



**KAZATOMPROM**  
NATIONAL ATOMIC COMPANY

**Investor  
Handout  
1H 2022**

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# KAZATOMPROM OVERVIEW



# About Kazakhstan

## A PEACEFUL COUNTRY

The first country to voluntarily give up **nuclear weapons**

The first country in Central Asia in **UN Security Council**

## AN ECONOMICALLY STABLE COUNTRY

**52<sup>nd</sup> largest economy by GDP** according to World Bank 2020 ranking (from 101<sup>st</sup> in 2000)

**Gross foreign investments**  
~376 billion USD since 1991

### Credit ratings

- Moody's – Baa2 stable (2021)
- S&P BBB-/A-3 stable (2021)
- Fitch BBB- stable (2022)

## A PRO-BUSINESS COUNTRY

**25<sup>th</sup>** according to World Bank 2019 “**Ease of Doing Business**” ranking (from 63<sup>rd</sup> in 2010)

**4<sup>th</sup>** in terms of **Enforcing Contracts** and **7<sup>th</sup>** in terms of **Protecting minority investors** according to World Bank

## A FAST DEVELOPING ECONOMY

**9<sup>th</sup> largest country** by territory

**19.0 mln** population (2021)

**-3.8% GDP growth vs -5.9% growth** in Europe and Central Asia (2020)

**9,233 USD GDP per capita** (2021)

**9%** average **GDP growth rate** (2005-2017)

**6.7%** inflation (2020)

**426.03** average **KZT/USD** exchange rate (2021)

## AN ABUNDANT NATURAL RESOURCES

**~5,000** deposits

**99** out of **150** periodic table elements

**#1** zinc, tungsten, barite reserves

**#2 uranium**, chromite, argentum, lead reserves

**#6** gold reserves

**#7** coal reserves

**#12** oil reserves

**#24** gas reserves



# Kazatomprom at-a-Glance

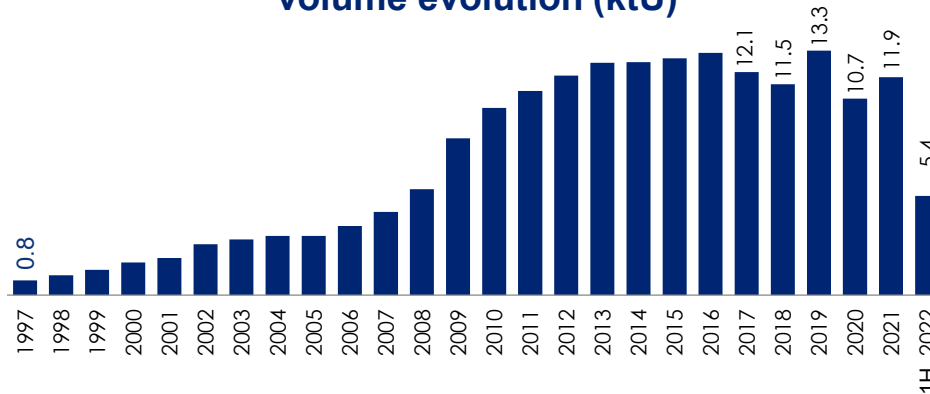


Largest producer of natural uranium with priority access to one of the world's largest reserve bases

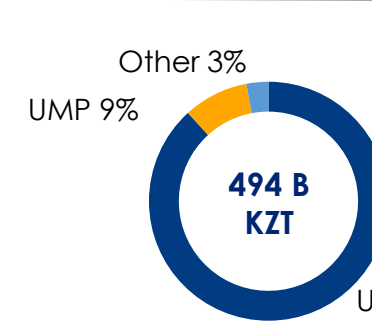
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**In URANIUM  
Production & Sales**

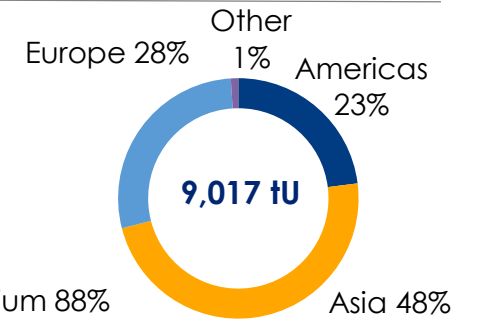
**KAP attributable production volume evolution (ktU)<sup>1</sup>**



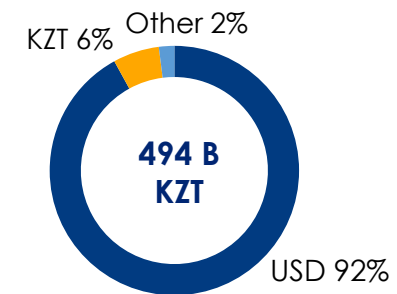
**Group revenue by segment 1H22<sup>3</sup>**



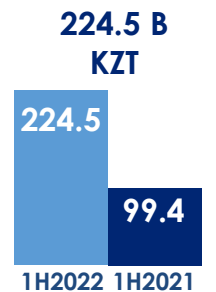
**Group uranium sales by regions 1H22<sup>5</sup>**



**Group revenue by currency 1H22<sup>4</sup>**



**Adjusted EBITDA 1H22<sup>6</sup>**



**14 mining units**  
**2 exploration projects**

**24% share of global production in 2021**  
**351 ktU in attributable reserves<sup>2</sup>**

**1<sup>st</sup> quartile cost of production**

**100% reserve base amenable to In-Situ Recovery ("ISR") mining method**

**12 producing JVs with world-class partners**

**Significant uranium processing, fuel pellets and FA production capabilities at UMP**

Source: Company information, third-party sources

<sup>1</sup> Production volumes of U<sub>3</sub>O<sub>8</sub> (attributable basis) is not equal to the volumes purchased by Company and THK

<sup>2</sup> As per the CPR report 2021, the reserves of "Ortalyk" LLP are accounted for as 100% attributable to the Company in 2021 and do not take into account the sale of a 49% share in "Ortalyk" LLP to CGNM UK Limited in July 2021. When taking into account the sale of 49% shares in "Ortalyk" LLP, the reserves attributable to the Company comprise 332.6 thousand tU

<sup>3</sup> Based on Condensed interim consolidated financial statements (unaudited) for six months period ended 30 June 2022

<sup>4</sup> At average USD:KZT exchange rates for the relevant period, i.e 449.85 average for 1H2022

<sup>5</sup> Based on legal address of the clients' parent company or decision-making HQ, may differ from financial statements data under IFRS

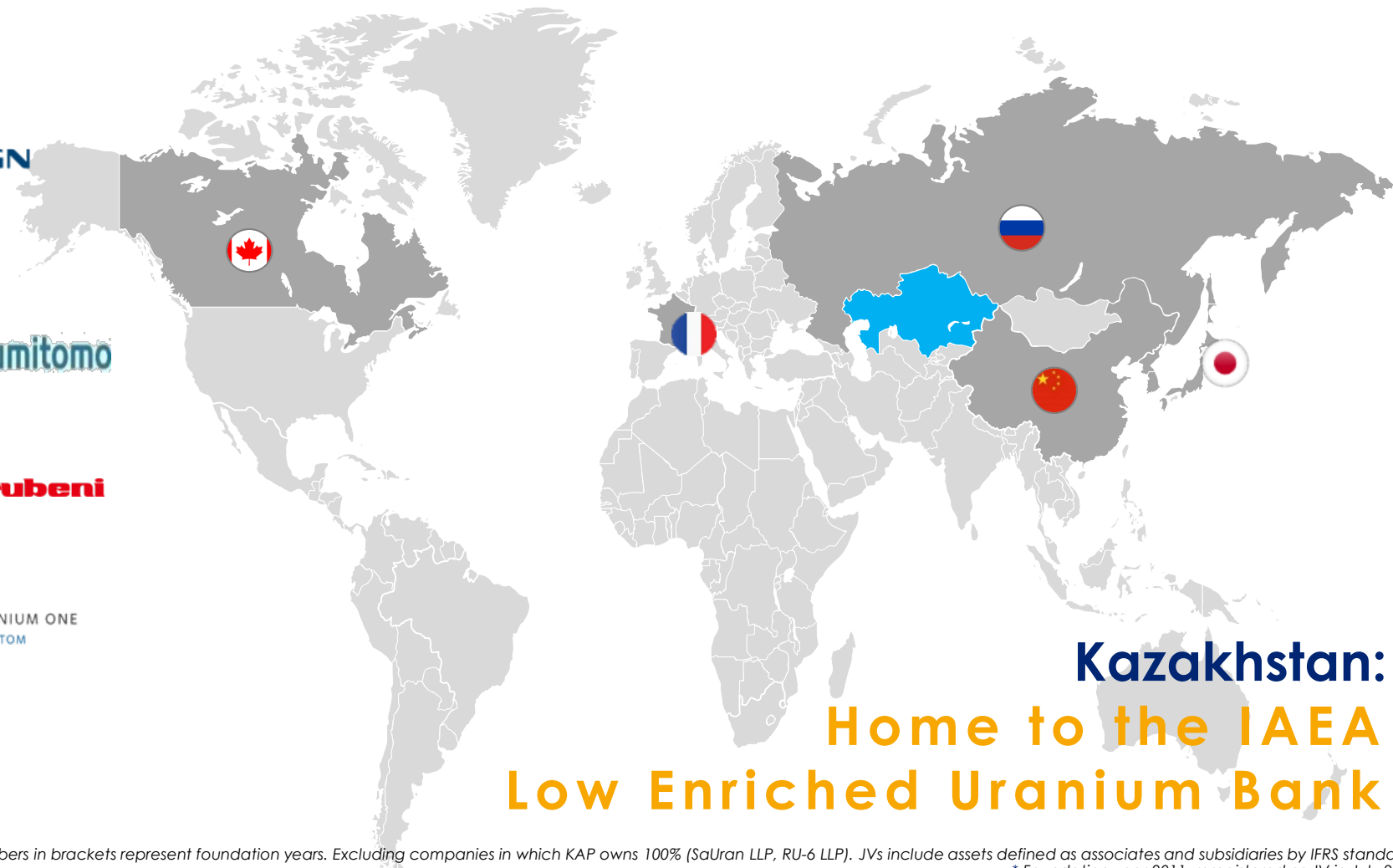
<sup>6</sup> Adjusted EBITDA is calculated by excluding from EBITDA items not related to the main business and having a one-time effect

