



## Event: FY22 Results Conference Call – Astana

Date/Time: Friday, 17 March 2023, 17:00 AST

### Significant Events of 2022



I would like to start today's call with a discussion of the significant events that have recently taken place in both Kazakhstan and internationally. We've seen tremendous and tragic events unfolding in the region since the start of 2022, and whilst the impact of Qantar has resulted in a wide range of liberal reforms in Kazakhstan, it is difficult to predict the possible impact and consequences of the Russian-Ukrainian conflict. We still hope a peaceful resolution comes very soon.

Although the trade actions and sanctions against Russia that have been put in place by various countries to date have not been directed at the uranium and nuclear industries, Kazatomprom remains prepared for changes to the risk profile.

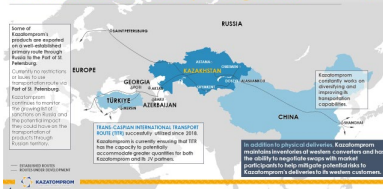
As noted in March 2022, during our annual results call for 2021, the four key areas we are carefully monitoring include: Kazatomprom's partnerships and joint projects with Rosatom and its subsidiaries; Financial risks and exchange rate fluctuations; Supply chain challenges and the availability of key operating materials; and Risks to our primary transportation route through Russian territory.

A high-priority risk analysis is being carried out on a continuous basis with respect to compliance with the sanctions. In addition to the mining operations, the Company also has the access to uranium enrichment services at the Russian enrichment plant. The risk of secondary sanctions impacting Kazatomprom in connection with Rosatom and the Russian nuclear fuel cycle remains remote at this time.

Throughout 2022, it became apparent that our concerns about currency exchange rates and inflationary pressure were not just local, but global too, as both developing and developed economies across the world experienced unprecedented inflation and rate hikes.

With respect to the disruption of supply chains and our access to the materials we need to develop wellfields and produce uranium, the situation is under the special control of the Management. We have embarked ambitious programs to build a Sulphuric acid plant, a new processing plant, and bring the piping production in-house. These measures will definitely secure and satisfy a bulk of Kazatomprom's requirements in key materials and equipment.

### Committed to Delivery Obligations



And finally, the area that saw the most attention throughout 2022 was the transit of our uranium products through the territory of Russian Federation. This route has been used as primary route as a usual course of business in 2022 and we don't expect significant challenges.

As we have reiterated in discussions with nearly all stakeholder groups, should our access to that primary route become limited for any reason, we have a number of mitigation plans that are ready for deployment. They include: The Trans-Caspian International Transport Route, an alternative route successfully used since 2018 that does not enter Russian territory; Kazatomprom also continues its work on diversifying and improving its transportation capabilities, as such we are currently working to establish the transportation routes through China and Turkey.

It is important to reinforce our message that we will continue to take all necessary measures to minimize potential risks and prevent any potential negative impacts on our business and customers.

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To date, our risk management processes and mitigation plans to address the existing and emerging risks have remained robust, and the Company continues to monitor the situation.

### Nuclear Power Back in Focus

- Nuclear is key to energy security and net-zero emissions
- Part of the solution to climate change and cleaner air, with no direct carbon emissions and 24-hour availability
- Increasingly becoming a part of the national energy security strategies
- Stable, baseload power to underpin renewable generation
- Thousands of cumulative reactor years of safe power production
- Recognized by EU Sustainable Finance Taxonomy as a transitional green source of energy

KAZATOMPROM 2022 Full-Year Results Conference Call


Turning to the primary topic of today's call, I'll touch on a few key market developments and briefly review our results for 2022.

A key factor that has contributed to the improved market fundamentals and a more bullish outlook for the nuclear industry over the past several years has been the international focus on the social and environmental impacts of energy infrastructure.

Those discussions have become even more pronounced amid the growing focus on energy security and diversification in relation to the Russia-Ukraine conflict.

Kazatomprom recognizes the significant role it plays in helping the world transition away from a reliance on fossil fuels.

