



**KAZATOMPROM**  
NATIONAL ATOMIC COMPANY

## **Report on government payments made by NAC Kazatomprom JSC in 2018**

### **1. Introduction**

This report is a summary of payments made to government bodies by NAC Kazatomprom JSC (“the Company” or “Kazatomprom”) and its controlled entities in 2018, and has been developed in accordance with the 2014 United Kingdom (UK) Rules for reporting on payments to governments (as amended in December 2015). These Rules are based upon the provisions of Chapter 10 of the Act “On reports on payments to governments” of the Reporting Guidelines dated 2013, as amended. According to these rules, oil, gas, mining and forestry companies registered in the UK must disclose annual information on payments to governments by country and by project.

This disclosure obligation is determined based on the European Union country where the issuer's shares were initially offered publicly, or where the issuer first applied for admission of its securities for trading in a regulated market. It therefore applies to Kazatomprom as a mining company whose securities are traded on the London Stock Exchange, in accordance with the rules of the Financial Conduct Authority in the UK.

### **2. General Information**

Kazatomprom was established in 1997 with the status of the national operator of the Republic of Kazakhstan for the export and import of uranium and its compounds, nuclear fuel for nuclear power plants, special equipment and technologies. The Company is the world's largest producer of natural uranium with priority access to one of the world's largest resource bases.

The Kazatomprom group's main activity is uranium mining and the sale of uranium products, with mining activities occurring exclusively within the Republic of Kazakhstan.

The Sovereign Wealth Fund Samruk-Kazyna JSC owns 85.08% of the total outstanding shares of the Company, while 14.92% is in free circulation on the Astana International Stock Exchange and the London Stock Exchange.

Kazatomprom, realizing that its core activities are directly related to the use of natural resources, recognizes the need for socially responsible extraction of these resources, including how the Company interacts with local and national governments.

### **3. Reporting companies**

This report includes information on payments to government made by the Company and by subsidiaries that are members of the NAC Kazatomprom JSC group, for activities directly or indirectly related to subsoil use.

#### **4. Reporting period and report coverage**

This is the Company's first report on payments to government for 2018, and has been prepared in accordance with applicable laws and best practices of disclosure. The report considers the activities of the Company and its subsidiaries engaged in the extraction and processing of uranium.

Information on payments to governments is intended to increase transparency and clarify the areas in which Kazatomprom, as a uranium mining company, is making financial payments to government bodies.

The reporting period is for January 1, 2018 through December 31, 2018.

#### **5. Government/State**

The government/state includes local executive bodies (akimats - mayor's offices), bodies of the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan, as well as other government bodies.

#### **6. Companies**

The companies whose data on payments is contained in this report are the following organizations operating in the territory of Kazakhstan in the extractive industry:

- NAC Kazatomprom JSC
- JV Inkai LLP
- Karatau LLP
- JV Akbastau JSC
- PE Ortalyk LLP
- Appak LLP
- Kazatomprom-Sauran LLP
- RU-6 LLP

#### **7. Payments categories**

This report was compiled on the basis of the amounts of taxes and payments for 2018 paid in Kazakhstan, in millions of Tenge. The types of payments (on a cash basis) are categorized as follows:

*Corporate Income Tax (CIT).*

Corporate income tax, except for corporate income tax withheld from the income of non-residents.

*Mineral Extraction Tax (MET).*

The mineral extraction tax is a compulsory payment made by subsoil users separately for each type of mineral raw material extracted in the Republic of Kazakhstan.

*Bonuses - commercial discovery bonus, subscription bonus.*

The commercial discovery bonus is paid by subsoil users under the contracts for the extraction of minerals and/or for combined exploration and production for each commercial discovery of minerals in the contract territory, including for discoveries during additional

exploration. This tax was repealed starting January 1, 2019 within the framework of changes in legislation on subsoil and subsoil use, and the tax code.

The subscription bonus is paid by the subsoil user each time a new subsoil use right is obtained and a contract is signed for exploration, production, or combined exploration and production of mineral resources, as well as when the contract area is expanded.

#### *Excess Profit Tax (EPT).*

Excess profit tax is calculated for the tax period for each subsoil use contract for which the subsoil user is a tax payer.

Beginning January 1, 2018, as part of a change in tax legislation, EPT is only applied to subsoil use contracts for the extraction of hydrocarbons and, accordingly, uranium extraction is exempt going forward. EPT payments shown in this report represent payments made in 2018 for activities in 2017.

#### *Payments for infrastructure improvement*

Payments for infrastructure improvement are expenditures on the socio-economic development of the region and the development of infrastructure in the areas impacted by Kazatomprom's operations, according to the terms of the contracts for subsoil use (including payments to local executive bodies)

#### *Other*

Other taxes constitute payments of historical costs, social tax, and taxes on property, land and transport and excluded value - added tax and excise tax, which don't affect the amount of profit.

## **8. Currency**

This report is presented in Kazakhstan Tenge, which is the functional currency of the Company. Transactions in foreign currencies are recorded in the functional currency at the prevailing exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are converted to the functional currency at exchange rates effective at the reporting date.

## **9. Contact details**

This report, along with additional information on the Company's activities, can be found on the corporate website at [www.kazatomprom.kz](http://www.kazatomprom.kz).

Questions or comments related to the information provided in this report should be directed to:

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### 1. Report by countries in 2018 (million Tenge)

State (Country)	Type of payment						Total
	CIT	MET	Bonuses	EPT	Infrastructure improvement	Other	
Kazakhstan	30,652	17,994	153	5,597	939	4,937	60,272

### 2. Report by state body in 2018 (million Tenge)

State body	Type of payment						Total
	CIT	MET	Bonuses	EPT	Infrastructure improvement	Other	
State (including akim's offices) <sup>1</sup>					939		939
State Revenue Department	30,652	17,994	153	5,597		4,937	59,333
<b>TOTAL</b>	<b>30,652</b>	<b>17,994</b>	<b>153</b>	<b>5,597</b>	<b>939</b>	<b>4,937</b>	<b>60,272</b>

<sup>1</sup> In addition to these payments and as disclosed in the IPO Prospectus, prior to the IPO in 2018, NAC Kazatomprom JSC paid 2,000 million Tenge to the non-profit Corporate Fund "Company for Constructing Objects" to finance the social facilities construction in Turkestan city.

### 3. Report by company in 2018 (million Tenge)

Company	Type of payment						Total
	CIT	MET	Bonuses	EPT	Infrastructure improvement	Other	
NAC Kazatomprom JSC	13,012	7,909	147	5,597	591	1,360	28,616
JV Inkai LLP	4,121	3,192			11	1,245	8,569
Karatau LLP	4,922	1,326			45	439	6,732
JV Akbastau JSC	3,549	1,724			186	150	5,609
PE Ortalyk LLP	2,808	2,175	6		70	930	5,989
Appak LLP	1,611	1,668			36	365	3,680
Kazatomprom-SaUran LLP	417					349	766
RU-6 LLP	212					99	311
<b>TOTAL</b>	<b>30,652</b>	<b>17,994</b>	<b>153</b>	<b>5,597</b>	<b>939</b>	<b>4,937</b>	<b>60,272</b>