset and compares it to the carrying amount. An impairment loss is recognised for the amount by which carrying amount exceeds recoverable amount.

The recoverable amount is calculated as the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. The calculation of value in use requires the Company to make estimates regarding the Company's future cash flows. The estimation of future cash flows involves significant estimates and assumptions regarding commodity prices (uranium and other products), the level of sales, discount rates, growth rates, operating costs and other factors. The impairment review and calculations are based on assumptions that are consistent with the Company's business plans. Due to its subjective nature, these estimates could differ from future actual results of operations and cash flows; any such difference may result in impairment in future periods and would decrease the carrying value of the respective asset.

Investments

Impairment indications were identified for investments in Astana Solar LLP, Kazakhstan Solar Silicon LLP, MK Kazsilicon LLP, Caustic JSC, SSAP LLP (former SKZ-Kazatomprom LLP) and Uranenergo LLP (Note 12). As a result of impairment tests performed, the Company recognised full or partial impairment of these investments as of 31 December 2020 and 2019.

Tax and transfer pricing legislation

Kazakhstani tax and transfer pricing legislation is subject to varying interpretations (Note 37).

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

Swap transactions

The Company sells part of its uranium products under swap transactions with separate agreements with the same counterparty, being for delivery and purchase of the same volume of uranium for the same price at different delivery points, or time swap (transaction with deferred time of inventory delivery).

Effectively, this results in exchange of own uranium (produced or purchased from the Company's entities) with purchased uranium. Normally, under swap, the Company delivers physical uranium to one destination point, and purchases the same volume of uranium at the third-party converter for further resale to end customers. As a result, the Company saves on transportation costs for uranium delivery from Kazakhstan to end customers.

Despite the fact that swap agreements are not formally related to each other, management concluded that these transactions are in fact linked and would not have occurred on isolated basis, driven by the existing market demand and supply forces. In management's view, supply of the same volume of homogeneous product (uranium) for the same price represents an exchange of products, which should be presented on net basis in the financial statements, reflecting the economic substance of the transaction. Interpretation of terms and approach to the accounting for swap transactions requires management judgment.

In 2020, the Company did not recognise sales revenue from swap transactions of Tenge 84,009 million, cost of sales of Tenge 79,998 million and adjusted the inventory balance by Tenge 3,250 million. In 2019, the Company did not recognise sales revenue from swap transactions of Tenge 66,656 million, cost of sales of Tenge 66,399 million and adjusted the inventory balance by Tenge 1,669 million.

5 Adoption of New or Revised Accounting Standards and Interpretation

The following amended accounting standards became effective from 1 January 2020, but did not have any material impact on the Company:

- Amendments to the Conceptual Framework for Financial Reporting (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020).
- Definition of a business – Amendments to IFRS 3 (issued on 22 October 2018 and effective for acquisitions from the beginning of annual reporting period that starts on or after 1 January 2020).
- Definition of materiality – Amendments to IAS 1 and IAS 8 (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020).
- Interest rate benchmark reform - Amendments to IFRS 9, IAS 39 and IFRS 7 (issued on 26 September 2019 and effective for annual periods beginning on or after 1 January 2020).

6 New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2021 or later, and which the Company has not early adopted. These are:

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).
- Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022).
- Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023).
- Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).

6 New Accounting Pronouncements (Continued)

- Interest rate benchmark (IBOR) reform - phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021).
- Accounting for changes in the basis for determining contractual cash flows as a result of IBOR reform.
- End date for Phase 1 relief for non contractually specified risk components in hedging relationships. The Phase 2 amendments provide some additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships.
- Additional IFRS 7 disclosures related to IBOR reform.

The Company is currently assessing the impact of the amendments on its financial statements.The new standards and interpretations are not expected to affect significantly the Company's separate financial statements.

7 Balances and Transactions with Related Parties

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention of management is directed to the substance of the relationship, not merely the legal form.

Entities under common control include companies under control of Samruk-Kazyna JSC. Transactions with other government owned entities are not disclosed when they are entered into in the ordinary course of business with terms consistently applied to all public and private entities i) when they are not individually significant, ii) if the Company's services are provided on the standard terms available for all customers, or iii) where there is no choice of supplier of such services as electricity transmission services, telecommunications.

At 31 December 2020, the outstanding balances with related parties were as follows:

In millions of Kazakhstani Tenge	**Accounts receivable and other assets**	**Loans given**	**Accounts payable and other liabilities**
Subsidiaries	41,757	1,499	101,488
Associates	3	11,512	13,636
Joint ventures	19	-	1,681
Entities under common control	13	-	126
Parent	-	-	507
Total	**41,792**	**13,011**	**117,438**

7 Balances and Transactions with Related Parties (Continued)

The income and expense items with related parties for the year ended 31 December 2020 were as follows:

In millions of Kazakhstani Tenge	Sale of goods and services	Dividends received	Purchase of goods and services	Dividends paid	Finance and other income	Finance and other costs
Subsidiaries	42,325	34,949	223,823	-	-	-
Associates	61	50,030	74,521	-	1,182	-
Joint ventures	84	1,005	6,431	-	-	-
Entities under common control	-	-	742	-	-	-
Parent	1	-	-	80,466	-	70
Total	**42,471**	**85,984**	**305,517**	**80,466**	**1,182**	**70**

The Company is a guarantor of the loan obtained by SKZ-U LLP in the amount of Tenge 8,481 million (2019: Tenge 10,793 million) and TH Kazakatom AG in the amount of Tenge 6,735 million (2019: 0) (Note 37).

At 31 December 2019, the outstanding balances with related parties were as follows:

In millions of Kazakhstani Tenge	Accounts receivable and other assets	Dividends receivable	Loans given	Accounts payable and other liabilities
Subsidiaries	30,781	5,633	-	92,414
Associates	1	4,764	12,924	20,140
Joint ventures	2	-	-	5,791
Entities under common control	9	-	-	189
Parent	-	-	-	983
Total	**30,793**	**10,397**	**12,924**	**119,517**

The income and expense items with related parties for the year ended 31 December 2019 were as follows:

In millions of Kazakhstani Tenge	Sale of goods and services	Dividends received	Purchase of goods and services	Dividends paid	Finance and other income	Finance and other costs
Subsidiaries	74,723	42,215	246,066	-	23	433
Associates	109	8,884	63,022	-	1,593	1,659
Joint ventures	164	739	14,048	-	-	-
Entities under common control	294	-	6,005	-	-	-
Parent	-	-	-	68,065	-	148
Total	**75,290**	**51,838**	**329,141**	**68,065**	**1,616**	**2,240**

Key management personnel is represented by personnel with authority and responsibility in planning, management and control of the Company's activities, directly or indirectly. Key management personnel includes all members of the Management Board and the members of the Board of Directors. The table below represents remuneration of the key management personnel, paid by the Company in exchange for services provided. This remuneration includes salaries, bonuses, as well as contributions to the pension fund. No remuneration is paid or payable to representatives of the Controlling shareholder in the Board of Directors.

7 Balances and Transactions with Related Parties (Continued)

	2020		2019	
In millions of Kazakhstani Tenge	**Expense**	**Accrued liability**	**Expense**	**Accrued liability**
Salaries and bonuses	1,205	98	1,116	65
Total	**1,205**	**98**	**1,116**	**65**

8 Analysis of Revenue by Category

All of Company's revenue represents revenue from contracts with customers where performance obligations are satisfied at a point of in time.