# Kazakhstan – Central to the Industry



## 12 Joint Ventures located in **Kazakhstan** with nuclear industry leaders

- **Canadian JV**  
JV Inkai, 60% (1996)
- **Chinese JV**  
Semizbai-U, 51% (2008)  
Ortalyk, 51% (2021)\*
- **French JV**  
Katco, 49% (1996)
- **Japanese JVs**  
Appak, 65% (2005)  
Baiken-U, 52.5% (2006)
- **Russian/Japanese JV**  
Khorasan-U, 50% (2014)
- **Russian JVs**  
Karatau, 50% (2007)  
Akbastau, 50% (2006)  
SMCC, 30% (2014)  
JV Zarechnoye, 49.98% (2001)
- **Kazakh JV**  
Budenovskoye, 51% (2016)



**Kazakhstan:**  
**Home to the IAEA**  
**Low Enriched Uranium Bank**

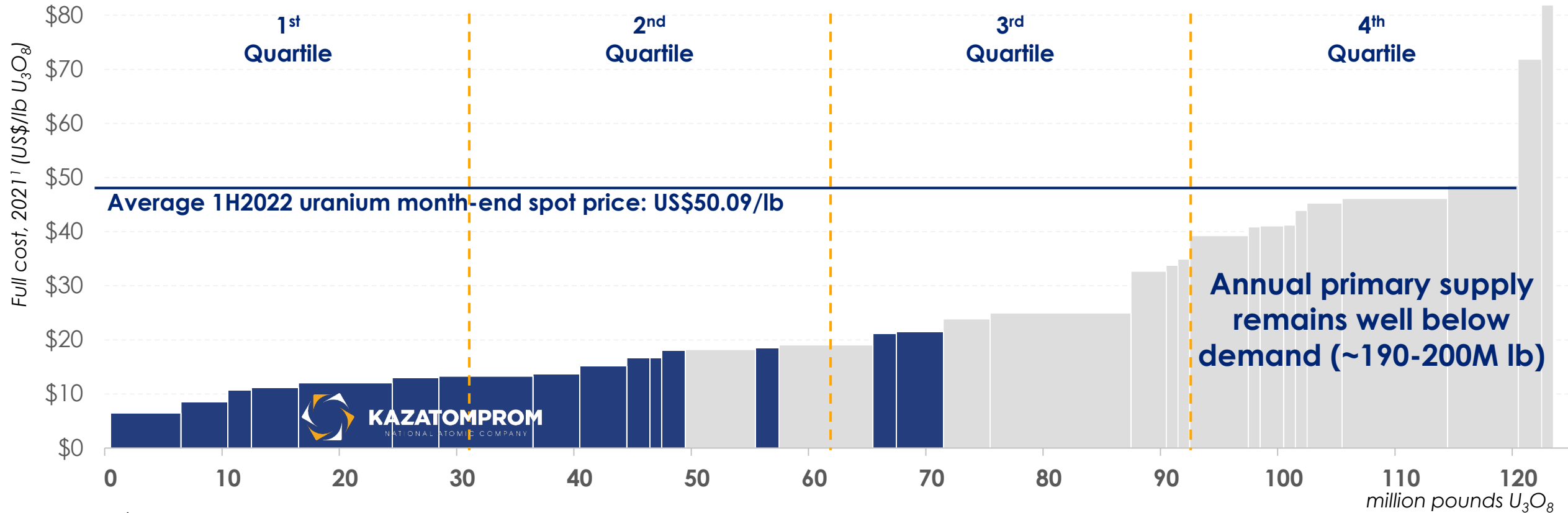
Percentages indicate KAP ownership stake; numbers in brackets represent foundation years. Excluding companies in which KAP owns 100% (SaUran LLP, RU-6 LLP). JVs include assets defined as associates and subsidiaries by IFRS standards  
\* Foundation year 2011, reregistered as JV in July 2021

# One of the Lowest Cost Producers



Low cash costs driven by cost-efficient ISR mining method

## 2021 Global Production Cost Curve



<sup>1</sup>Source: UxC. Note: Quartiles are allocated based on the total production. Total production excludes curtailed and idled production.

UxC's Full Cost consists of operating and capital costs across company projects. Operating costs are made up of mining costs, hauling, milling, production/property taxes, environmental costs, and royalty severance tax. Capital costs are made up of acquisition/exploration costs, mine development costs, mill construction costs, environmental/infrastructure costs, and General & Administrative costs.





# Investment Thesis



Largest producer, lowest costs, flexible production

Resilient financials, committed to sustainable returns

Largest ISR uranium reserves, priority access to Kazakhstan's resources

Solid health, safety and environmental records, commitment to strong ESG

Positioned for growth, global customer portfolio

Committed to high international standards of governance



**#1**  $U_3O_8$  **PRODUCTION SALES**



24% of Global Production (2021)



100% In-Situ Recovery mining





# Strategy Aligned with the Market

- Focus on uranium mining as our core business
- Optimize production & sales based on market conditions
- Enhance marketing & sales capability to create value
- Implement best-practice business processes
- Develop a corporate culture suitable for an industry leader



**VISION:** To be the partner-of-choice for the global nuclear fuel industry

**MISSION:** To sustainably develop our uranium deposits and their value chain components to create long-term value for all our stakeholders