### Kazatomprom's ESG Landscape

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- The diagram shows three interconnected circles labeled E (Environment), S (Social), and G (Governance). Below them are icons for a leaf, a person, and a gear.
- Environment and Social**
    - S&P selects uranium using in-situ recovery (ISR) mining, the most environmentally friendly production method
    - Ongoing implementation of the Board-approved Environmental and Social Action Plan (ESAP)
    - Focus on decarbonization
  - Continuous Improvement**
    - S&P Global Ratings has assigned Kazatomprom ESG rating of 51/100. Kazatomprom is better positioned than its wider mining sector peers (Metal & Mining sector average: 50/100, sector max: 68/100)
    - Joined the United Nations Global Compact, the world's largest sustainable development initiative
    - Received Corporate Governance Rating "A"
  - Governance**
    - Consistent integration of sustainable development principles into the corporate governance system
    - Board composition, half of which are INEDs
    - The Company's governance systems and principles comply with international standards recognized by the global economic community (OECD Principles of Corporate Governance)

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Unlike many other industries that are having to alter the course of their strategies and re-assess their value proposition in the ESG context, we as uranium miners find ourselves in a unique position. ESG has always been well integrated into our business.

Environmentally, all of Kazatomprom's mines employ the best-in-class In Situ Recovery mining method that minimizes impacts on the environment, biodiversity, water resources and public health.

And in terms of governance, we strive to implement international best practices. Recently, we had a fourth independent director joining our Board of Directors, which now consists of eight members. All the Board committees, including Audit, are chaired by INEDs.

In line with our long-standing commitment to sustainable development and ESG, the Company continues to endorse the medium- and long-term ESG goals, with specific quantitative and qualitative targets. As such, in 2022 the Company approved a Strategy for decarbonization and achieving carbon neutrality by 2060, and completed significant milestones within the frame of the ESAP roadmap, aimed at improving environmental and social stability in the regions of the Company's presence.

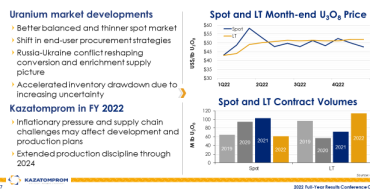
In March 2022, we also officially became a full member of the United Nations Global Compact, the world's largest corporate sustainability initiative, which confirms our commitment to the ten principles of the UN Global Compact and our support for the global ESG agenda, goals and initiatives of the United Nations.

As a recognition of our efforts in ESG, in December 2022 Kazatomprom received its first independent ESG rating from S&P Global ratings, which assigned Kazatomprom above industry average score of 51 out of 100. Of note, the current global maximum ESG evaluation score for Metal & Mining sector is 68.

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### Market Context



Moving into a brief look at the uranium market, long-term contracting activity and the spot & term uranium pricing gained strength in 2022, with the financials drying the spot. Market participants are shifting their focus to security of supply in light of the Russia-Ukraine conflict.

Demand-side interest drove the weekly spot price as high as 63.75 US dollars per pound of uranium in 2022. However, with the global economic slowdown and the resulting bearish trends witnessed in the capital markets through to the third quarter of 2022, the upward pressure on the spot price was eased. Spot price ended the year with a 47.68 US dollars per pound of uranium average.

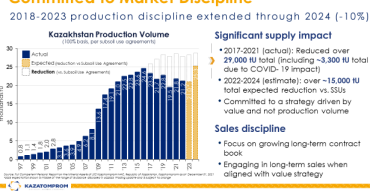
Overall, the volume levels of spot fell well behind the upsurge witnessed in 2021. As such, about 60 million pounds were transacted in 2022, with the utilities' share in the market constituting just under 14%, or about eight million pounds of uranium in total.

This shift in the utilities' approach in the procurement strategies towards the primary producers is even more pronounced, given the concerns around the security of supply and energy security, triggered by the recent geopolitical turmoil. As such, the supply reductions by the primary producers witnessed in the prior periods now started to take a reversal, as some of the producers began to restart the idled capacities, driven by the increased long-term contracting activity.

To secure the access to non-Russian processing services, more utilities are willing to enter into the long-term commitments with the western enrichers and converters, stretching their processing capacities, which results in the need for higher volumes of the feed. We at Kazatomprom are well positioned to match-up growing feed requirements with the reliable long-term supply of natural uranium.

In terms of the term market, nearly 114 million pounds of U<sub>3</sub>O<sub>8</sub> was contracted under term deals during the reporting period, which is the highest volume the market has witnessed since 2012, with the average term price indicator increasing to 52 US dollars per pound. The term market continues its rise for the third consecutive year, which hints the entrance of the market into another long-term contracting cycle that takes place around each ten years. And at this time, having set up the trading arm in Switzerland back in 2018 and amendments to the Transfer Pricing Legislation that took place in 2021, we feel comfortable of capturing the relevant share of that cycle in the years to come.