In millions of Kazakhstani Tenge	2020	2019
Sales of uranium products	422,667	402,467
Other	530	609
Total revenue	**423,197**	**403,076**

9 Cost of Sales

In millions of Kazakhstani Tenge	2020	2019
Materials and supplies	298,552	263,177
Depreciation and amortisation	12,955	13,779
Third party services	7,322	20,129
Taxes other than income tax	2,482	4,349
Transportation expenses	49	104
Other	79	121
Total cost of sales	**321,439**	**301,659**

10 Distribution Expenses

In millions of Kazakhstani Tenge	2020	2019
Shipping, transportation and storing	3,674	3,715
Rent	13	32
Advertising and marketing expenses	-	4
Other	1,047	1,262
Total distribution expenses	**4,734**	**5,013**

11 General and Administrative Expenses

In millions of Kazakhstani Tenge	2020	2019
Wages and salaries	7,672	8,093
Consulting and information services	3,555	3,027
Depreciation and amortisation	1,078	1,029
Taxes other than income tax	767	487
Maintenance and repair	264	428
Training expenses	118	171
Research expenses	113	213
Rent	107	160
Business trip expenses	77	385
Tax fines and penalties	13	78
Other	1,197	1,625
Total general and administrative expenses	**14,961**	**15,696**

12 Impairment Losses and Reversal of Impairment Losses

(i) Reversal of impairment / (impairment losses) on financial assets

In millions of Kazakhstani Tenge	2020	2019
Reversal of impairment losses of financial assets	382	1
Impairment losses of financial assets	(4)	(435)
Reversal of impairment / (impairment losses) on financial assets	**378**	**(434)**

(ii) Impairment losses on non-financial assets

The Company recognised the following impairment losses on non-financial assets by financial statement line items:

In millions of Kazakhstani Tenge	2020	2019
Investments in associates and joint ventures	4,534	655
Investments in subsidiaries	924	3,694
VAT recoverable	601	-
Property, plant and equipment and mine development assets	246	1,989
Intangible assets	-	590
Inventory	11	297
Other non-financial assets	-	4
Total impairment losses on non-financial assets	**6,316**	**7,229**

Impairment indications were identified for investments in Astana Solar LLP, Kazakhstan Solar Silicon LLP, MK Kazsilicon LLP, Caustic JSC, SSAP LLP (former SKZ-Kazatomprom LLP) and Uranenergo LLP in 2020. As a result of impairment tests performed, the Company recognised full or partial impairment of those investments as of 31 December 2020.

(iii) Reversal of impairment losses on non-financial assets

The Company had recognised the reversal of impairment for the following non-financial assets:

In millions of Kazakhstani Tenge	2020	2019
Investments in subsidiaries and associates	1,544	548
Inventory	623	178
Other non-current assets	-	77
Total reversal of impairment losses on non-financial assets	**2,167**	**803**

13 Other Income

In millions of Kazakhstani Tenge	2020	2019
Gain from joint operations	4,874	16,995
Fines and penalties	134	126
Gain on disposal of non-current assets	3	4
Gain on write-off of liabilities	-	663
Gain on disposal of subsidiaries	-	2,567
Other	958	393
Total other income	**5,969**	**20,748**

Gain from joint operations represents:

- In 2020 - the effect of exchange rate volatility and spot quotations influencing the acquisition of uranium from joint operations under the parity agreement.
- In 2019 - reversal of liability for uranium volumes not purchased by the Company from joint operations in 2018 and, which as agreed by the partners, the Company did not plan to acquire in future periods. Accordingly, the liability which was initially recorded at 31 December 2018 was derecognised in 2019.

14 Other Expenses and Net Foreign Exchange (Loss) / Gain

In millions of Kazakhstani Tenge	2020	2019
Remeasurement of non-financial liabilities	1,156	-
Disposal of property, plant and equipment and intangible assets	356	-
Social sphere expenses	258	239
VAT on exempt turnovers	173	1,033
Depreciation	105	104
Write-off of non-current assets	-	2,726
Transfer of subsoil-use rights	-	412
Other	2,173	16
Total other expenses	**4,221**	**4,530**

Net foreign exchange (loss)/gain

In millions of Kazakhstani Tenge	2020	2019
Foreign exchange (loss)/gain on financing activities, net	(11,364)	903
Foreign exchange gain/(loss) on operating activities, net	11,146	(1,004)
Total net foreign exchange (loss)	**(218)**	**(101)**

15 Personnel Costs

In millions of Kazakhstani Tenge	2020	2019
Wages and salaries	8,784	9,097
Social tax and social contributions	859	876
Total personnel costs	**9,643**	**9,973**

16 Finance Income and Costs

In millions of Kazakhstani Tenge	**2020**	**2019**
Interest income calculated using the effective interest rate		
Interest income on term deposits, demand deposits and bank accounts	1,317	361
Interest income on loans given	1,182	1,300
Interest income on discounting of non-current accounts receivable	18	16
Other finance income		
Dividend income	85,984	51,838
Financial derivative asset	1,214	24
Other	119	54
Total finance income	**89,834**	**53,593**
Finance costs		
Interest expense on bonds issues	3,152	3,231
Interest expense on loans and borrowings	1,005	3,256
Loss from remeasurement of derivatives	780	812
Unwinding of discount on provisions	430	379
Loss on conversion of foreign currency	93	474
Financial derivative asset	-	119
Other	308	331
Total finance costs	**5,768**	**8,602**

17 Income Tax Expense

(a) Components of income tax expense

Income tax expense recorded in profit or loss comprises the following:

In millions of Kazakhstani Tenge	**2020**	**2019**
Current income tax	28,256	20,370
Deferred income tax	(3,053)	(170)
Total income tax expense	**25,203**	**20,200**

17 Income Tax Expense (Continued)

(b) Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate

The income tax rate applicable to the Company's profit in 2020 and 2019 is 20%. A reconciliation between the expected and the actual taxation charge is provided below:

In millions of Kazakhstani Tenge	**2020**	**2019**
Profit before tax	**191,482**	**134,956**
Theoretical tax charge at statutory tax rate of 20% (2019: 20%):	38,296	26,991
Tax effect of items which are not deductible or assessable for taxation purposes:		
Income which is exempt from taxation	(17,195)	(8,552)
Unrecognised deferred tax asset on impairment losses	410	1,873
Non-deductible expenses	821	510
Prior periods adjustments	167	(499)
Adjustment of CIT for joint operations	-	(2,445)
Transfer pricing gain	1,308	1,427
Other differences	1,396	895
Income tax expense	**25,203**	**20,200**

(c) Deferred taxes analysed by type of temporary difference

Differences between IFRS and statutory taxation regulations in Kazakhstan give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below at 20% (2019: 20%).

In millions of Kazakhstani Tenge	**1 January 2020**	**Credited/ (charged) to profit or loss**	**31 December 2020**
Tax effect of deductible/(taxable) temporary differences			
Property, plant and equipment, intangible assets and mineral rights	(42,482)	3,361	(39,121)
Accounts receivable	80	(63)	17
Provisions	188	19	207
Accrued liabilities	411	27	438
Tax losses carried forward	91	(91)	-
Taxes	167	(31)	136
Inventories	236	(73)	163
Other liabilities	200	(96)	104
Recognised deferred tax (liability)	**(41,109)**	**3,053**	**(38,056)**

17 Income Tax Expense (Continued)

The tax effect of the movements in the temporary differences for the year ended 31 December 2019 is:

In millions of Kazakhstani Tenge	1 January 2019	Credited/ (charged) to profit or loss	31 December 2019
Tax effect of deductible/(taxable) temporary differences			
Property, plant and equipment, intangible assets and mineral rights	(42,709)	227	(42,482)
Accounts receivable	20	60	80
Provisions	154	34	188
Accrued liabilities on vacation payments and bonuses	417	(6)	411
Tax losses carried forward	212	(121)	91
Taxes	229	(62)	167
Inventories	396	(160)	236
Other liabilities	2	198	200
Recognised deferred tax (liability)	**(41,279)**	**170**	**(41,109)**

18 Intangible Assets

In millions of Kazakhstani Tenge	Licences and patents	Software	Goodwill	Other	Total
At 1 January 2019					
Cost	2,106	3,396	43,329	173	49,004
Accumulated amortisation and impairment	(608)	(815)	-	(145)	(1,568)
Carrying value	**1,498**	**2,581**	**43,329**	**28**	**47,436**
Additions	95	-	-	-	95
Transfers	(550)	1		(1)	(550)
Disposals	-	(13)	-	(1)	(14)
Transfers from property, plant and equipment (Note 19)	-	2,208	-	-	2,208
Impairment loss	-	(590)	-	-	(590)
Amortisation charge	(147)	(326)	-	(7)	(480)
At 31 December 2019					
Cost	1,598	5,453	43,329	170	50,550
Accumulated amortisation and impairment	(702)	(1,592)	-	(151)	(2,445)
Carrying value	**896**	**3,861**	**43,329**	**19**	**48,105**
Additions	195	24	-	-	219
Transfers	-	5,355	-	-	5,355
Disposals	(23)	(2,850)	-	(127)	(3,000)
Disposal of impairment	-	-	-	83	83
Amortisation charge	(151)	(242)	-	(6)	(399)
Amortisation of disposals	23	185	-	44	252
At 31 December 2020					
Cost	1,745	8,001	43,329	44	53,119
Accumulated amortisation and impairment	(805)	(1,668)	-	(31)	(2,504)
Carrying value	**940**	**6,333**	**43,329**	**13**	**50,615**