# URANIUM MARKET OVERVIEW

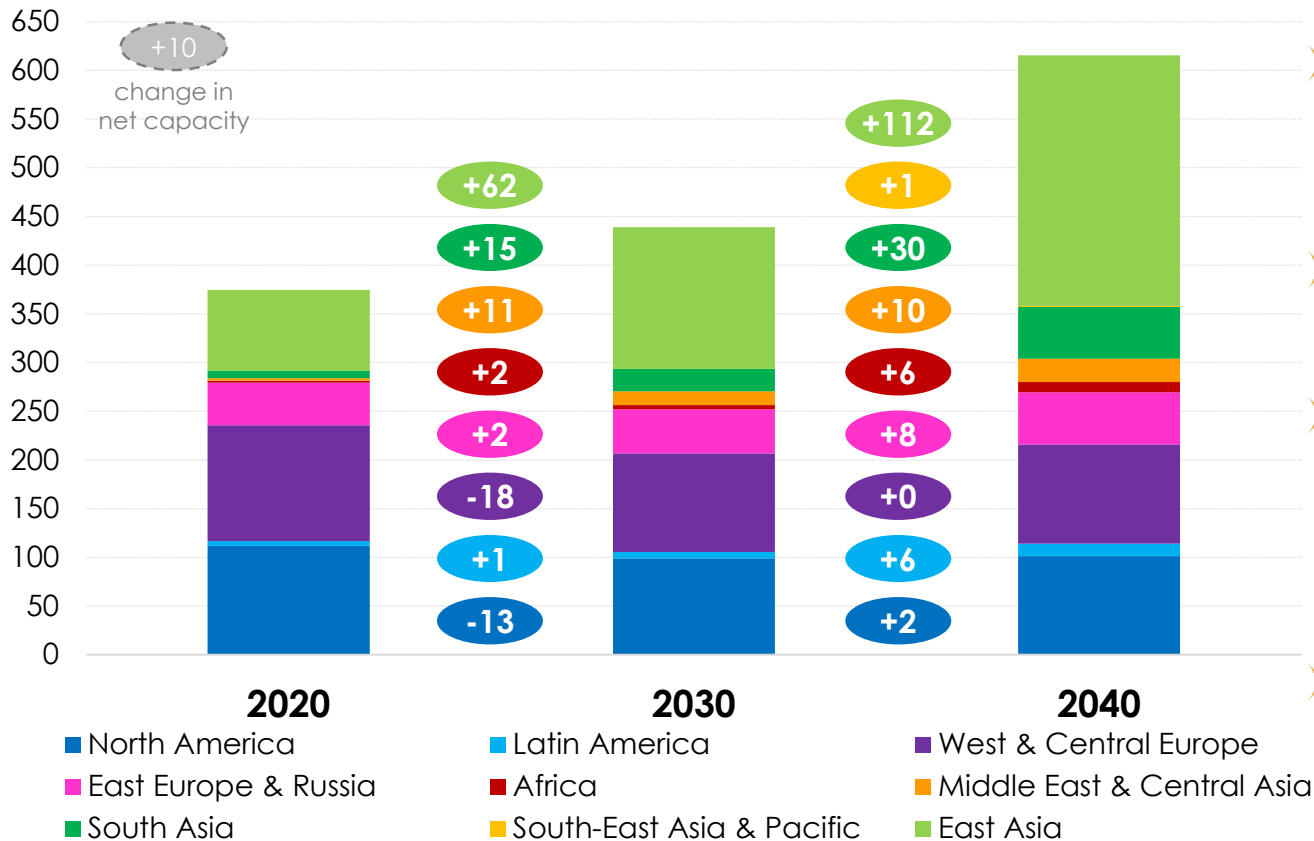
# Strong Long-Term Fundamentals



Nuclear electricity growth translates to uranium demand

## 2020-2040 Nuclear generating capacities

(WNA Reference Scenario, MWe net)



- Safe, clean, and reliable baseload energy source
- Nuclear currently about 10% of installed capacity, forecast to retain market share and growing ~2.5% per year
- Benefits from low operating cost and provides energy fuel diversity
- Strong pipeline of new nuclear projects in Asia, Middle East, and Eastern Europe offsets expected closures and phase-outs in Western Europe and the US
- SMRs possibly reshaping the industry. Deployment opportunities in Argentina, Canada, China, Estonia, Ghana, Jordan, Poland, Russia, Saudi Arabia, USA, UK, etc.



# Blue-Sky Long-Term Demand Drivers



New nuclear capacity supported by demand for clean energy

**55%<sup>1</sup>**

EU emission reduction target by 2030



**68%<sup>2</sup>**

Populations in cities by 2050 (55% in 2017)



**145 million<sup>3</sup>**

Electric cars by 2030 (11m in 2020)



**76%<sup>3</sup>**

Increase in electricity demand by 2050



**> 110**

**COUNTRIES COMMITTED TO BECOMING CARBON NEUTRAL BY 2050**

**> 20%**

**OF THE WORLD'S 2,000 LARGEST PUBLIC COMPANIES HAVE COMMITTED TO "NET-ZERO" EMISSIONS**

<sup>1</sup> Source: European commission. Compared to 1990 levels.

<sup>2</sup> Source: United Nations

<sup>3</sup> Source: IEA

# Long-Term Supply/Demand Dynamics



## Policy Developments

- China at 51GW nuclear, 14th 5-year plan calling for 70GW by 2025
- France and UK building new nuclear
- US extending NPP operating licenses. Financial support by DOE's Civil Nuclear Credit Program.
- EU taxonomy for sustainable finance covers certain nuclear energy activities
- Japan's energy policy targets 20-22% nuclear share in energy mix by 2030
- Countries committing to a legally binding target of net-zero emissions

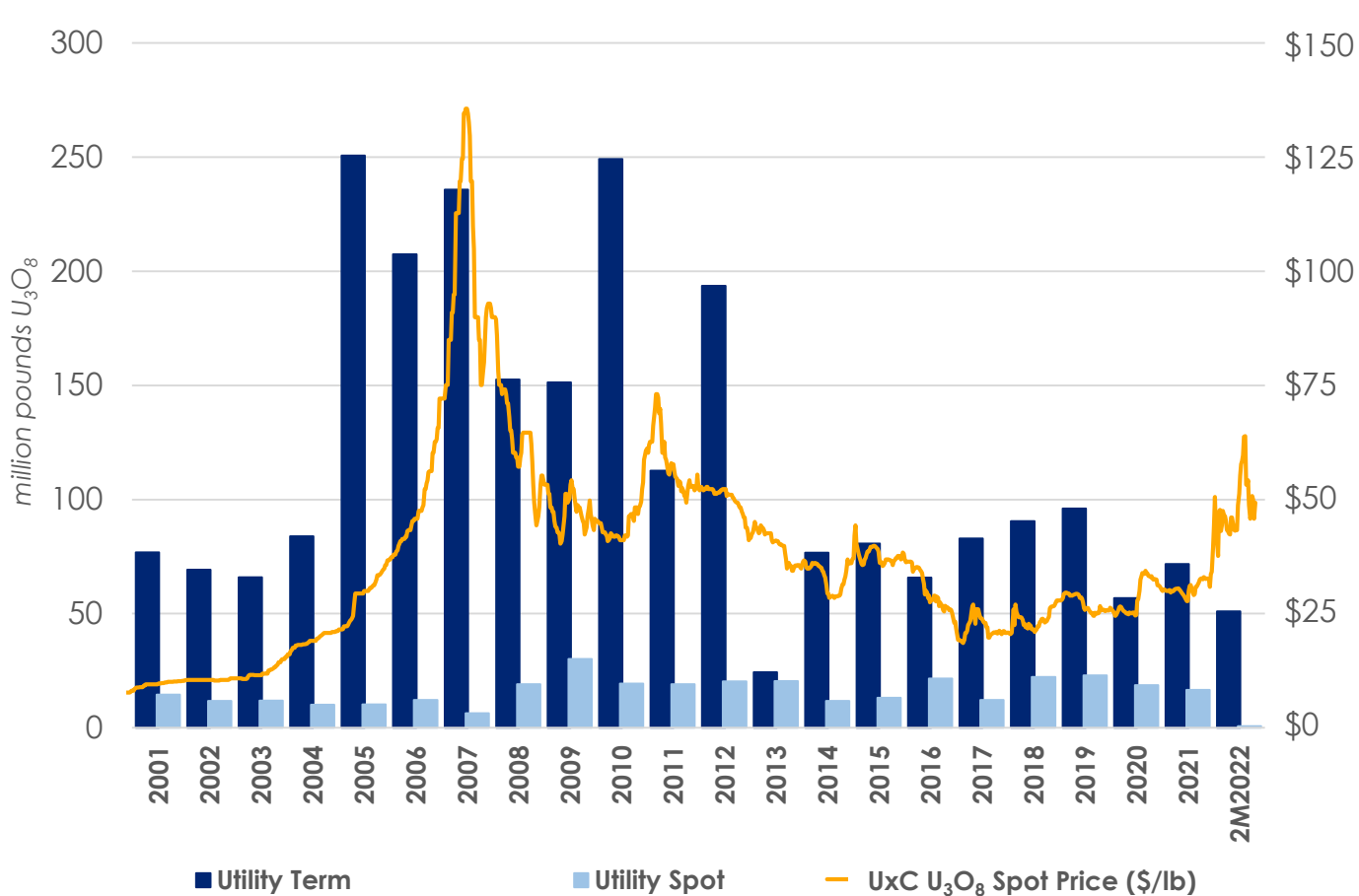
## Positive Long-term Fundamentals

- Widening supply and demand gap
- Declining role of secondary supplies over the next decade
- Long lead time for new mine development
- Producers have cut CAPEX by >2/3 since 2013
- Utilities entering a major long-term contracting cycle
- Robust financial demand driven by strong long-term fundamentals

# Historic Demand – A Long-term market



Historical annual spot and term trading volumes



- **2005-2012** – significant long-term contracting, rolling off in early 2020s
- **2012-2017** – oversupplied market resulting in falling prices
- **2018-2019** – market balanced following significant production cuts
- **2020-2021** – limited utility contracting due to COVID-19 pandemic and high price volatility
- **2022-2030** – forecast uncovered demand of ~580<sup>1</sup> million pounds U<sub>3</sub>O<sub>8</sub>, utilities expected to return to the market

<sup>1</sup> Source: UxC, with permission.