### Committed to Market Discipline



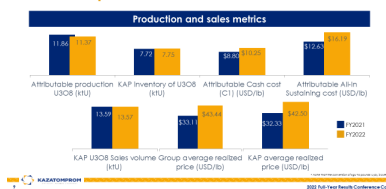
Therefore, consistent with our market-centric strategy, we expect our 2024 production volumes of about 25,000 to 25,500 tons of uranium in 2024, which is roughly 10% lower than our total Subsoil use contract level.

Our 2023 production plan remains unchanged and 20% lower than our total subsoil use contract level, but even that target is currently subject to considerable, yet manageable supply chain and development risks.

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### FY 2022 Operational and Results



Moving into our 2022 full-year results, I am proud to confirm that we once again delivered on our guidance, achieving the targeted indicators.

The Company's production volume fell slightly on both a 100% and attributable basis during the reporting period, as the COVID-19 pandemic had an impact on wellfield development in 2021. This had a lag effect on production in the reporting period as it usually takes from eight to ten months between wellfield development and the resulting uranium extraction by in-situ recovery. Additionally, attributable production was impacted by the sale of a 49% share of "Ortalyk" LLP to CGN Mining UK Limited in July 2021.

At this point in the year, the operations team continues to make progress in mitigating the related risks making every effort to achieve its production plan for 2023.

We have also maintained our market share of natural uranium in the reporting period, where we delivered uranium under both new and existing contractual commitments to 24 customers in 11 countries worldwide.

As at December 31, 2022 our inventory of finished uranium was comparable to the inventory level we held at the end of 2021, slightly above our target of about six to seven months of attributable production. To manage delivery risks and ensure we had uranium at the right place and time, we also did make some purchases and swaps in the market during 2022.

Uranium sales at the Group and KAP levels were on the same level as in 2021. Thanks to our commercial team's successful implementation of the sales plan and increase in the spot price of uranium, the Company's average realized price in US dollars increased by 31%, which also led to an increase in revenue from U<sub>3</sub>O<sub>8</sub> by more than 40%.

We are constantly working to grow the Company's customer base, with ongoing negotiations in Europe, Americas, and the Middle East.

On the cost side, our C1 cash costs rose as expected due to higher payroll costs and inflationary pressure on cost of materials and processing, increasing by 16%, from just under nine US dollars per pound last year, to now just a bit more than ten US dollars. All-in sustaining costs rose even more, by 28%, from 12.63 US dollars per pound to 16.19 US dollars due to a more than 60% increase in capital expenditures of mining companies, subsequent to a shift in wellfield development activities, as well as higher purchase prices for materials, supplies, equipment and cost of drilling. All three cost parameters were within the guidance ranges provided for 2022.

### Pricing Methodology Provided by TPL<sup>1</sup>



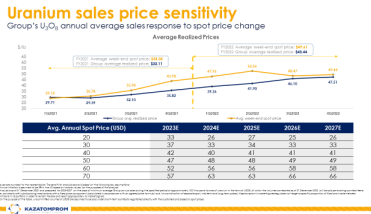
As we communicated in our previous trading updates, for short-term deliveries to end-users, the spot price can vary significantly between the time contract pricing is established and the spot price in the market, when the actual delivery takes place. Given the time allotted by Kazakhstanian Transfer price legislation, the delivery date at which the sales revenue is recorded could be up to ten months from the offer date.

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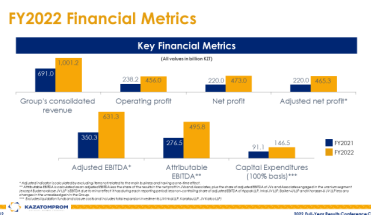
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In addition, some long-term contracts may incorporate a proportion of fixed pricing that was negotiated prior to the sharp increase in spot prices.

As such, the increase in average realized prices for both the Group and Kazatomprom last year was lower than the increase in the spot market price for uranium due to the significant spot price volatility in the uranium market in 2021 and 2022. During the reporting period, many deliveries were based on contract price mechanisms that established a contract price for the delivery, set earlier in 2021 when the market price was lower and prior to its sharp increase.



As you can see, taking into account the lag effect, our realized prices converged with the corresponding spot prices in Q4 of 2022. As per our updated sensitivity table, which provides some color on what our average realized price would be if the average annual spot price reaches a certain figure, is now much more exposed to index. This certainly represents our success in commercial negotiations with the end-users, where we ensured certain floor levels to hedge against the falling market.



Regardless of such lagging effects between spot price and our realized price, our financial results for 2022 were very strong.