18 Intangible Assets (Continued)

Goodwill impairment test - JV Akbastau JSC, Karatau LLP

Goodwill of Tenge 43,329 million as at 31 December 2020 is attributable to cash-generating units related to subsurface use operations at JV Akbastau JSC and Karatau LLP acquired in 2018. The recoverable amount was determined on a value in use basis from forecast cash flows over the term of subsurface use contracts. Forecast cash flows are based on the approved volume of proven reserves, estimated volumes of production and sales over a life of mine plan approved by management, using a discount rate of 12.35%. Production volumes are consistent with those agreed with the competent authority and SRK report (Note 4) and are based on the production capacity of the cash-generating units. Key assumptions used in calculations include forecast prices, period direct costs and capital expenditures. Sales prices used in developing forecast cash flows were determined using an independent official source Ux Consulting LLC published in the fourth quarter of 2020. Direct costs are based on approved budgets for 2021-2025 and growth of 5.17% which approximates long-term average inflation rates. The estimated values in use significantly exceed the carrying amounts of the cash-generating units, including goodwill, and therefore even reasonably possible changes in key assumptions would not lead to impairment losses being recognised.

19 Property, Plant and Equipment

Movements in the carrying amount of property, plant and equipment were as follows:

In millions of Kazakhstani Tenge	**Land**	**Buildings**	**Machinery and equip-ment**	**Vehicles**	**Other**	**Construc-tion in progress**	**Total**
At 1 January 2019							
Cost	136	27,040	7,218	315	1,128	5,566	41,403
Accumulated depreciation and impairment	-	(700)	(1,076)	(81)	(485)	(606)	(2,948)
Carrying amount	**136**	**26,340**	**6,142**	**234**	**643**	**4,960**	**38,455**
Additions	-	-	357	36	661	5,400	6,454
Transfers	-	705	239	1	(5)	(940)	-
Transfers from inventory	-	-	-	-	-	3	3
Transfers to intangible assets (Note 18)	-	-	-	-	-	(2,208)	(2,208)
Depreciation charge	-	(811)	(925)	(58)	(174)	-	(1,968)
Disposals	-	-	(18)	-	(2)	(3)	(23)
At 31 December 2019							
Cost	136	27,745	7,747	318	1,760	7,818	45,524
Accumulated depreciation and impairment	-	(1,511)	(1,952)	(105)	(637)	(606)	(4,811)
Carrying amount	**136**	**26,234**	**5,795**	**213**	**1,123**	**7,212**	**40,713**
Additions	-	-	559	-	304	2,317	3,180
Transfers	-	1,137	2,119	-	7	(3,263)	-
Transfers to intangible assets (Note 18)	-	-	19	-	-	(5,374)	(5,355)
Transfers from inventory	-	-	-	-	-	4	4
Transfers to investment property	-	(4,248)	(260)	-	-	-	(4,508)
Depreciation charge	-	(846)	(995)	(48)	(188)	-	(2,077)
Depreciation of disposals	-	-	23	31	8	-	62
Impairment loss	-	-	-	-	-	(223)	(223)
Disposals	-	-	(24)	(55)	(9)	(13)	(101)
Disposal of impairment	-	-	-	-	-	13	13
At 31 December 2020							
Cost	136	24,509	10,055	263	2,062	1,489	38,744
Accumulated depreciation and impairment	-	(2,232)	(2,819)	(122)	(817)	(816)	(7,036)
Carrying amount	**136**	**22,277**	**7,236**	**141**	**1,245**	**673**	**31,708**

19 Property, Plant and Equipment (Continued)

As at 31 December 2020, the Company had no contractual capital expenditure commitments in respect of property, plant and equipment (2019: Tenge 808 million).

Depreciation and amortisation charged on long-term assets for the years ended 31 December are as following:

In millions of Kazakhstani Tenge	2020	2019
Mineral rights	9,621	10,416
Mine development assets	4,317	4,847
Property, plant and equipment	2,077	1,968
Intangible assets	399	480
Total depreciation and amortisation	**16,414**	**17,711**

Depreciation and amortisation charged to profit or loss for the years ended 31 December are as following:

In millions of Kazakhstani Tenge	2020	2019
Cost of sales	12,955	13,779
General and administrative expenses	1,078	1,029
Distribution expenses	26	33
Other expenses	105	104
Total depreciation and amortisation charged to profit or loss	**14,164**	**14,945**

20 Mine Development Assets

In millions of Kazakhstani Tenge	Field preparation	Site restoration costs	Ion exchange resin	Total
At 1 January 2019				
Cost	41,426	1,273	1,754	44,453
Accumulated depreciation and impairment	(25,004)	(290)	(571)	(25,865)
Carrying amount	**16,422**	**983**	**1,183**	**18,588**
Additions	5,498	-	-	5,498
Transfers from inventory	205	-	189	394
Depreciation charge	(4,613)	(132)	(102)	(4,847)
Changes in accounting estimates	-	1,386	-	1,386
At 31 December 2019				
Cost	47,129	2,659	1,943	51,731
Accumulated depreciation and impairment	(29,617)	(422)	(673)	(30,712)
Carrying amount	**17,512**	**2,237**	**1,270**	**21,019**
Additions	3,875	-	-	3,875
Transfers from inventory	179	-	500	679
Depreciation charge	(4,100)	(102)	(115)	(4,317)
Changes in accounting estimates	(147)	(1,280)	-	(1,427)
At 31 December 2020				
Cost	51,036	1,379	2,443	54,858
Accumulated depreciation and impairment	(33,717)	(524)	(788)	(35,029)
Carrying amount	**17,319**	**855**	**1,655**	**19,829**

20 Mine Development Assets (Continued)

The site restoration costs are capitalised when the Company recognises provision for site restoration for each field operated by the Company. The carrying value of the provision and site restoration assets is reassessed at each reporting period end (Note 34).

21 Mineral Rights

In millions of Kazakhstani Tenge	
At 1 January 2019	
Cost	215,702
Accumulated amortisation and impairment	(9,345)
Carrying amount	**206,357**
Amortisation charge	(10,416)
At 31 December 2019	
Cost	215,727
Accumulated amortisation and impairment	(19,786)
Carrying amount	**195,941**
Amortisation charge	(9,621)
At 31 December 2020	
Cost	215,727
Accumulated amortisation and impairment	(29,407)
Carrying amount	**186,320**

22 Exploration and Evaluation Assets

In millions of Kazakhstani Tenge	**Tangible assets**	**Intangible assets**	**Total**
Carrying value At 1 January 2019	**19,322**	**2,525**	**21,847**
Change in estimates	1,834	-	1,834
Additions	2,307	-	2,307
Disposals	(2,728)	-	(2,728)
Impairment accrual	(1,989)	-	(1,989)
At 31 December 2019	**18,746**	**2,525**	**21,271**
Additions	928	-	928
Change in estimates	(1,032)	-	(1,032)
Impairment accrual	(23)	-	(23)
At 31 December 2020	**18,619**	**2,525**	**21,144**