# Near-Term Volatility



## Demand aspects

- Significant global trade and energy security uncertainty emerging following Russian-Ukrainian war
- EU lawmakers classified specific nuclear activities as green energy
- Japanese nuclear industry recovery delays
- Juniors/ developers and producers entering a thinning spot market to buy physical uranium
- Rising Unconventional Demand:
  - Demand from financial players
  - Strategic inventories (warehouses, storages, hubs)

## Supply aspects

- COVID-19 reshaped primary supply picture through 2020-2022
- Sanctions against Russia creating supply chain challenges and enhanced risk
- Depletion of major mines in Australia and Africa in 2021
- Production cuts by all major producers
- Accelerated global inventory drawdown
- Declining secondary supplies (down >20% by 2025<sup>1</sup>, excluding commercial inventories)
- Positive price movement attracting renewed exploration/development



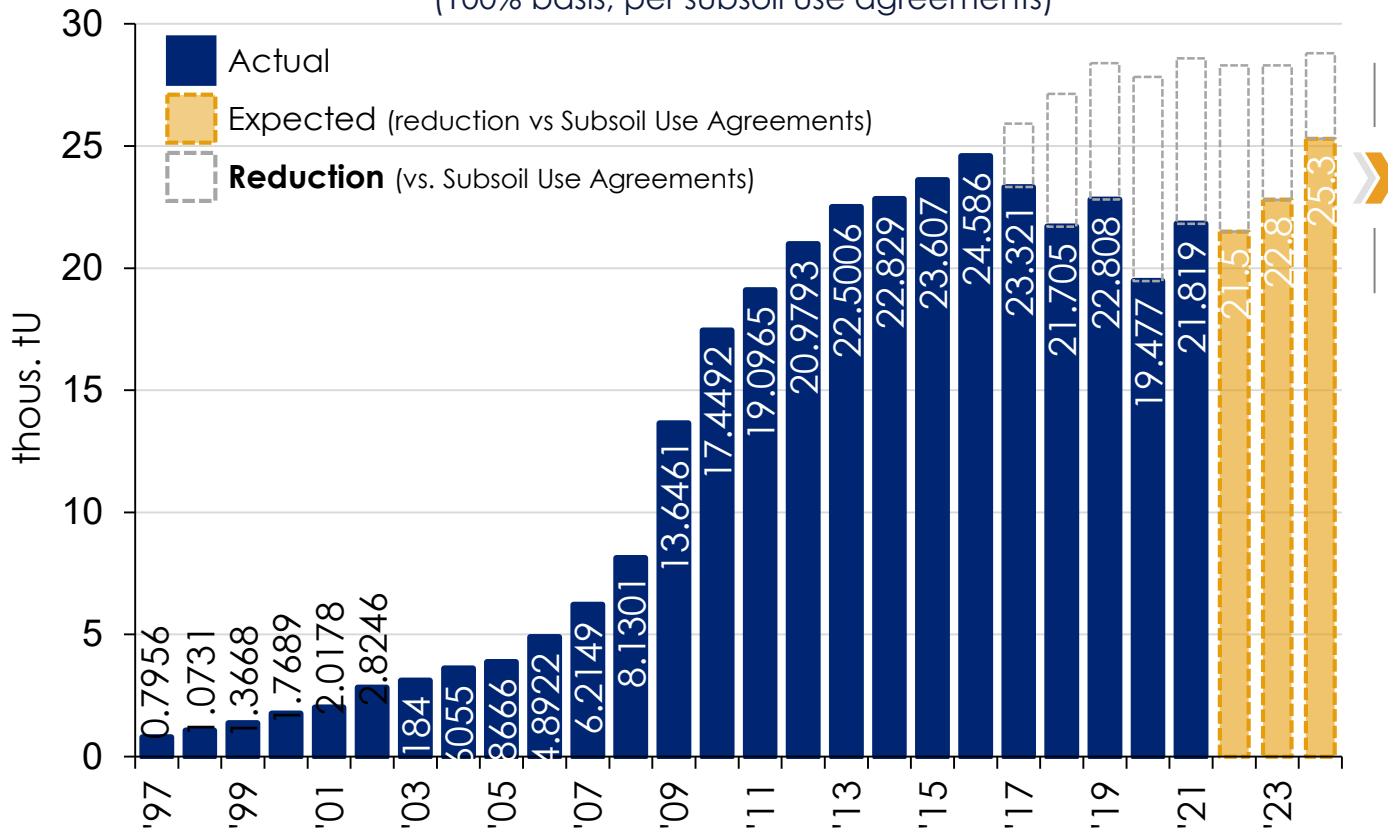
# Committed to Market Discipline



2018-2023 production cut now extended through 2024 (-10%)

## Kazakhstan Production Volume

(100% basis, per subsoil use agreements)



## Significant supply impact

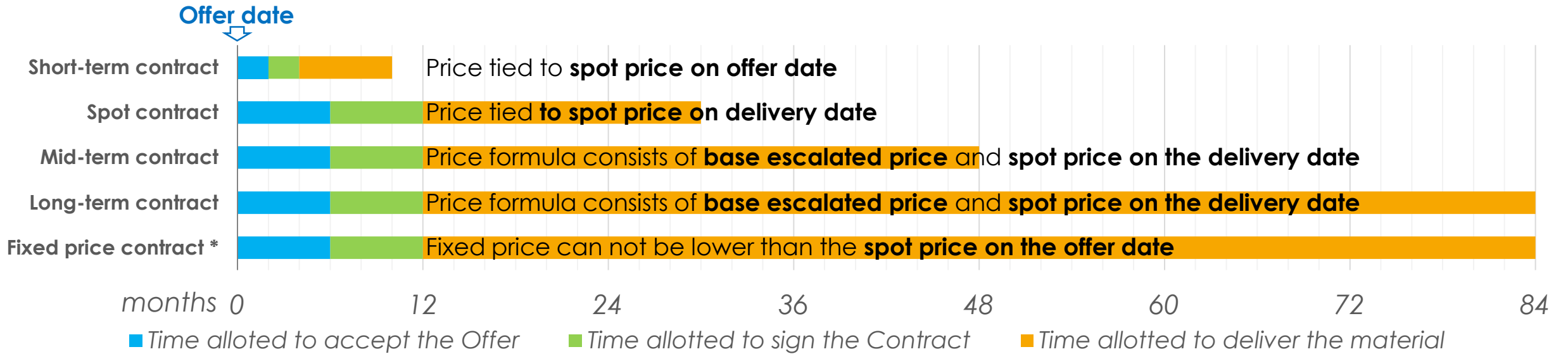
- 2017-2021: Reduced over **29,000 tU** total (including **~3,300 tU** total due to COVID-19 impact)
- 2022-2024: over **~15,000 tU** total expected production vs. SSUs
- Committed to a strategy driven by value and not production volume

## Sales discipline

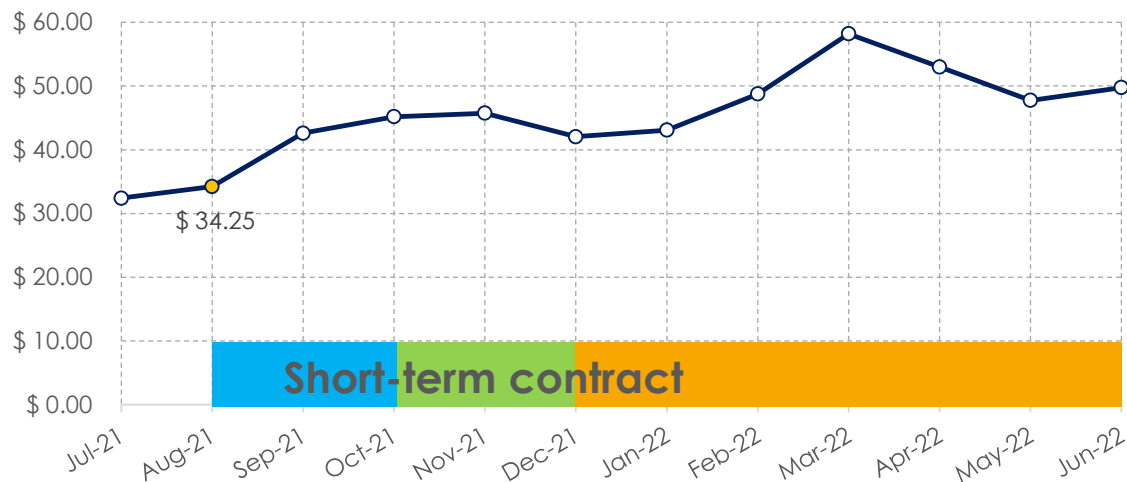
- Focus on growing long-term contract book
- Engaging in long-term sales when aligned with value strategy

Source: Full Competent Persons' Report on the Mineral Assets of JSC Kazatomprom NAC, Republic of Kazakhstan, Kazatomprom as at December 31, 2021