Revenue rose compared to the previous period, to just above one trillion tenge, driving a rise in operating profit of 91%, and a more than doubling of adjusted net profit to about 465 billion tenge. This figure was achieved without the significant items having a one-time effect, as was the case in the previous years. These impressive results reflect the considerable improvement in the uranium market over the past year, supported with our ability to deliver Kazatomprom's material through the Trans-Caspian International Transport Route.

Capital expenditures of the mining entities increased by 61% compared to the previous period, as mentioned above, due to increased spending on well construction to achieve production targets for 2022 and 2023, as well as to prepare for production expansion to -10% from subsoil contracts in 2024.



Beyond the operational and financial results, let me highlight several corporate developments:

- First, Mr. Mazhit Sharipov, Kazatomprom's CEO up until July 4th, decided to resign from his role with the Company for personal reasons.

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- Subsequent to the reporting period, in early January 2023, Mr. Askar Batyrbayev decided to resign to pursue other opportunities, while Mrs. Kamila Syzdykova decided not to return from her parental leave choosing to spend more time with her family. Alisher Taizhanov was appointed as new Chief Commercial Officer and Ruslan Beketayev was appointed as new Chief Financial Officer.
- In July of the reporting period, we completed the payment of dividends for 2021. The 52% increase in the dividend payment included the proceeds from the sale of Ortalyk to CGN Mining. To note, Net debt to Adjusted EBITDA ratio in 2022 remains negative. We will announce information on dividends for 2022 in April this year.
- Beyond the Company developments, the Government of the Republic of Kazakhstan announced the additions and amendments to the country's tax regime as part of its post-January-event reforms, according to which the calculation of the Mineral extraction tax base and rate have changed, effective 2023. According to the changes, the MET on uranium is now based on market prices, multiplied by the amount of uranium mined and a rate of 6%.
- MET expense is therefore expected to increase in absolute terms due to the incorporation of the spot price into the formula. However, as disclosed previously, the exact impact cannot be estimated at this time.
- And finally, as mentioned, we are maintaining our production and sales discipline.

**Looking Ahead – 2023 Guidance**

	exchange rate	2023 Guidance	2022 Actual
Production volume U <sub>3</sub> O <sub>8</sub> (100% basis) <sup>1,2</sup>	USD	36,500-37,000 <sup>3</sup>	37,222
Production volume U <sub>3</sub> O <sub>8</sub> (attributable basis) <sup>3</sup>	USD	10,400-11,200 <sup>3</sup>	11,373
Group sales volume <sup>4</sup>	USD	15,400-15,900	15,572
KAP sales volume (incl. in Group) <sup>5</sup>	USD	12,800-13,400	13,479
Revenue – consolidated <sup>6</sup>	KZT	1,080-1,090	1,021
	USD	800-840	801
Revenue from Group U <sub>3</sub> O <sub>8</sub> sales <sup>7</sup>	USD	800-840	801
C1 cash cost (attributable basis) <sup>8</sup>	USD/t	\$12.00-\$13.50	\$10.25
All-in sustaining cash cost (attributable C1 + capital) <sup>9</sup>	USD/t	\$35.00-\$27.50	\$14.17
Total capital expenditures (100% basis) <sup>10</sup>	KZT	240-250	184.2
	USD		

Reviewing our outlook for this year, in accordance with our market-centric strategy, expected annual production and sales metrics are set at slightly lower levels at this time compared to 2022 actuals, while financial metrics of our performance are expected to be higher.

The decrease in production guidance for 2023, in comparison to actuals of the reporting period, is mainly due to continued delays in the wellfield commissioning schedule and limited access to certain key materials, including sulfuric acid, and equipment.

The decrease in the expected U<sub>3</sub>O<sub>8</sub> sales volume for 2023, both at the Group and Kazatomprom levels, is mostly due to the increased sales in forms other than U<sub>3</sub>O<sub>8</sub>, including but not limited to fuel pellets, produced from Kazatomprom's natural uranium concentrates. Although, we do expect the sales metrics to have an upside potential, given the increased interest from the demand side of the market.

Guidance on total capital expenditures on 100% basis for this year increased significantly in comparison to 2022 actuals to cover the shift in the wellfield development schedule, inflationary pressure on production materials and reagents, as well as an increase in well construction activities and mine development costs of JV Budenovskoye LLP and JV Katco LLP, for total amount of approximately 70 billion tenge.

We remain confident that we can deliver on expectations based on the current trends of production, sales and costs, as we do assume supply chain and wellfield development risks will not increase significantly through 2023.

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Nevertheless, it should be noted, that the challenging situation with the supply of raw materials and inflationary pressure is expected to continue, which could affect the Company's financial and operating performance respectively.