23 Investments in Subsidiaries

		2020		2019	
n millions of Kazakhstani Tenge	**Principal activity**	**Ownership**	**Value**	**Ownership**	**Value**
DP Ortalyk LLP	Exploration, production, processing and sale of uranium products	100%	38,989	100%	38,466
Baiken-U LLP	Exploration, production, processing and sale of uranium products	52,5%	36,115	52%	35,951
Trade and Transportation Company LLP	Procurement and transportation services	94%	32,872	94%	32,231
Kazatomprom-SaUran LLP	Exploration, production, processing and sale of uranium products	100%	22,934	100%	21,000
RU-6 LLP	Exploration, production, processing and sale of uranium products	100%	12,545	100%	12,055
JV Khorasan-U	Exploration, production, processing and sale of uranium products	50%	9,717	50%	9,553
APPAK LLP	Exploration, production, processing and sale of uranium products	65%	3,961	65%	3,798
KAP Technology LLP	Communication services	100%	3,696	100%	3,690
Ulba Metallurgical Plant JSC	Production and processing of uranium materials, production of rare metals and semiconductor materials	90,18%	2,434	90,18%	2,434
High Technology Institute LLP	Research and development, project design and engineering consulting services	100%	1,213	100%	1,213
Kazakatom TH AG	Marketing function for sale of uranium, investment and administration of finances, goods and rights	100%	522	100%	433
Volkovgeologiya JSC	Exploration and research of uranium reserves, drilling services, monitoring of radiation level and environment conditions	65,1%	84	65,1%	84
Korgan Kazatomprom LLP	Security services	100%	67	100%	67
JV Inkai LLP	Exploration, production, processing and sale of uranium products	60%	20	60%	20
Kazatomprom-Damu LLP	Consulting services on the Company’s investment activity	85%	-	85%	-
MK KazSilicon LLP	Production and sale of metallurgical and polycrystalline silicon, recycling of silicon production waste	100%	-	100%	-
Kazakhstan Solar Silicon LLP	Production of silicon of solar quality, silicon slices and photovoltaic slices	100%	-	100%	-
Astana Solar LLP	Production of photovoltaic modules	100%	-	100%	-
Total investments in subsidiaries			**165,169**		**160,995**

All entities are incorporated and operate on the territory of the Republic of Kazakhstan, except for Kazakatom TH AG, which is incorporated in Switzerland and EAL that is registered in the British Virgin Islands.

Ulba Metallurgical Plant JSC

Together with the Chinese company China General Nuclear Power Corporation (CGNPC), the Company is involved in the construction of a fuel assembly plant in Kazakhstan with a capacity to supply Chinese nuclear power plants with up to 200 tons of enriched uranium per annum. In December 2015, subsidiaries of the Company and CGNPC established a joint venture Ulba-FA LLP with 51% and 49% respective interests, which is responsible for construction and operation of the plant. The fuel assembly plant was commissioned in December 2020. During 2021 it is expected that Ulba-FA LLP will complete the certification of the plant and then begin production and sale of products according to a long-term contract signed between Ulba-FA LLP and CGNPC-Uranium Resources.

24 Investments in Associates

The table below presents the Company's interests in its principal associates:

	Country of incorpo-ration	Principal activities	2020 Ownership / voting rights	2020 In millions of Kazakhstani Tenge	2019 Ownership / voting rights	2019 In millions of Kazakhstani Tenge
Kyzylkum LLP	Kazakhstan	Production of sulphuric acid	50%	7,621	50%	7,458
JV Zarechnoe JSC	Kazakhstan	Extraction, processing and export of uranium products	49.98%	6,727	49.98%	6,727
JV KATKO LLP	Kazakhstan	Extraction, processing and export of uranium products	49%	71	49%	71
JV South Mining Chemical Company LLP JV	Kazakhstan	Extraction, processing and export of uranium products	30%	19	30%	19
Caustic JSC	Kazakhstan	Supply of caustic soda	40%	-	40%	3,923
SSAP LLP (former JV SKZ Kazatomprom LLP)	Kazakhstan	Extraction, processing and export of uranium products	9.89%	-	9.89%	838
Total investments in associates				**14,438**		**19,036**

All of the above associates are accounted for at cost less impairment where necessary.

25 Investments in Joint Ventures

The Company's interests in its principal joint ventures were as follows:

	Country of incorporation	Principal activity	2020 interest held	2020 In millions of Tenge	2019 interest held	2019 In millions of Tenge
JV Budenovskoe LLP	Kazakhstan	Extraction, processing and export of uranium products	51%	11,687	51%	11,687
Semizbay-U LLP	Kazakhstan	Extraction, processing and export of uranium products	51%	11,264	51%	11,264
SKZ-U LLP	Kazakhstan	Production of sulphuric acid	49%	3,833	49%	3,833
Uranenergo LLP	Kazakhstan	Transfer and distribution of electricity, grid operations	53.84%	345	53.84%	-
JV UKR TVS CJSC	Ukraine	Production of nuclear fuel	33.33%	-	33.33%	-
Total investments in joint ventures				**27,129**		**26,784**

All of the above joint ventures are accounted for in these financial statements at cost less impairment where necessary.

26 Accounts Receivable

In millions of Kazakhstani Tenge	2020	2019
Trade accounts receivable	92,224	77,897
Trade accounts receivable from related parties	41,751	30,812
Total gross trade accounts receivable	**133,975**	**108,709**
Provision for impairment of accounts receivable	(82)	(315)
Provision for impairment of accounts receivable from related parties	(23)	(73)
Total net trade accounts receivable	**133,870**	**108,321**
Other accounts receivable	48	64
Other accounts receivable from related parties	35	31
Provision for impairment of other accounts receivable	(42)	(44)
Provision for impairment of other accounts receivable from related parties	(1)	(3)
Total net other accounts receivable	**40**	**48**
Total current accounts receivable	**133,910**	**108,369**

Information on the Company's exposure to credit and currency risks and provision for impairment for accounts receivable is disclosed in Note 38.

27 Other Assets

In millions of Kazakhstani Tenge	2020	2019
Non-current		
VAT Receivable	14,544	-
Restricted cash	1,394	1,194
Long-term inventories	413	240
Prepaid expenses	401	506
Financial assets, measured at amortised cost	324	505
Loans to employees	192	264
Other	82	84
Total other non-current assets	**17,350**	**2,793**
Current		
Advances for goods and services	1,551	848
Prepaid expenses	1,247	491
Prepaid insurance	553	417
Prepaid taxes other than income tax	112	847
Due from employees	95	134
Advances to related parties for goods and services	26	18
Dividends receivable from related parties	-	10,397
Total other current assets	**3,584**	**13,152**

Financial assets within other current and non-current assets include restricted cash, loans to employees and dividends receivable. Other current and non-current assets are non-financial assets.

28 Rights-of-use assets

In millions of Kazakhstani Tenge	**Licenses and patents**
At 1 January 2019	
Cost	-
Accumulated depreciation and impairment losses	-
Carrying value	**-**
Transfer from intangible assets	1,325
Disposals	(11)
Depreciation charged for the year	(69)
At 31 December 2019	
Cost	1,339
Accumulated depreciation and impairment losses	(94)
Carrying value	**1,245**
Disposals	(528)
Depreciation of disposals	121
Depreciation charged for the year	(74)
At 31 December 2020	
Cost	811
Accumulated depreciation and impairment losses	(47)
Carrying value	**764**

29 Inventories

In millions of Kazakhstani Tenge	**2020**	**2019**
Finished goods and goods for resale	172,718	173,677
Including uranium products	*172,718*	*173,677*
Work-in-process	2,402	2,100
Other materials	591	415
Provision for obsolescence and write down to net realisable value	(60)	(672)
Total inventories	**175,651**	**175,520**

Movements in the provision for obsolescence are as follows:

In millions of Kazakhstani Tenge	**2020**	**2019**
Balance at 1 January	672	553
Provision for the year	11	297
Reversal of provision for the year	(623)	(178)
Balance at 31 December	**60**	**672**

30 Loans to Related Parties

In millions of Kazakhstani Tenge	2020	2019
Non-current		
Kyzylkum LLP	8,495	10,495
Provision for impairment	(72)	(370)
Total non-current loans	**8,423**	**10,125**
Current		
Kyzylkum LLP	3,089	2,799
Volkovgeologiya JSC	1,500	-
Provision for impairment	(1)	-
Total current loans	**4,588**	**2,799**

In 2010, the Company provided an interest-bearing long-term loan to Kyzylkum LLP with maturity in 2024. The loan is collateralised by the property of Kyzylkum LLP. Since 2015 JV Khorasan-U LLP is a co-borrower of the loan to Kyzylkum LLP and is a guarantor of the loan. The weighted average annual interest rate on loans to related parties in 2019 was 8.5% (2019: 8.5%). The internally assigned credit risk for this loan is medium. In 2020, in connection with the announcement of the COVID-19 quarantine and the temporary suspension of drilling activities of JSC Volkovgeologiya, the Company provided financial assistance to JSC Volkovgeologiya in the form of an unsecured credit line with a period until December 31, 2021 for working capital replenishment purposes. The internally assigned credit risk for this loan is medium.