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



Month-end spot price dynamics 2021-2022



- Under short-term contracts price is fixed on the offer date
- Given time allotted by Kazakhstani Transfer price legislation, delivery date (at which the sales revenue is recorded) could take up to ten months from the offer date

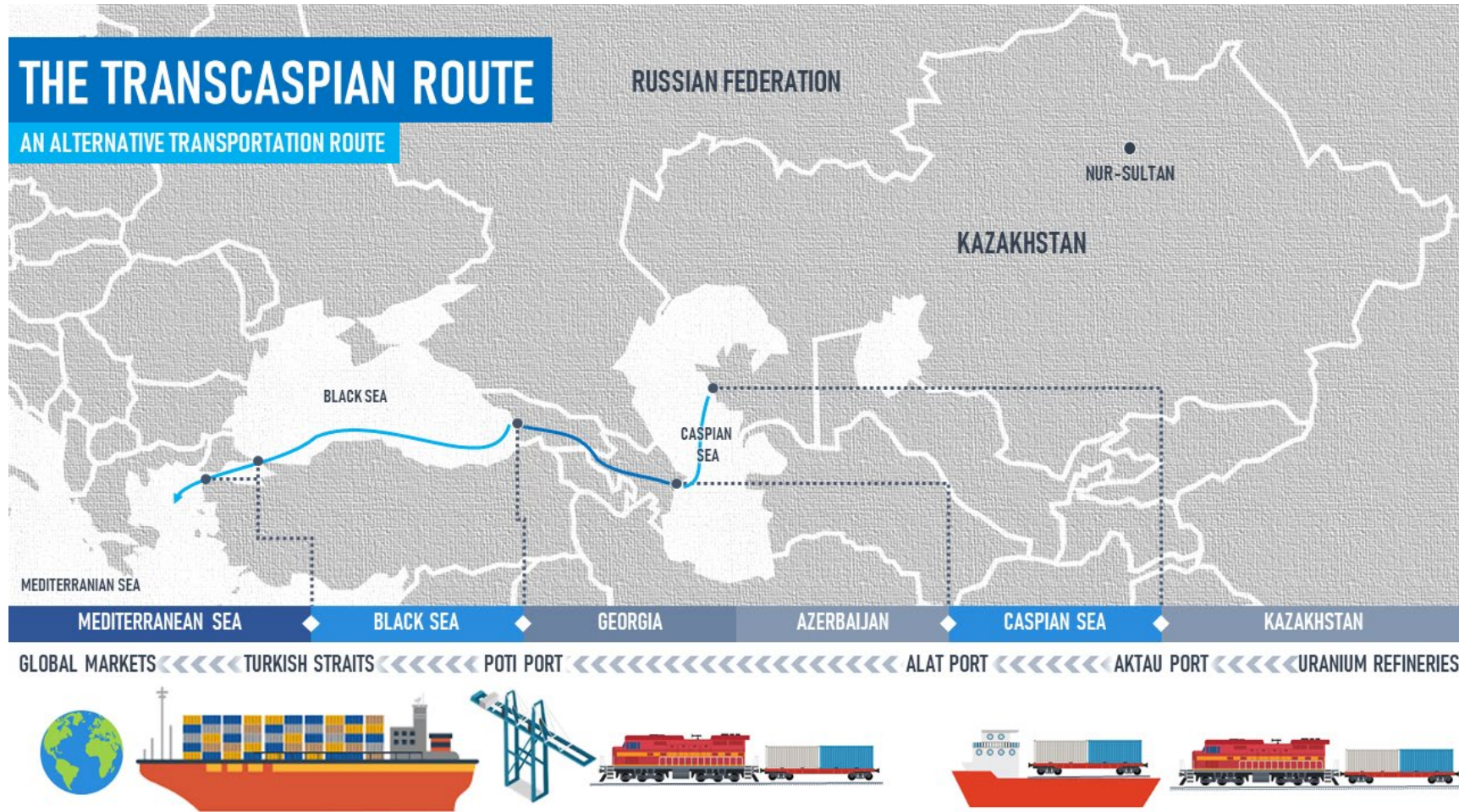
<sup>1</sup> Transfer Pricing Law of the Republic of Kazakhstan, Pricing methodology for Uranium concentrates



# Committed to Meet Delivery Obligations



Alternative Transportation Route is in place to mitigate potential risks



- No current restrictions to primary route via St. Petersburg (Russia)
- KAP diversifying and improving transportation capabilities
- The Trans-Caspian International Transport Route (TITR) successfully utilized since 2018
- Currently ensuring alternative TITR has required capacity

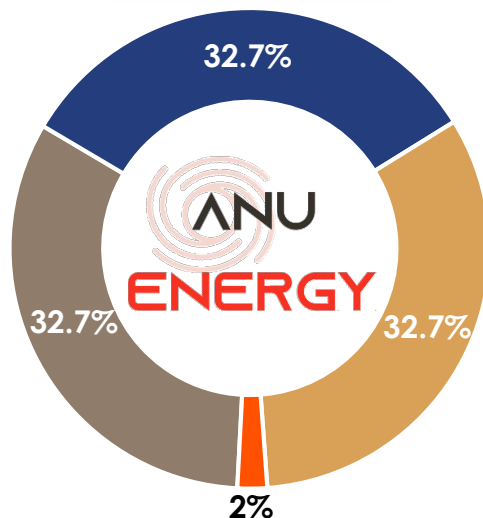
# Investing in Physical Uranium



ANU Energy physical uranium fund targeting Asia and Middle East



**KAZATOMPROM**  
NATIONAL ATOMIC COMPANY



## First stage

Seed investment  
KAP, NIC, SK Group Company,  
Genchi Global Limited



**US \$74 million**

## Second stage

Public or private placement



**up to US \$500 million**

- The Fund is an independent entity and not KAP's subsidiary
- Investment in the Fund aligns with KAP's value-over-volume strategy
- KAP will be a key supplier of uranium
- A number of mechanisms in place to ensure responsible management of the fund's uranium:
  - lock-up period
  - price threshold
  - priority right for KAP to repurchase uranium



**KAZATOMPROM**  
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# Future Uranium Trading Hub



## Alashankou Uranium Bonded Warehouse

- **2021 – 3,000 tU** proposed storage capacity
- **2023 – 13,000 tU** proposed storage capacity
- **2026 – 23,000 tU** proposed storage capacity



- **23,000 tU** is equal to the annual production of Kazakhstan
- Roughly **double** the annual attributable production of Kazatomprom