Summarizing today's call, I would like to highlight that despite of the recent management changes, Kazatomprom's market-oriented strategy remains unaffected. Our focus will continue to be on the highly marginal segment of the nuclear fuel cycle – which is the uranium mining.

As always, we are committed to the highest standards of ESG in all aspects of our business.

Open and constant communications are crucial during these times of ongoing uncertainty and elevated geopolitical risks, and we remain committed to business continuity and transparency.

We are eager to keep working with new and existing global customers to provide the uranium required to meet the anticipated demand growth and help the world achieve its net-zero and energy security objectives.

Thank you for your interest and attention. We will now be happy to answer questions from today's call participants.

#### Q&A Session with Management



Yerkhan Muktarov, Chief Executive Officer  
Ruslan Bekalbayev, Chief Financial Officer  
Alisher Taizhanov, Chief Commercial Officer



### English Q&A

Operator:

Welcome to the Q&A session. Please limit yourself to two questions at a time. If you have additional questions, you are welcome to rejoin the queue. As a reminder, you can also submit questions using the Ask a Question button on the webcast page. To ask a question on the phone line, please press star and one on your device. We will now pause for a moment as callers join the queue. Thank you.

Our first question is coming from Alexander Pearce from BMO.

Alexander Pearce:

Hi. Great, thank you for an opportunity to ask the question. So I was actually hoping could you provide an update on the capacity of the Trans-Caspian Route as it stands? And also maybe you can just comment on some of the alternative routes, for example, with China and timing for when we may get an update in terms of the capacity on some of the alternative non-Russian routes.

Alisher Taizhanov:

Hello, thank you for your question. We got a quota for this day. Today, the quota is around 4,000 tons of  $U_3O_8$  and we are still discussing with Azerbaijani side, with Azerbaijani government the details of the quota for our future deliveries. Thank you.



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Alexander Pearce:

Is it possible to give us an update on kind of progress on some of the other routes and maybe when we may hear update?

Alisher Taizhanov:

We are still discussing the details with our Chinese partners on the transit via the Chinese territory, and I'm not sure about the deadlines, but we are still in the discussion process.

Alexander Pearce:

Okay, thank you. Maybe I can just follow up with the second question. Just in terms of the CapEx that you've identified for KATCO and Budenovskoye, is it possible to provide a breakdown split between those two assets? And how much of that, I think 70 billion KZT was mentioned, is split between those two projects?

Yerlan Magzumov:

Hi, Alex. Unfortunately, for the purposes of confidentiality, we can't disclose the split between the two, but you can make your own assumptions on that. Adding to Alisher's point on transshipment through Chinese and Turkish territories, we can say that we are working on these routes, and we will keep our investors updated on any progress.

Alexander Pearce:

Great, thank you.

Operator: The next question is coming from Ildar Davletshin from Wood & Company. Ildar, please go ahead.

Ildar Davletshin:

Good afternoon, thank you. So my first question is regarding your 2024 production target, you are planning quite a considerable increase. I realize that it's partially driven by the launch of Budenovskoye and ramp-up at other assets, but I just wanted to understand how confident you are in this 25-or-so thousand tonnes target, given that this year, you are expecting a small decline relative to 2022. You did mention still challenges in supply of some critical materials and lag in drilling activity. It feels like it's a bit of a stretch, but maybe I'm wrong. So I'd like to understand your confidence level for 2024 production target.

And maybe if I may, also a second question, just to come back to the previous question on the CapEx. Could you maybe break down the expected CapEx between the maintenance - what you need to maintain the flat output - and any additional CapEx that comes on top as the 'growth CapEx'? That would be very helpful, thank you

Yerlan Magzumov:

So let me start answering the question, and my colleagues can join. Thank you for your question, Ildar. The first question was about how confident we are in our production plan for 2023 and 2024. And as you can see, Ildar, from our guidance, we are significantly increasing our capital expenditures, and these capital expenditures will go both into our current projects and our expansion projects, which are to take place in JV Budenovskoye and JV KATCO. We are quite confident at this moment that we can deliver on our guidance announced previously. Should there be any additional challenges or any additional risks to our production plan for 2023 and 2024, we will most certainly notify the market on this one in our trading updates or in our operating and financial review.

Now turning on to your second part of the question, in relation to 'if we can provide the split of how much of our guidance or of our CapEx will be directed into the current operations and well construction and how much will go into the sustaining. So on this part, we unfortunately do not provide the split, but based on our historical results, including our results for 2022, you are free to make your own assumptions and build your models. We are also happy to provide you with the additional public information and assistance in an open and fair way in relation to all other shareholders.