31 Cash and Cash Equivalents

In millions of Kazakhstani Tenge	2020	2019
Current bank accounts	24,342	31,625
Demand deposits	7,118	2,165
Cash in hand	-	1
Reverse repo transactions	3,118	-
Expected credit losses	(6)	(8)
Total cash and cash equivalents	**34,572**	**33,783**

32 Share Capital

At 31 December 2020, the total number of authorised and issued (paid) ordinary shares of the Company is 259,356,608 (2019: 259,356,608).

On August 17, 2018, the National Bank of the Republic of Kazakhstan registered split of the total number of placed (paid) shares of companies in the amount of 1 to 7. As a result, the number of announced and placed (paid) ordinary shares of the Company increased to 259,356,608, which as of 31 December 31, 2020 remained unchanged.

In November 2018, Samruk-Kazyna JSC placed 15% of the Company's shares (equivalent to) 38,903,491 shares / global depositary receipts (GDRs) on the London Stock Exchange (LSE) and the Astana International Exchange (AIX).

In September 2019, Samruk-Kazyna JSC offered an additional 9,863,021 GDRs on LSE and AIX. Price for the additional offer was 13 USD per GDR. As of 31 December 2019, Samruk-Kazyna JSC owned 81.28% of the issued ordinary shares and 18.72% were on a free float. In June 2020, Samruk-Kazyna JSC offered an additional 16,281,423 shares and GDRs on AIX and LSE. The price of the additional offer was US Dollar 13 per GDR and Tenge 5,230.81 per ordinary share. As of 31 December 2020, Samruk-Kazyna JSC owned 75% of the issued ordinary shares and 25% were on a free float.

32 Share Capital (Continued)

Dividends declared and paid during the year were as follows:

In millions of Kazakhstani Tenge	2020	2019
Dividends payable at 1 January	-	-
Dividends declared during the year	99,002	80,001
Dividends paid during the year	(99,002)	(80,001)
Dividends payable at 31 December	**-**	**-**
Dividends per share declared during the year, in Tenge	**382**	**308**

33 Loans and Borrowings

In millions of Kazakhstani Tenge	2020	2019
Non-current		
Bonds issued	76,300	69,300
Total non-current loans and borrowings	**76,300**	**69,300**
Current		
Bonds issued	788	716
Bank loans	-	71,848
Total current loans and borrowings	**788**	**72,564**

Information about the Company's loans and borrowings is presented below:

In millions of Kazakhstani Tenge	Currency	Maturity	2020	2019
Bank loans				
HalykBank JSC	US Dollar	2020	-	55,532
Mizuho Corporate Bank Ltd.	US Dollar	2020	-	16,316
Total bank loans			**-**	**71,848**
Bonds issued				
Bonds issued	US Dollar	2024	77,088	70,016
Total loans and borrowings			**77,088**	**141,864**

On 27 September 2019, the Company placed 70 million bonds indexed to U.S. dollars on the organised securities market of Kazakhstan Stock Exchange JSC ("KASE"). The face value of one bond is 1,000 Tenge with maturity on 27 October 2024. The purpose of the placement is to refinance bonds placed on 11 October 2018 in the amount of Tenge 70,000 million.

During 2020 the Company signed agreements to open two credit lines with Mizuho Bank, Ltd. and Sumitomo Mitsui Banking Corporation with the funds to be used for corporate purposes, including financing of working capital needs. The facility is unsecured and is for an amount of US Dollar 120 million, for a period of three years.

In 2020, the weighted average interest on bank loans was 3.57% (2019: 4.22%).

33 Loans and Borrowings (Continued)

Reconciliation of debt

The table below shows an analysis of the debt amount and changes in the Company's liabilities arising from financing activities for each of the periods presented. These liabilities are reflected in the statement of cash flows as part of finance activities.

In millions Kazakhstani Tenge	Lease liabilities	Loans and borrowings	Total
Net debt at 1 January 2019	**479**	**163,964**	**164,443**
Proceeds from loans and borrowings	-	190,679	190,679
Issue of bonds	-	70,000	70,000
Repayment of loans and borrowings	(291)	(208,480)	(208,771)
Redemption of bonds	-	(73,500)	(73,500)
Interest accrued	148	6,487	6,635
Interest payment	(127)	(6,384)	(6,511)
Foreign currency translation	-	(902)	(902)
Other non-cash changes	774	-	774
Net debt at 31 December 2019	**983**	**141,864**	**142,847**
Proceeds from loans and borrowings	-	106,205	106,205
Repayment of loans and borrowings	(289)	(182,439)	(182,728)
Interest accrued	70	4,157	4,227
Interest payment	(89)	(4,058)	(4,147)
Foreign currency translation	-	11,359	11,359
Other non-cash changes	(168)	-	(168)
Net debt at 31 December 2020	**507**	**77,088**	**77,595**

34 Provisions

In millions of Kazakhstani Tenge	Site restoration
At 1 January 2019	
Non-current	2,234
Total	**2,234**
Accrual of provision during the year	1,834
Unwinding of discount	229
Change in estimates	1,535
At 31 December 2019	
Non-current	5,832
Total	**5,832**
Unwinding of discount	420
Change in estimates	(2,460)
At 31 December 2020	
Non-current	3,792
Total	**3,792**

34 Provisions (Continued)

Provision for restoration of mine sites

The Company estimated the site restoration costs for each mine operated by the Company as of the year end. The undiscounted estimated cost of reclamation activities is Tenge 20,001 million (2019: Tenge 20,185 million). The amount of provision for asset retirement obligations was calculated using current prices (the prices effective at the reporting date) for expenditures to be incurred and then inflated using the forecast inflation rate effective for the period until the settlement of obligations (5.13% for the period 2021-2038). The present value at 31 December 2020 has been estimated using a discount rate of 9.87% (2019: 7.13 %), which is a risk free nominal rate as the future cash outflows reflect risk specific to the liability.

In view of the long-term nature of reclamation liabilities, there is uncertainty concerning the actual amount of expenses that will be incurred in performing site restoration activities for each mine (Note 4).

Changes in estimates occur due to annual revision of costs for site liquidation including newly drilled wells, sand traps and other facilities subject to subsequent liquidation.

In accordance with the terms of the subsurface use agreements the Company places cash in long-term bank deposits to finance future site restoration activities. As at 31 December 2020 the accumulated amount of such restricted deposits was Tenge 5,756 million (2019: Tenge 5,594 million).

The Company holds one subsoil use contract, Central Moinkum, and performs mining activities together with another participant at Budenovskoye mine blocks 1, 2, 3, 4.

Key assumptions, which serve as the basis for determining the carrying value of the provision for reclamation of mine sites provision are as follows:

- there is a high probability that the Company will proceed to development and production stages for its fields which are currently under exploration. This fact set out a constructive obligation for the Company to recognise the site restoration provision for all mining and exploration licenses
- the expected term for future cash outflows for the mine sites is based on the life of the mines. A substantial part of expenditures is expected to occur in 2021 - 2038, at the end of the life of the mine.

35 Accounts Payable

In millions of Kazakhstani Tenge	**2020**	**2019**
Current		
Trade accounts payable to related parties	116,898	118,316
Trade accounts payable	9,200	11,220
Total trade accounts payable	**126,098**	**129,536**
Other accounts payable to related parties	-	102
Other accounts payable	122	281
Total other accounts payable	**122**	**383**
Total current accounts payable	**126,220**	**129,919**

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 38.