# Preparing to Meet Growing Demand

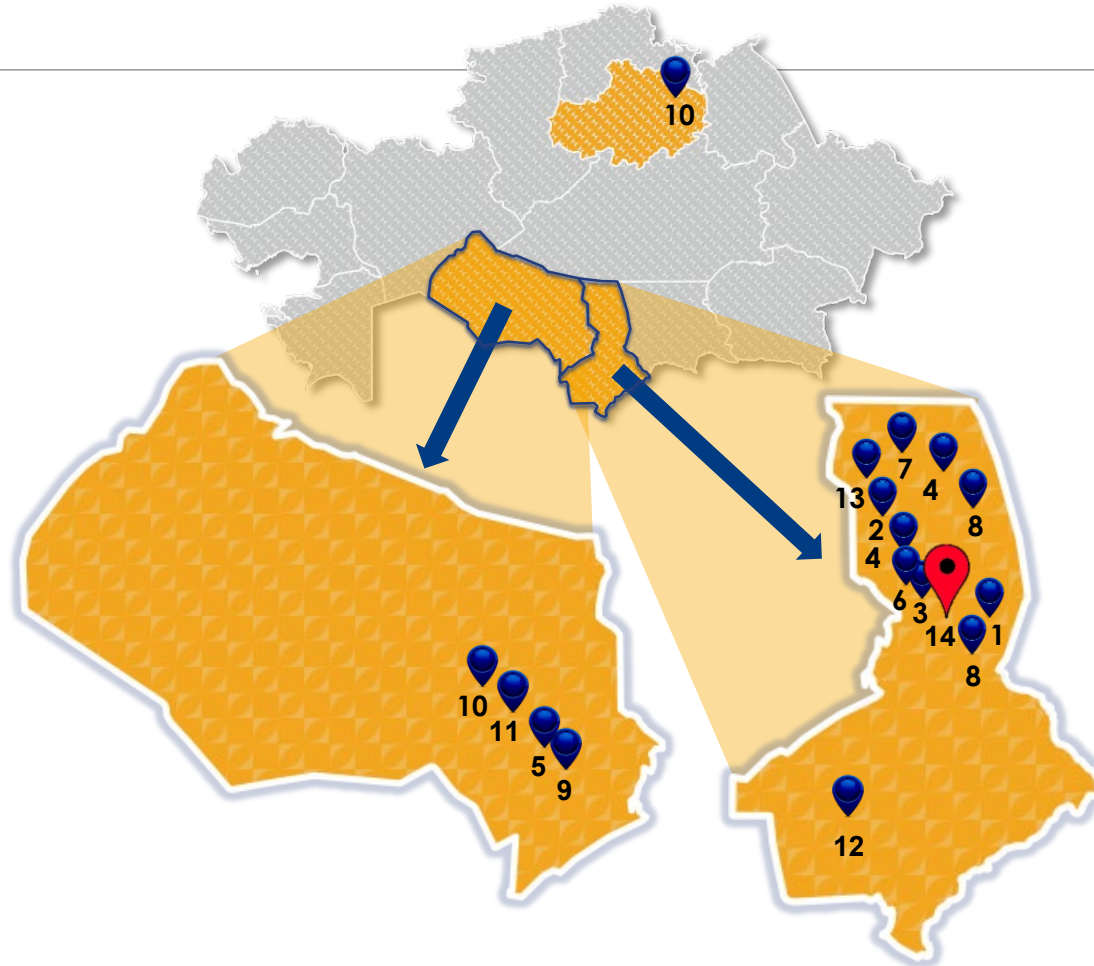


## JV Budenovskoye

- Development of new Kazakh mines requires staged approval process, Budenovskoye moving to next stage
- Ramp-up during continued market transition (2024-2026) underpinned by market-related offtake contract with Russian nuclear fuel cycle
- Kazatomprom brings experience and proven economics
- Future low-cost supply will help maintaining competitive advantage, counteract longer-term inflationary pressure

## KAP's mining subsidiaries

1. Katko
2. Inkai
3. Karatau
4. SMCC
5. Kharasan-U
6. Akbastau
7. Ortalyk
8. KAP-SaUran
9. Baiken-U
10. Semizbai-U
11. RU-6
12. Zarechnoye
13. Appak
14. Budenovskoye







# ESG OVERVIEW

# Kazatomprom ESG Landscape



## In 2021/1H2022:

- Joined the United Nations Global Compact, the world's largest sustainable development initiative
- Received Corporate Governance Rating "A"
- 2021 Integrated annual report's non-financial information disclosed in full compliance with GRI Core Option requirements
- Company continues to bolster ongoing transition to a risk-based approach to meet transparent ESG reporting demands

## Environment and Social

- KAP extracts 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)
- ESG rating is expected to be obtained by the end of 2022
- Focus on decarbonization

## Governance

- Consistent integration of sustainable development principles into the corporate governance system
- Board composition, half of which are INEDs, with a gender diversity
- The Company's governance systems and principles comply with international standards recognised by the global economic community (OECD Principles of Corporate Governance)

# Core Values align global SD agenda



Kazatomprom is a member of the United Nations Global Compact, the world's largest corporate sustainability initiative. Joining this initiative reinforces our commitment to consistently implement the 10 universal principles of the UN Global Compact in their activities, covering the fields of human rights, labour, environment and anti-corruption



Kazatomprom recognizes the importance of all 17 UN Sustainable Development Goals (SDGs) and, due to the specifics of our activities, has identified 6 priority UN SDGs

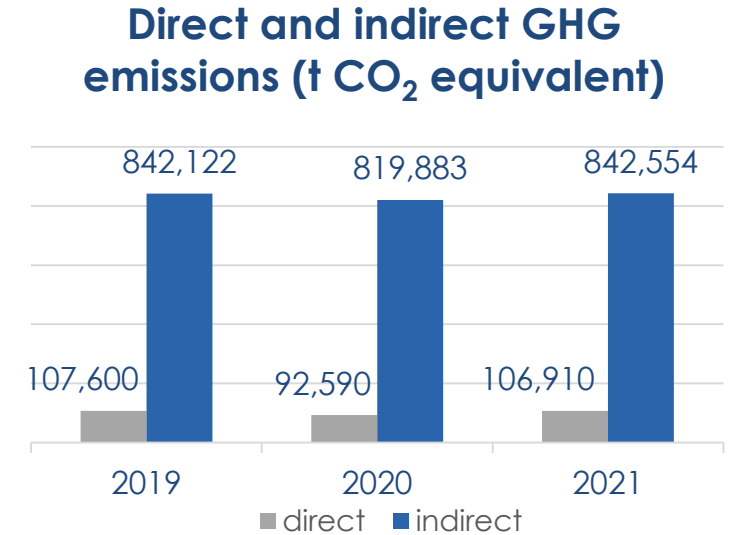
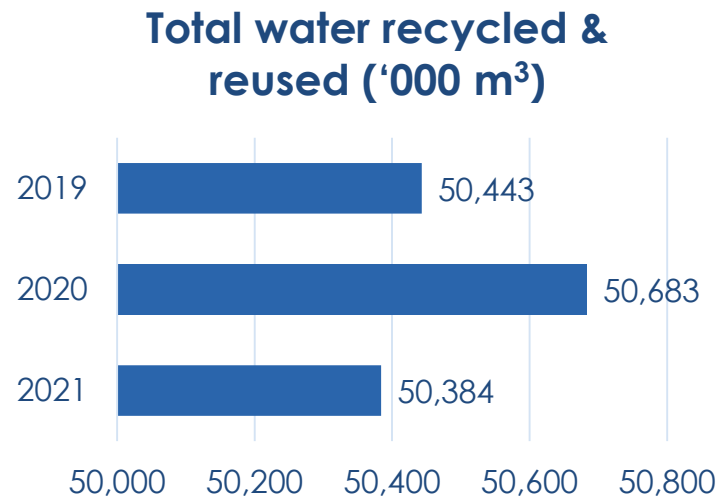
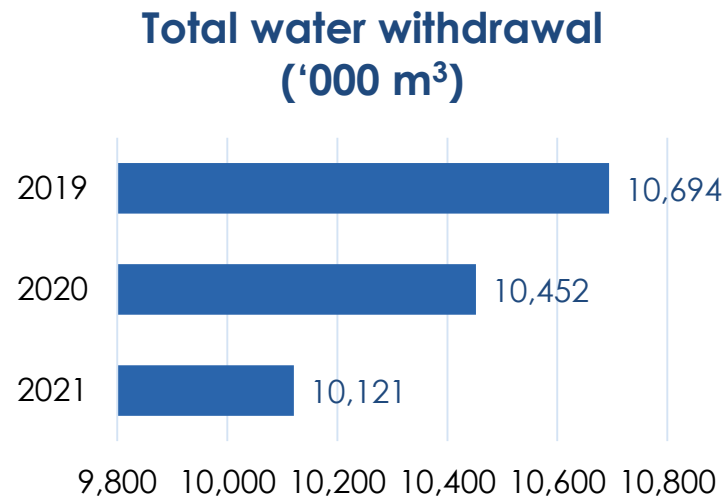
Supporting the global agenda in the field Sustainable Development of the United Nations and best industry practices in the field of Sustainable Developments



# Environmental protection



Environmental protection, including effective water and land resource management, and reduction of emissions



- ✓ **KZT 206.96 million** invested to implement the Environmental and Social Action Plan (ESAP) in 2021
- ✓ All Group entities have implemented the energy management system in line with the ISO 50001
- ✓ Ongoing work to assess the Company's carbon footprint of its products, developing a Strategy for decarbonization and achieving carbon neutrality.



**ISR mining method: inherently low environmental and radiological impact**





# Strong Focus on Health and Safety



Health, safety, including nuclear and radiation safety are priorities

## Kazatomprom companies certified ISO 14001, ISO 45001

- › Strict government regulations, frequent inspections by state authorities
- › Regular audits by Kazatomprom's HSE department
- › Ongoing knowledge exchange with JV partners and partner audits
- › Maintaining strong program governance per international standards

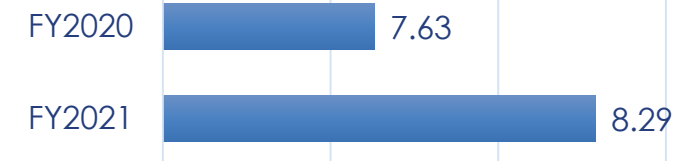
## Commitment to continuous improvement

- › No environmental or radiation-related incidents year-to-date
- › Vision Zero program: transformational approach to prevention, integrates safety, health and well-being at all levels of work
- › Emphasis on safety with increased “near-miss” reporting, implementation of “STOP” work cards



**Absence of any major environmental, industrial and radiation accidents in the Group's operations since inception**

Health and Safety programs expenses (KZT billions)



Number of accidents\*



\*Defined as impact on the employee of a harmful and (or) dangerous production factor in performance of his work (job) duties or tasks of the employer, which resulted in an industrial accident, sudden deterioration of health, or poisoning of the employee that led to temporary or persistent disability, or death