Ildar Davletshin:

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All right, thank you.

Operator:

The next question is coming from Yuyang Zhang from Bank of America. Yuyang, please go ahead.

Yuyang Zhang:

Hi, everyone. I've just got one question on EBITDA numbers. So EBITDA number is very strong compared to last year and versus consensus estimates. But I can see net cash position seems a bit light. Could you please give us a bit of update around here, please?

Yerlan Magzumov:

Sure, hi Yuyang. As you can see from our operating and financial report, you can analyze the part on the working capital. There was a shift in the working capital and the working capital itself is pretty cyclical. There can be time differences between the deliveries and the cash receipts from those deliveries. From the working capital table, you can see that our receivables have increased 23% from the previous year. So part of our decrease in net cash position is attributable to that as well. Another reason, as you can see, is that our inventory has increased, including the inventory that we will use for our day-to-day operations, which will then be converted into the receivables and our revenue. Does that answer your question?

Yuyang Zhang:

Yes, that's very clear. Thank you.

Operator:

The next question is coming from Anna Antonova from JPMorgan. Anna, please go ahead.

Anna Antonova:

Good afternoon, thank you very much for the presentation. Two questions from our side. First, on the production and sales guidance for this year, can you please perhaps comment on what are the run rates of production and sales you're seeing in Q1, given that two full months are already behind us? So perhaps how they compare to your expectations and how they are running versus your guidance for this year? Are they basically in line or a bit lagging, given the seasonality, or a bit ahead of your expectations? That's the first question.

And the second one, could you please comment on the market environment? Has anything changed in the market conditions since the last call that you had? So perhaps do you see any signs of utility companies that are engaging more actively in recontracting talks or not? So any comments on that side would be also much appreciated, thank you.

Seitzhan Zhanybekov:

Hi Anna, many thanks for the question. Just answering to your first question regarding what's the pace of our sales in accordance to our guidance. So our sales are not evenly distributed through the year, as it mostly depends on the request of our customers and our schedule of deliveries. So, at the year-end, we plan to be in the range that we have indicated in our guidance.

Secondly, answering to your question. Just let me double check. So your question was how do the utilities act now in terms of geopolitics and if they're restructuring their portfolio of purchases, right?

Anna Antonova:

Yes, if you could shed some light on what's the market sentiment now? Is it better or worse than in the end of last year and what may be main trends that you're currently seeing in the market, that you would like to highlight to us?

Seitzhan Zhanybekov:

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Yes. Thank you. Within the nuclear fuel cycles, stages of conversion and enrichment have still been mostly in the focus, given the current geopolitics. And what we see, is that the existing supply chains of nuclear fuel cycles are being reengineered. Despite there are no sanctions against the components of Russian nuclear fuel cycle, some of the utilities are trying to look for different suppliers of conversion and the enrichment services. So still, what we see, utilities are still focused on that. They're just looking for different opportunities, how they can contract for themselves those services. After that, they would go from the top to the downstream, to source the material. They would search for enrichment first and then go to the conversion, and after that, they'll go to uranium, the  $U_3O_8$  that we produce.

But definitely, the last year and early this year, we have seen some newcomers at the market, like the companies who have been purchasing the fuel assemblies before as a finished good. Last year and earlier this year, we have seen some of the customers, who haven't been previously in the open market for conversion or uranium, are now starting to look for those services and for uranium at the open market. I hope that I answered your question.

Anna Antonova:

Thank you.

Operator:

The next question is coming from Chintan Khamar from Credit Suisse. Chintan, please go ahead.

Chintan Khamar:

I noticed in the Q4 as per consolidated financial statements that you placed a commercial bond for \$50 million, which was repaid in January this year. I guess in the context of a pretty healthy cash position, is there any portion of your cash that might be restricted or we should consider as inaccessible in the short term?

Yesset Kuzdybayev:

Hi there. Director of Treasury, Yesset, speaking. Yes, addressing your question, we did actually draw 50 million USD commercial papers in late December. But this is only done in order to cover for short-term cash shortages, that's it, and none of our cash is actually restricted.

Operator:

The next question comes from Grace Symes from Energy Intelligence. Grace, please go ahead.

Grace Symes:

Hi. My first question is about the proposed sulfuric acid plant and if you can give any more detail on that in terms of timeline or cost or, any detail, really. Then my second question would just be on the proposed China and Turkey transport routes. Do you know if these would be a lot more expensive or take longer than the route to St. Petersburg or what the comparison would be there?