36 Other Liabilities

In millions of Kazakhstani Tenge	2020	2019
Non-current		
Advances received	3,632	3,433
Issued financial guarantees	49	66
Historical costs liabilities	38	184
Total non-current other liabilities	**3,719**	**3,683**
Current		
Liability under uranium swap transactions	11,588	-
Liabilities under inventory loan agreements	10,522	-
Accrued unused vacation payments and bonuses	2,188	2,057
Advances received	546	315
Wages and salaries payable	336	273
Historical costs liabilities	175	161
Social contributions payable	120	122
Issued financial guarantees	94	231
Advances received from related parties	33	116
Total current other liabilities	**25,602**	**3,275**

37 Contingencies and Commitments

Legal proceedings

From time to time and in the normal course of business, claims against the Company may be received. On the basis of its own estimates, management is of the opinion that no material losses will be incurred in respect of claims.

Tax legislation

The tax environment in the Republic of Kazakhstan is subject to change and inconsistent application and interpretations. In particular, existing subsurface use contracts do not have tax stability from 1 January 2009 and tax liabilities are computed under common regime. This could result in unfavourable changes to subsurface users' tax positions, including those of the Company. Non-compliance with Kazakhstani law and regulations as interpreted by the Kazakhstani authorities may lead to the assessment of additional taxes, penalties and interest. Kazakhstani tax legislation and practice is in a state of continuous development, and therefore is subject to varying interpretations and frequent changes, which may be retroactive. Tax periods remain open to retroactive review by the Kazakhstan tax authorities for five years.

The Company's management believes that its interpretation of the relevant legislation is appropriate and the Company's tax positions will be sustained. In the opinion of the Company's management, no material losses will be incurred in respect of existing and potential tax claims in excess of provision that have been made in these separate financial statements.

Transfer pricing legislation

Under law on transfer pricing international transactions are subject to state control. This law prescribes Kazakhstani companies to maintain and, if required, to provide economic rationale and method of the determination of prices used in international transactions, including existence of the documentation supporting the prices and differentials. Additionally, differentials could not be applied to the international transactions with companies registered in off-shore countries. In case of deviation of transaction price from market price the tax authorities have the right to adjust taxable items and to impose additional taxes, fines and interest penalties. Regardless of the inherent risks that the tax authorities may question transfer pricing policy of the Company, related to the new law on transfer pricing, the management of the Company believes that it will be able to sustain its position in case if transfer pricing policy of the Company will be challenged by the tax authorities. From 1 January 2009 the Company self-assesses additional income tax to reflect market prices. The amount of recognised additional income tax in 2020 is Tenge 1,308 million (2019: Tenge 1,427 million).

37 Contingencies and Commitments (Continued)

Insurance

The Kazakhstani insurance industry is in development stage, and many forms of insurance protection common in other countries are not yet available. The Company does not have full insurance coverage for its manufacturing plants, including for damages caused by the stoppage of production or obligations incurred to third parties in connection with damages caused to the property or the environment resulting from accidents or operations.

Guarantees

Guarantees are irrevocable assurances that the Company will make payments in the event that another party cannot meet its obligations. The maximum exposure to credit risk under financial guarantees, provided to secure financing of certain related parties, at the reporting date is Tenge 15,216 million (2019: Tenge 10,793 million).

Compliance with covenants

The Company is subject to certain covenants related primarily to its loans and borrowings (Note 33). Non-compliance with covenants may result in negative consequences for the Company including growth in the cost of borrowings and default. The Company was in compliance with covenants at 31 December 2020 and 31 December 2019.

38 Financial Risk Management

Accounting policies and disclosures in respect of financial instruments are applied to the following classes of financial instruments:

In millions of Kazakhstani Tenge	**Note**	**2020**	**2019**
Financial assets			
Trade accounts receivable	26	133,870	108,321
Current bank accounts	31	24,336	31,617
Loans to related parties	30	13,011	12,924
Demand deposits	31	7,118	2,165
Notes of the National Bank of the Republic of Kazakhstan		5,098	63
Reverse repo transactions	31	3,118	-
Restricted cash	27	1,394	1,194
Financial derivative asset		1,048	543
Financial assets, measured at amortised cost		324	505
Loans to employees	27	192	264
Other accounts receivable	26	40	48
Term deposits		15	13
Dividends receivable from related parties	27	-	10,397
Cash in hand	31	-	1
Total financial assets		**189,564**	**168,055**
Financial liabilities			
Trade accounts payable	35	126,098	129,536
Bank loans	33	77,088	70,016
Lease liability		507	983
Historical costs liabilities	36	213	345
Provision for guarantees	36	143	297
Other accounts payable	35	122	383
Bonds issued	33	-	71,848
Total financial liabilities		**204,171**	**273,408**

38 Financial Risk Management (Continued)

Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objective of the financial risk management function is to establish risk limits, and then ensure that exposure to risks stays within these limits. Risk management policies and systems are regularly analysed for the need of revision due to changes in market conditions and the Company operations. The Company sets standards and training and management procedures to create streamlined and effective system of controls where all employees understand their roles and responsibilities. The primary objective of the Company's risk management functions is to establish and monitor compliance with approved policies and procedures.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's policy for management of capital. Further quantitative disclosures are included throughout these separate financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Management Board has established a Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Management Board and the Board of Directors on its activities.

Credit risk

The Company takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Company's sales of products on credit terms and other transactions with counterparties giving rise to financial assets. Financial assets, which potentially expose the Company to credit risk, consist mainly of trade and other receivables, cash and cash equivalents, term deposits and loans to employees and related parties.

The Company's maximum exposure to credit risk by class of assets is reflected in the carrying amounts of financial assets in the statements of financial position and the nominal amount of financial guarantees. The credit risk on cash and cash equivalents and term deposits is limited because the counterparties are banks with the highest available (in Kazakhstan) credit ratings assigned by international credit rating agencies. The table below shows credit ratings of banks where the Company had placements as at 31 December 2020:

In millions of Kazakhstani Tenge	**Rated Standard & Poor's AAA – A-**	**Rated Standard & Poor's BBB+ – BBB-**	**Rated Standard & Poor's BB+ – B-**	**Others**	**Total**
Current bank accounts	430	13,638	10,266	2	24,336
Demand deposits	21	-	7,097	-	7,118
Restricted cash	26	-	1,368	-	1,394
Term deposits	-	-	15	-	15
Total	**477**	**13,638**	**18,746**	**2**	**32,863**

The table below shows credit ratings of banks where the Company had placements as at 31 December 2019:

In millions of Kazakhstani Tenge	**Rated Standard & Poor's AAA – A-**	**Rated Standard & Poor's BBB+ – BBB-**	**Rated Standard & Poor's BB+ – B-**	**Total**
Current bank accounts	8,117	21	23,479	31,617
Demand deposits	96	8	2,062	2,166
Restricted cash	26	-	1,168	1,194
Term deposits	-	-	13	13
Total	**8,239**	**29**	**26,750**	**34,990**

The Company's exposure to credit risk in respect of trade accounts receivable is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. The Company is exposed to concentration of credit risk. In 2020, approximately 78% of the Company's revenue (2019: 64%) and 73% of trade accounts receivable (2019: 81%) is attributable to sales transactions with six main customers. The Company defines counterparties as having similar characteristics if they are related entities.

38 Financial Risk Management (Continued)

The Company applies a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company does not require collateral in respect of trade receivables.

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was (by registration place of counterparty):

In millions of Kazakhstani Tenge	2020	2019
European Union	63,231	30,866
China	32,376	9,190
Russia	18,366	22,371
United Kingdom	13,265	-
Kazakhstan	3,825	1,066
Argentina	1,222	-
Brasil	59	-
USA	11	2,074
Canada	-	4,419
India	-	38,335
Total	**133,870**	**108,321**

The average credit period on sales of goods is 30-90 days. No interest is charged on receivables for the first 30 days from the date of the invoice.