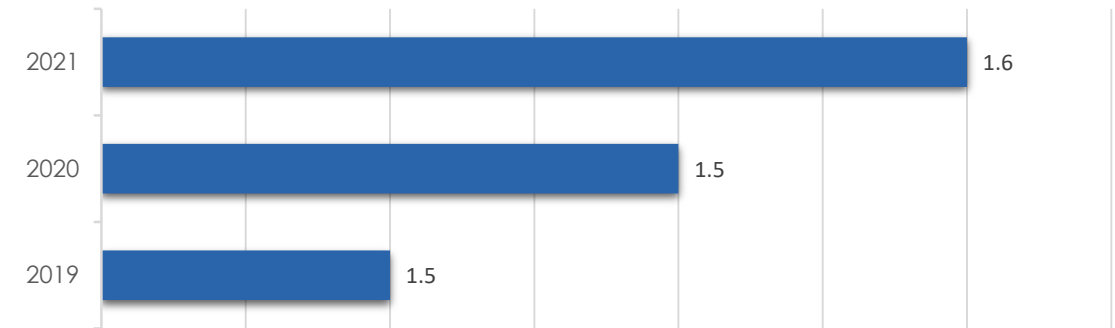
# Social Impact



KAP recognizes the impact of its businesses on both local and global social development

- › Social Stability Index (Samruk Research Services) – 76% (1H2022)
- › KAP ranks among the top employers of choice in the industry
- › Leadership Development Program aimed at developing managers at the levels of CEO, CEO-1, and CEO-2 (70% of the recent appointees are the successors from the management pool)

Social/ economic development contributions in regions near operations (KZT billions)



- › Significant contributions to well-being and socioeconomic development of the regions of operations by:
  - generating significant tax revenues for regional budgets;
  - making payments to regional budgets under subsoil use contracts;
  - providing jobs for the local population



# Corporate Governance



## Commitment to high corporate governance standards

- KAP expanded the composition and gender diversity of the Management Team and Board
- Management and employee KPIs for HSE
- Top management availability for the investor community

## Full commitment to the dividend policy

- KZT ~227 billion dividend paid in July 2022 (for 2021) representing an increase of 52% compared to 2021
- The Company remains committed to strong shareholder returns



 **Neil Longfellow**  
*Independent Director since 2017*  
**Chair of the Board**



 **Russell Banham**  
*Senior Independent Director since 2018\**



 **Marc Kasher**  
*Independent Director since 2020*



**Yernar Zhanadil**  
*Board Member, SK representative*



**Nazira Nurbaeva**  
*Board Member, SK representative*



**Yernat Berdigulov**  
*Board Member, SK representative*

- ✓ 3 Board members including Chairman are **INEDs**
- ✓ All Board committees chaired by **INEDs**
- ✓ Board-level gender diversity

*\*Independent director since 2018, Senior Independent director since 2022*



# 1H2022 GROUP HIGHLIGHTS



# Recent Significant Events



## January 2022: Protests in Kazakhstan

- Kazakh government declared temporary State of Emergency
- Restrictions on movement (removed in January)
- Short-term interruptions to the internet, banking and transportation sectors

### ***No tangible impact on Kazatomprom's activities***

- Operations continued without disruptions
- Existing risk management measures ensured stability of production and sales plans

## February 2022: Escalation of the Russian-Ukrainian conflict

- No sanctions against Kazakhstan or Kazakh uranium industry
- Kazatomprom carefully monitors potential risks:
  - Partnership with Rosatom and five JVs through Uranium One
  - Financial risks and exchange rates fluctuations
  - Supply chain challenges and availability of key operating materials
  - Transportation through Russian territory

**Kazatomprom is monitoring developments to ensure operations are not disrupted, mitigation plans are constantly revised/adjusted to manage changing risks**

# Mining Assets Production Breakdown\*



Mining Asset	Partner	KAP Interest (%)	Accounting Treatment	Depletion (year) <sup>1</sup>	1H 2022, tU as U <sub>3</sub> O <sub>8</sub> , (100% basis)	1H 2021, tU as U <sub>3</sub> O <sub>8</sub> , (100% basis)
SaUran	100% KAP	100	Full consolidation	2048	612	720
RU-6	100% KAP	100	Full consolidation	2040	423	431
Appak	Sumitomo, KEPCO	65	Full consolidation	2037	414	377
Inkai	Cameco	60	Full consolidation	2051	1,371	1,599
Baiken-U	Energy Asia	52.50	Full consolidation	2033	602	569
Ortalyk	CGN	51	Full consolidation	2042	724	765
Khorassan-U	Energy Asia, Uranium One	50	Full consolidation	2038	717	712
Akbastau	Uranium One	50	Proportionate	2039	768	780
Karatau	Uranium One	50	Proportionate	2032	1,238	1,280
Semizbai-U	CGN	51	Equity accounting	2042	426	415
Zarechnoye	Uranium One	49.98	Equity accounting	2028	361	315
Katco	Orano	49	Equity accounting	2035	1,347	1,331
SMCC	Uranium One	30	Equity accounting	2057	1,067	1,157
					<b>10,070</b>	<b>10,451</b>

Source: Company information.

\* Excludes Budenovskoye, which is in the pilot mining phase (KAP share 51%). Amendment for the right to commence commercial production in 2024 under SUA was signed December 21, 2021

<sup>1</sup> Based on mine plans, KAP CPR, 2021

# 1H2022 Non-Financial Highlights



**Value-over-volume strategy for production, market-centric approach to sales**



- Extension of production cut against subsoil use agreements through 2024
- ~ 3,500tU removed from future global supply

**Strong commitment to ESG**



- Joined the UN Global Compact
- Environmental protection record intact
- Continuously working to improve safety

**2022 dividend payment 52% higher than in 2021**



- Paid 2022 dividend of KZT 227 billion (nearly US\$475M at time of payment)
- Includes the proceeds from sale of 49% share of Ortalyk

**Tax code MET changes**

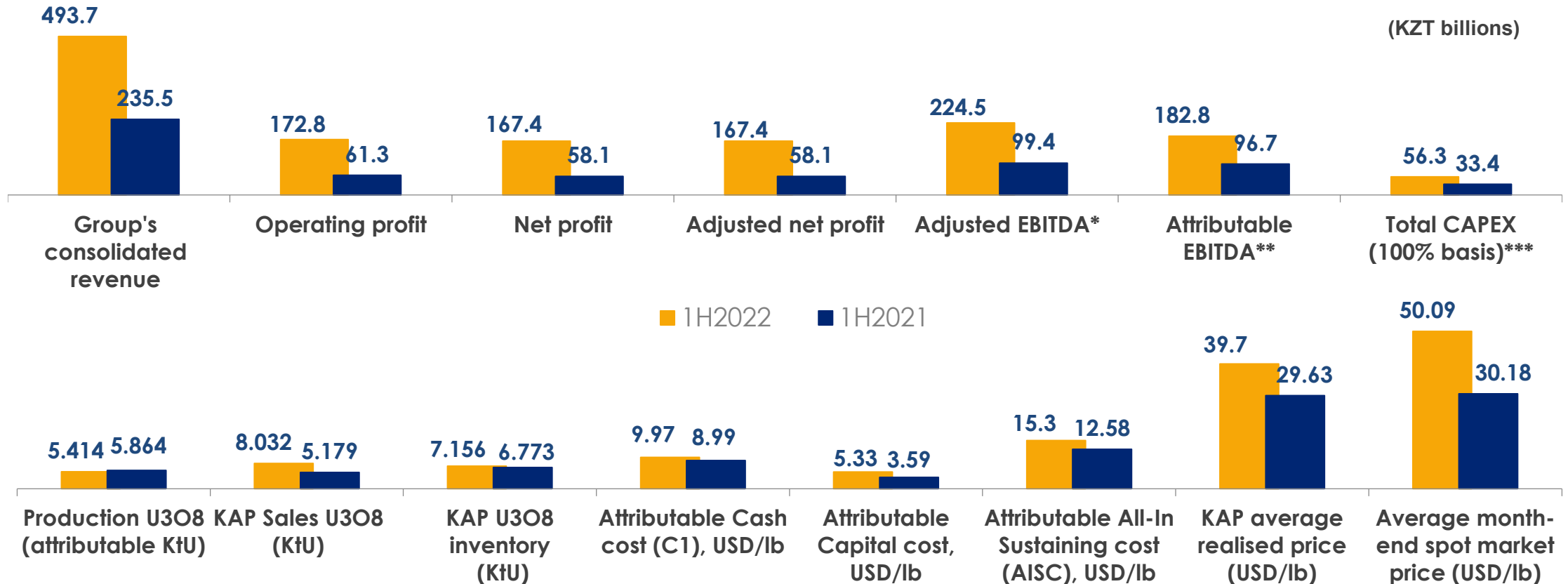


- Tax base is now derived from the market price of  $U_3O_8$  vs cost of production
- Effective starting 01 January, 2023

# 1H2022 Highlights



## Key financial, operational and sales metrics



\* Adjusted EBITDA is calculated by excluding from EBITDA items not related to the main business and having a one-time effect.