Yerlan Magzumov:

So let's start from the first part of your question, the approximate timeline of sulfuric acid plant. As of now, the sulfuric acid plant is on the stage of technical and economic evaluation. When this stage will be completed, we'll phase into another stage of preparing the documentation pertaining to the construction of the sulfuric acid plant. Approximately, in 2025. If no significant supply chain challenges happen, at this time, we expect that the plant will be commissioned by the end of the 2025. And in 2026, it will go into the full production capacity.

In terms of the financing of that project, most probably, we will engage another commercial party. But at this point, the exact structure cannot be disclosed. And I'm sorry, I didn't get the second part of your question.

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Grace Symes:

Yes. The second part was just in terms of the China and Turkey transport routes, do you know if these would be much more expensive or take a lot longer than shipping through St. Petersburg?

Seitzhan Zhanybekov:

Yes. Hi, Grace, it's Seitzhan. Thank you for the question. So answering to your question whether the transit through the China or Turkey would take longer or would cost more - it's hard to predict it now, because we're still discussing these options. But speaking logistics-wise, going through Turkey will provide the direct access to the Mediterranean sea, so that we could use the vessel from the Mediterranean sea rather than from the Black sea, which would take less time. But again, we're working with our partners on that, and at the moment it's too early to speculate on whether it would be more or less efficient in terms of the pricing.

Operator:

That concludes the question-and-answer session from the English audio line. I will now pass the call back to Mr. Magzumov to take questions from the webcast participants.

Yerlan Magzumov:

Thank you, operator. We have several written questions that were sent in by the webcast participants. So I will act as a moderator for this part of today's call and the following Q&A on the Russian language line.

The first written question from the English webcast participant is coming from the private investor.

Q: Can we have any indication regarding the possible amount or range of the dividend?

A (Yerlan Magzumov): Thank you. I can answer this question only partially. We can say that the notification for the Annual General Meeting will be sent in April, and it will contain information that you are interested in.

Q: Second question coming from the private investor. Is it possible to give any guidance for the sensitivity of the forward order book to changes in the U<sub>3</sub>O<sub>8</sub> price? That is to say, how will KAP's realized price change for the range of U<sub>3</sub>O<sub>8</sub> spot prices.

A (Yerlan Magzumov): In our operating and financial review, we do have a sensitivity table, as well as in our presentation and conference call slides, you can see sensitivity table there. Annual average spot prices will be on the left side and our consolidated average realized prices will be on the right-hand side.

The next question comes from a private investor, Malik.

Q: Your all-in sustaining cash cost is expected to be up more than 60% in 2023 versus 2021. How much of this increase do you think relates to Russian-Ukrainian conflict and could it be reversed if a resolution comes to the conflict? In other words, is twenty US dollars per pound, now a new normal? Or could it be reduced meaningfully from a peaceful resolution?

A (Ulan Khassanov): Actually, we would like to say that the all-in sustainable costs does include all our cash costs, also the CapEx cost. As it was disclosed in our operating and financial review, the CapEx for this year does include additional capital expenditures for our development and also expansion under the subsoil use contracts. Also, we would like to say that we are not planning to keep all-in sustained cost at the same level, it is much more higher due to these several investing activities. All-in sustained cost is much higher, not only related to the Russian and Ukrainian conflicts.

Yerlan Magzumov:

Thank you, Mr. Khasanov. The next question comes from a retail investor, Thomas.

Q: How management may comment on the latest weakness of the Kazatomprom share price?

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A (Yerlan Magzumov): And I can answer that question myself. The latest weakness of Kazatomprom's share price is mostly, as we see it, related to the market fluctuations and uncertainty on both capital markets and uncertainty that investors feel in the region.

The next question is from the same investor.

Q: Is there any information you can share about ANU Energy? Has any contract been signed with that new company? How Kazatomprom will benefit from operations with ANU Energy?

A (Seitzhan Zhanybekov): Thank you for the question. Speaking about the ANU Energy, I need to mention that on that front, we acted in a role of the cornerstone investors along with other companies. And then secondly, we have been a supplier of uranium for that fund. Speaking about the development of the company, and what is their progress in signing the new contracts and attracting new investments, we would ask you to contact the managers of the fund, the company called Agraga. We can additionally provide the details of the website and contact information, if it would be required. I hope it answers the question.

Yerlan Magzumov:

Thank you, Seitzhan. The next question comes from Richard Windsor.