Expected Credit Loss (ECL) measurement

Measurement of ECLs is an estimate that involves determination methodology, models and data inputs. The following components have a major impact on credit loss allowance: definition of default, significant increase in credit risk ("SICR"), probability of default ("PD"), exposure at default ("EAD"), and loss given default ("LGD"), as well as models of macro-economic scenarios. The Company regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

The Company used supportable forward looking information for measurement of ECL, primarily an outcome of its own macro-economic forecasting model. Several assumptions that are easily interpretable can be selected for analysis: GDP growth rate, inflation rate, exchange rate, crude oil price and current economic indicator. Final macroeconomic scenario includes only historically observed values of the inflation rate and the share of overdue loans. Forward-looking information is included in parameters of PD within the horizon of the next year after the reporting date. In addition, to calculate credit losses, the corporate average cumulative default probabilities are updated annually according to S&P's Annual Global Corporate Default Study and Rating.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 24 months before 31 December 2020 or 31 December 2019 respectively and the corresponding historical credit losses experienced within this period.

38 Financial Risk Management (Continued)

Presented below is the provision matrix for trade receivables based on overdue balances as of 31 December 2020.

In % of gross value	Loss rate	Gross carrying amount	Lifetime ECL
Trade accounts receivable			
- current	0.06%	130,652	(81)
- 30 – 90 days overdue	0.15%	3,304	(5)
- over 360 days overdue	100%	19	(19)
Total trade accounts receivables (gross carrying amount)		**133,975**	
Credit loss allowance			**(105)**
Total trade accounts receivables (net carrying amount)		**133,870**	

Presented below is the provision matrix for trade accounts receivable as of 31 December 2019:

In % of gross value	Loss rate	Gross carrying amount	Lifetime ECL
Trade accounts receivable			
- current	0.33%	108,677	(356)
- over 360 days overdue	100%	32	(32)
Total trade accounts receivables (gross carrying amount)		**108,709**	
Credit loss allowance			**(388)**
Total trade accounts receivables (net carrying amount)		**108,321**	

The following table explains the changes in the credit loss allowance for trade and other receivables between the beginning and the end of 2020 as well as impairment provision for trade and other receivables during 2019:

In millions of Kazakhstani Tenge	2020	2019
Impairment provision at 1 January	(388)	(152)
Increase during the year	(42)	(324)
Reversal	325	88
Credit loss allowance as of 31 December	**(105)**	**(388)**

Credit risk exposure in respect of loans to related parties (Note 30) and loans to employees (Note 27) arises from possibility of non-repayment of provided funds. For loans to joint ventures and associates and employees the Company manages the credit risk by requirement to provide collateral in lieu of borrowers' property. In respect of loans given to subsidiaries the Company decreases the risk via participation in cash flow management of the borrowers. Borrowers do not have a credit rating.

38 Financial Risk Management (Continued)

Liquidity risk

The Company seeks to maintain a stable funding base primarily consisting of borrowing, trade and other payables and debt securities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities as they fall due, under both normal and stressful conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company invests the funds in diversified portfolios of liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expense of financial obligations which excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. Below is a summary of the Company's undrawn borrowing facilities and available cash and cash equivalents, including term deposits, which are the important instruments in managing the liquidity risk:

In millions of Kazakhstani Tenge	**2020**	**2019**
Undrawn borrowing facilities	241,602	124,342
Current bank accounts	24,342	31,625
Reverse repo transactions	3,118	-
Current deposits	7,118	2,165
Total	**276,180**	**158,132**

The table below shows liabilities at the reporting date by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the statements of financial position because the statement of financial position amount is based on discounted cash flows.

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

The following are the contractual maturities of financial liabilities at 31 December 2020:

In millions of Kazakhstani Tenge	**Carrying value**	**Contractual cash flows**	**On demand and less than 1 month**	**From 1 to 3 months**	**From 3 months to 1 year**	**From 1 to 5 years**	**Over 5 years**
Trade accounts payable	126,098	129,536	-	129,536	-	-	-
Bonds issued	77,088	88,589	-	-	3,896	84,693	-
Provision for financial guarantees	143	19,390	-	19,390	-	-	-
Historical cost liabilities	213	219	-	44	131	44	-
Financial lease liabilities	507	543	-	126	302	115	-
Other accounts payable	122	122	-	122	-	-	-
Total	**204,171**	**238,399**	**-**	**149,218**	**4,329**	**84,852**	**-**

38 Financial Risk Management (Continued)

The following are the contractual maturities of financial liabilities at 31 December 2019:

In millions of Kazakhstani Tenge	**Carrying value**	**Contractual cash flows**	**On demand and less han 1 month**	**From 1 to 3 months**	**From 3 months to 1 year**	**From 1 to 5 years**	**Over 5 years**
Bank loans	71,848	72,294	55,653	5,595	11,046	-	-
Trade accounts payable	129,536	129,536	-	129,536	-	-	-
Bonds issued	70,016	83,183	-	-	3,488	79,695	-
Provision for financial guarantees	297	10,793	-	10,793	-	-	-
Historical cost liabilities	345	357	-	40	119	198	-
Financial lease liabilities	983	1,131	-	126	377	628	-
Other accounts payable	383	383	-	383	-	-	-
Total	**273,408**	**297,677**	**55,653**	**146,473**	**15,030**	**80,521**	**-**

Market risk

The Company takes on exposure to market risks. Market risk is the risk that changes in market prices will have a negative impact on the Company's income or the value of its financial instrument holdings. Market risks arise from open positions in (a) foreign currencies, (b) interest bearing assets and liabilities and (c) equity products, all of which are exposed to general and specific market movements. The objective of market risk management is to monitor and control market risk exposures within acceptable limits, while optimising the return on investments. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Sensitivities to market risks included below are based on a change in a factor while holding all other factors constant. In practice this is unlikely to occur and changes in some of the factors may be correlated – for example, changes in interest rate and changes in foreign currency rates.

Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings denominated in currencies other than the functional currency. Borrowings are denominated in currencies that match the cash flows generated by operating entities in the Company. Therefore, in most cases, economic hedging is achieved without derivatives. In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by planning future expenses taking into consideration the currency of payment.

38 Financial Risk Management (Continued)

The Company is mainly exposed to the risk of USD currency fluctuations. The Company's exposure to currency risk was as follows:

In millions of Kazakhstani Tenge	2020	2019
Denominated in US Dollar		
Trade accounts receivable	126,671	105,544
Cash and cash equivalents	13,603	27,994
Loans to related parties*	11,511	12,924
Restricted cash	1,183	25
Other assets	65	-
Total assets	**153,033**	**146,487**
Bank loans	-	(141,864)
Bonds issued*	(77,088)	(70,016)
Trade accounts payable	(101)	(1,285)
Other financial liabilities	(10,522)	(158)
Other accounts payable	-	(2)
Total liabilities	**(87,711)**	**(213,325)**
Net exposure to currency risk	**65,322**	**(66,838)**

** - loans to related parties and bonds issues are denominated in Tenge but are subject to indexation in case of USD/KZT exchange rate fluctuations.*

A 14% weakening and 11% strengthening of Tenge against USD as at 31 December 2020 (2019: 12% and 9%) would increase (decrease) equity and profit or loss by the amounts shown below.

In millions of Kazakhstani Tenge	2020	2019
US Dollar strengthening by 14% (2019: 12%)	7,316	(6,416)
US Dollar weakening by 11% (2019: 9%)	(5,748)	4,812

Movements of Tenge against USD above represent reasonably possible changes in market risk estimated by analysing annual standard deviations based on the historical market data for 2020.

Price risk on the uranium products

The Company is exposed to the effect of price fluctuations of uranium quoted in USD in the international markets. The Company prepares an annual budget based on future uranium prices.

Uranium prices historically fluctuate and are affected by numerous factors outside of the Company's control, including, but not limited to:

- demand for uranium used as fuel by nuclear electric stations;
- depleting levels of secondary sources such as recycling and blended down highly enriched stocks available to close the gap of the excess demand over supply;
- impact of regulations by the International Agency on Nuclear Energy;
- other factors related specifically to uranium industry.

38 Financial Risk Management (Continued)

At the end of the reporting period there was no significant impact of commodity price risk on the Company's financial assets and financial liabilities.

Interest rate risk

Changes in interest rates impact loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (floating rate debt). At the time of raising new loans or borrowings management uses its judgment to decide whether it believes that a fixed or a floating rate would be more favourable to the Company over the expected period until maturity.

As at 31 December 2020 the Company issued bonds with a fixed interest rate 4.0% (2019: 4.0%).