Q: The question is, the management turnover has been higher than expected over the last eighteen months. Please, can you explain why turnover has been so high? And what confidence can we have that the management will be stable from now on.

A (Yerlan Magzumov): I can answer that question, and our team members may join as well. As for the management turnover, as it was said during the conference call, the turnover has been due to personal reasons of our previous CEO. Our previous CFO decided to stay on her parental leave and not to return and be with her family. As for Mr. Askar Batyrbayev, previous CCO, he has chosen to pursue other opportunities. Our new Chief Officers are now part of our team, and we cannot really comment at the moment on any new potential changes. As of now, we feel confident that our management team is more than able to deliver on our guidance. I hope that answers your question.

The next question comes from the private investor on ANU once again.

Q: Can you please provide an update on your ANU physical uranium fund?

A (Seitzhan Zhanybekov): Yes. So thanks for the question. So as I mentioned, we at Kazatomprom have been one of the cornerstone investors and secondly, the suppliers of uranium for the fund. So we do have a right of the first refusal of supplying uranium, given they have attracted the funds for the purchase of uranium. The developments and further improvement of the fund are being managed by the company called Agraga. We can provide the details of that company and we can provide the contact information, and they would be able to answer the questions on the progress of attracting additional investments into the ANU Energy physical uranium fund

Yerlan Magzumov:

Thank you, Seitzhan. The last question comes from Sinara Bank, Mr. Tachennikov.

Q: Please comment on the spike in profitability in Q4 2022. Based on your financial statements, adjusted EBITDA margin is close to 100% in the second half of the 2022, what's the reason? Is it just KATCO recognition? What was adjusted EBITDA in Q4 2022?

A (Yerlan Magzumov): I think I can answer that question myself. In the operating and financial results that we provide, we provide our half-year results and full-year results. Using reverse engineering, you can arrive at the amount of second, third and fourth quarter adjusted EBITDA. Unfortunately, we do not provide any quarterly results in our operating and financial review, only the financial information. But the methodology for EBITDA and adjusted EBITDA are in our operating and financial review. So you can reverse engineer that. As for JV KATCO recognition, we can say that 11% additional will be recognized starting from '22 and ongoing. I hope that answers your question.

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This concludes the question-and-answer session in English. The English line will now be disconnected. And we will start our Russian Q&A in about ten minutes. We ask the participants on the Russian line to stay connected, as we might resume the Q&A session sooner than ten minutes. I will turn the conference back to Mr. Mukanov to close the English session.

Yerzhan Mukanov: Okay. Ladies and gentlemen, thank you for participating in this meeting. So again, we're very glad to present to you our financial results of Kazatomprom for the last year and a guidance for 2023. So again, thank you for your attention. Have a nice day.

### **Russian Q&A (translated from Russian)**

Yerlan Magzumov:

So, we start the session of questions and answers in Russian. Please limit yourself to two questions at a time. If you have additional questions, you can return to the queue. If you are on a call and would like to ask a question, please press \*1 on your phone. We will pause for a moment to form a queue.

Our first question is from Anna Antova with JP Morgan. Please go ahead.

Q (Anna Antonova): Good day, I have another question. Your distribution costs have increased by one and a half times, from 950 per ton of sales to 1,500. Is this a reflection of the supply chain challenges in 2022, and increases in transportation rates due to COVID-19, etc.? Is a decrease of distribution costs per ton expected, or is this a new normal that will be present in the sector?

A (Ulan Khasanov): Anna, good day, yes, we have a certain increase in the C1 cash cost mainly due to disruptions in certain materials and the supply of chemical reagents. There is also inflationary pressure related to current geopolitical events and the global macroeconomic situation. Regarding AISC, we have certain investment projects that contribute to the increase. Are we comfortable with the current situation? Certainly, we will continue to work on optimising our costs; at the moment, we see an increase in expenses, mainly related to problems in the supply chain. I hope I answered your question.

Q (Anna Antonova): Thank you. Another question, the expectation of 240-250 billion tenge on a 100% basis for capital expenditures, are the capital expenditures for the construction of a sulfuric acid production plant already included?

A (Ulan Khasanov): As you are aware, capital expenditures for the construction of a sulfuric acid production plant will be indicated in the periods during which the plant will be built. Expenses for the feasibility study are included in the final capital expenditures. If you read report, you will find that the increase is mainly due to other investment projects.

Yerlan Magzumov:

This concludes the question-and-answer session for Russian-speakers. I will turn the conference back to Mr. Mukanov to close the session.

Yerzhan Mukanov: Thank you for joining our call. Good day.