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

In millions of Kazakhstani Tenge	**2020**	**2019**
Fixed rate instruments		
Loans to related parties	13,011	12,924
Demand deposits	7,118	2,165
Restricted cash	1,394	1,194
Bonds issued	(77,088)	(70,016)
Bank loans	-	(55,532)
Net position	**(55,565)**	**(109,265)**
Floating rate instruments		
Bank loans	-	(16,316)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss. However, fixed rate financial assets and financial liabilities are exposed to fair value risk from change in interest rates. Reasonably possible changes in interest rates do not significantly affect fair values of those financial assets and financial liabilities.

Future cash flows sensitivity analysis for floating rate instruments

An increase / (decrease) of 100 / (25) basis points (2019: increase / (decrease) of 20 / (20) basis points) in interest rates at the reporting date would have (decreased) increased equity and profit or loss by the amounts shown below, represents management's assessment of reasonably possible changes in the interest rates based upon current interest rates and the current economic environment. This analysis assumes that all other variables, in particular foreign currency rates, remain constant and that balances due were outstanding for the year.

In millions of Kazakhstani Tenge	**2020**	**2019**
Increase of 100 basis points (2019: 20 basis points)	-	(26)
Decrease of 25 basis points (2019: 20 basis points)	-	26

Fair values versus carrying amounts

The Company believes that the carrying value of financial assets and financial liabilities are recognised in the financial statements approximate their fair value.

In assessing fair values, management uses the following major methods and assumptions: (a) for interest free financial liabilities and financial liabilities with fixed interest rate, financial liabilities were discounted at effective interest rate which approximates the market rate; (b) for financial liabilities with floating interest rate, the fair value is not materially different from the carrying amount because the effect of the time value of money is immaterial.

38 Financial Risk Management (Continued)

Capital management

The Company's policy is to maintain a strong capital base to safeguard the Company's ability to continue as a going concern, to maintain investor, creditor and market confidence, to provide returns for shareholder, to maintain an optimal capital structure to reduce the cost of capital, and to sustain future development of the business. Capital includes all capital and reserves of the Company as recorded in the statement of financial position.

According to the mandatory terms of the credit agreements, concluded by Company with banks, the Company shall comply in all respects with the applicable laws; should not create or permit the creation of obligations with respect to any of its assets or dispose them, except as provided for in credit agreements; obtain permission from lender banks to acquisitions, mergers and disposals as they arise; and the Company may sell uranium for civilian purposes to buyers, located only in those countries that have signed the Treaty on the Non-Proliferation of Nuclear Weapons, and are Members of the International Atomic Energy Agency.

Furthermore, the Company should maintain several key financial indicators at established levels based on such separate financial information of the Company as:

- the debt to equity ratio;
- the debt ratio to earnings before interest, taxes, depreciation and amortisation (Debt/EBITDA).

The Company has internal quantitative indicators similar to external ones for capital management purposes.

The Company follows the policy on borrowings and financial sustainability for risk management purposes by adopting common principles and rules of fundraising and financial sustainability for non-financial organisations.

The Company has complied with all externally imposed capital requirements throughout 2020 and 2019, including above- mentioned requirements related to loans and borrowings.

39 Fair Value Disclosures

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

Assets and liabilities not measured at fair value but for which fair value is disclosed

Estimates of all assets and liabilities not measured at fair value but for which fair value is disclosed, except bonds, are level 3 of the fair value hierarchy.

The fair values in level 3 of the fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of floating rate instruments that are not quoted in an active market was estimated to be equal to their carrying amount. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risks and remaining maturities.

Financial assets carried at amortised cost

The fair value of floating rate instruments is normally their carrying amount. Estimate of all financial assets carried at amortised cost is level 3 measurement. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risks and remaining maturities. Discount rates used depend on the credit risk of the counterparty.

39 Fair Value Disclosures (Continued)

Liabilities carried at amortised cost

The estimated fair value of fixed interest rate instruments with stated maturities were estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risks and remaining maturities. The fair value of liabilities repayable on demand or after a notice period ("demandable liabilities") is estimated as the amount payable on demand, discounted from the first date on which the amount could be required to be paid. The discount rates used ranged from 4.5% p.a. to 11.8% p.a. depending on the length and currency of the liability.

40 Presentation of Financial Instruments by Measurement Category

For the purposes of measurement, IFRS 9 Financial Instruments classifies financial assets into the following categories: (a) financial assets at FVTPL; (b) debt instruments at FVOCI, (c) financial assets at AC. Financial assets at FVTPL have two sub-categories: (i) assets mandatorily measured at FVTPL, and (ii) assets designated as such upon initial recognition or subsequently. All of the Company's financial assets as of the end of reporting period fell into the category AC, except for the financial derivative asset, classified as FVTPL. All of the Company's financial liabilities were carried at AC. Fair value is approximate to carrying amount.

41 Segment Information

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM) and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance for the entity. The CODM has been identified as the Management Board of the Company headed by the CEO.

(a) Description of products and services from which each reportable segment derives its revenue

The Company is a vertically integrated business involved in the production chain of end products – from geological exploration and mining of uranium to marketing and sales and represents one segment "Uranium".

(b) Factors that management used to identify the reportable segments

Segment financial information reviewed by the CODM includes:

- information about income and expenses by business units (segments) based on IFRS figures on a quarterly basis;
- assets and liabilities as well as capital expenditures by segment on a quarterly basis;
- operating data (such as production and inventory volumes) and revenue data (such as sales volumes per type of product, average sales price) are also reviewed by the CODM on a monthly and quarterly basis.

(c) Measurement of operating segment profit or loss, assets and liabilities

The CODM evaluates performance of segment based on gross and net profit. Segment financial information is prepared on the basis of IFRS financial information. As the Company represents one "uranium" segment, presented statement of income or loss and other comprehensive income, statement of financial position shows the segment financial information.

(d) Analysis of revenues by products and services

The Company's revenues are analysed by products and services in Note 8. Information about finance income and costs is disclosed in Note 16.

41 Segment Information (Continued)

(e) Geographical information

The Company's main assets are located in the Republic of Kazakhstan. Distribution of the Company's sales between countries on the basis of the customer's country of domicile was as follows:

In millions of Kazakhstani Tenge	**2020**	**2019**
China	181,695	164,825
Russia	68,324	22,516
France	65,400	50,837
India	32,662	38,283
Switzerland	28,997	49,372
United Kingdom (including Jersey and Cayman Islands)	17,731	39,829
South Korea	9,983	-
USA	3,683	12,715
Austria	-	10,131
Other	14,722	14,567
Total revenue	**423,197**	**403,075**

42 Earnings per Share and Book Value per Share

On September 27, 2019, the Company issued 70 million bonds indexed to US Dollars on the organised securities market of Kazakhstan Stock Exchange JSC (hereinafter - the "Exchange"). The Company and the Exchange concluded an Agreement on listing of corporate securities dated September 19, 2019. As part of the execution of this Agreement, as well as the Listing Rules, in the statement of financial position at the end of each reporting period, the Company must display data on the book value of one share calculated in accordance with the Listing Rules, as well as basic earnings per share. Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the Company by the number of ordinary shares in issue during the period. The Company has no dilutive potential ordinary shares; therefore, the diluted earnings per share equals the basic earnings per share. Earnings per share from continuing operations is calculated as follows:

	For the year ended	
In millions of Kazakhstani Tenge	**31 December 2020**	**31 December 2019**
Profit for the period attributable to owners of the Company (in millions of Kazakhstani Tenge)	166,279	114,756
Number of ordinary shares (in thousands)	259,357	259,357
Earnings per share attributable to the owners of the Company, basic and diluted (rounded to Tenge)	641	442

Book value per share is calculated as follows:

In millions of Kazakhstani Tenge	**2020**	**2019**
Total assets of the Company (in millions Tenge)	958,121	941,498
Intangible assets (in millions Tenge)	(50,615)	(48,105)
Total liabilities of the Company (in millions Tenge)	(277,349)	(327,954)
	630,157	**565,439**
Number of ordinary shares (in thousands)	259,357	259,357
Book value per share (Tenge per share)	2,430	2,180