\*\* Attributable EBITDA (previously "Adjusted Attributable EBITDA") is calculated as Adjusted EBITDA less the share of the results in the net profit in JVs and associates, plus the share of Adjusted EBITDA of JVs and associates engaged in the uranium segment (except JV "Budenovskoye" LLP's EBITDA due to minor effect it has during each reporting period), less non-controlling share of adjusted EBITDA of "Appak" LLP, JV "Inkai" LLP, "Baiken-U" LLP, "Ortalyk" LLP and JV "Khorasan-U" LLP, less any changes in the unrealized gain in the Group.

\*\*\* Excludes liquidation funds and closure costs.





# Debt and Cash Overview



as at June 30, 2022

## Gross debt: US\$253m

- Debt of US\$208m
- Off Balance sheet guarantees US\$45m provided to JVs and Associates
- Almost 100% of Debt in USD, the currency of the most of the Group's revenue
- 100% of Debt at fixed rate

## Cash and short-term deposits: US\$809m

- KAP places cash in financially stable second-tier banks of the RK in form of short-term highly liquid instruments

## Dividends

- In July 2022 KAP distributed a total amount of ~US\$475m in dividends to its shareholders for the year 2021

## Net debt: US\$(601)m

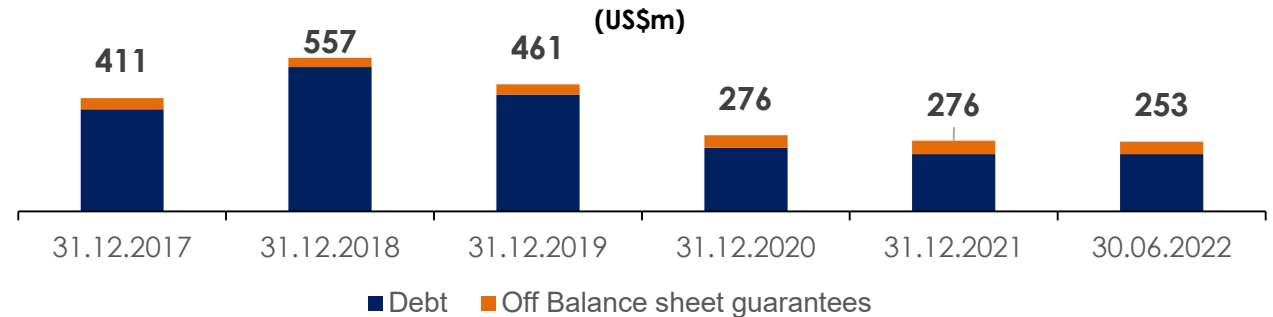
- Total available credit facilities of the Group is approximately US\$412m, of which about 100% undrawn

FitchRatings **BBB- (Stable)**

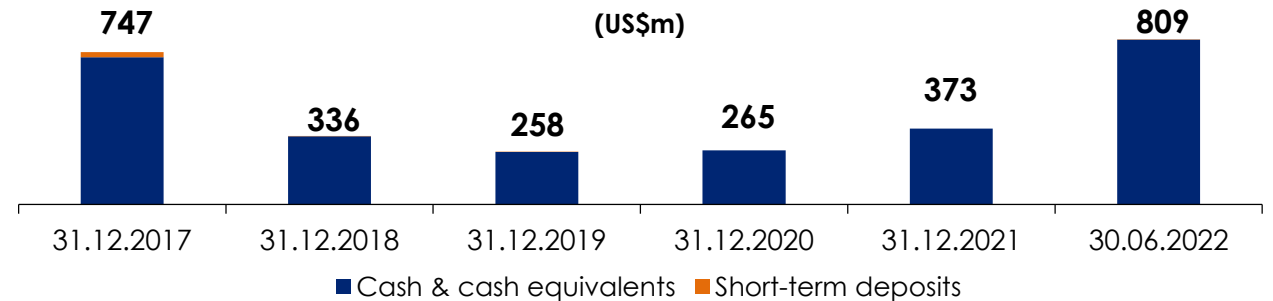
MOODY'S **Baa2 (Stable)**



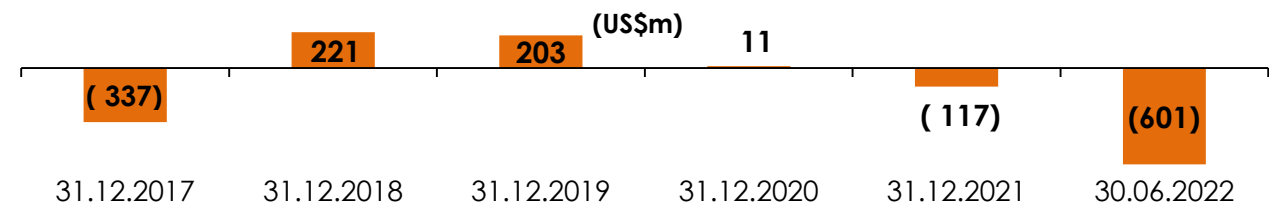
## Debt and Off Balance sheet guarantees



## Cash and short-term deposits



## Net debt / (net cash)



Source: Company information, IFRS financial statements.









Note: Gross debt primarily consists of Bonds issued, other items include Off Balance sheet guarantees and Finance lease liabilities. Net debt is calculated as Debt – Cash and cash equivalents – Short-term deposits.

Balance sheet items are converted into US\$ at relevant spot US\$:KZT exchange rates, i.e. 333.29, 332.33, 384.2, 381, 18, 420.91, 431.8, 470.34 for 31 December year-end of 2016, 2017, 2018, 2019, 2020, 2021 and for 30 June 2022

# Dividend Policy



**FCF** is a base for dividend distribution, consistent dividends, compelling dividend yield

-  Cash flow from operating activities
-  Acquisition of PPE (incl. advances), Acquisition of intangible assets
-  Acquisition of mine development assets, Acquisition of expl/eval assets
-  Dividends from JVs/associates (claimed before AGM)
-  Dividends from JVs/associates (declared after AGM and not taken into account for the previous period)
-  Proceeds from sale of shares in subsidiaries and affiliates (net of cash outflows from shares' purchase)\*\*
-  Purchase of investments in JVs/associates and other investments in cash
-  **Free cash flow**



Net Debt / Adj.EBITDA\*\*\*

FCF payout ratio

$\leq 1.0x$	$< 1.5x$	$\geq 1.5x$
min 75%	min 50%	Shareholders discretion

**+100%** proceeds from disposal of assets under the Comprehensive Privatization Plan 2016-2020

\*\* At the end of December 31 of the previous calendar year

\*\*\* Excluding assets within the framework of the Comprehensive Privatization Plan for 2016-2020, approved by the Resolution of the Government of the Republic of Kazakhstan dated December 30, 2015 No. 1141, which are subject to distribution for payment of dividends in the amount of 100%

# Looking Ahead



## 2022 guidance – consistent focus on value strategy

Key performance indicators		2021 actual	Latest 2022 guidance
Production volume U <sub>3</sub> O <sub>8</sub> (100% basis) <sup>1</sup>	tU	21,819	<b>21,000 – 22,000<sup>2</sup></b>
Production volume U <sub>3</sub> O <sub>8</sub> (attributable basis) <sup>3</sup>	tU	11,858	<b>10,900 – 11,500<sup>2</sup></b>
Group sales volume (consolidated) <sup>4</sup>	tU	16,526	<b>16,300 – 16,800</b>
KAP sales volume (incl. in Group) <sup>5</sup>	tU	13,586	<b>13,400 – 13,900</b>
Revenue – consolidated <sup>6</sup>	KZT billions	691.0	<b>930 – 950</b>
Revenue from Group U <sub>3</sub> O <sub>8</sub> sales <sup>6</sup>	KZT billions	606.1	<b>790 – 810</b>
C1 cash cost (attributable basis) <sup>7</sup>	\$US/lb <sup>7</sup>	\$8.80	<b>\$9.50 – \$11.00</b>
All-in sustaining cash cost (attributable C1 + capital) <sup>7</sup>	\$US/lb <sup>7</sup>	\$12.63	<b>\$16.00 – \$17.50</b>
Total capital expenditures of mining entities (100% basis) <sup>8</sup>	KZT billions	91.1	<b>160 – 170</b>

<sup>1</sup> The 1 Production volume U3O8 (tU) (100% basis): Amounts represent the entirety of production of an entity in which the Company has an interest; it disregards that some portion of production may be attributable to the Group's JV partners or other third-party shareholders.

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

<sup>3</sup> Production volume U3O8 (tU) (attributable basis): Amounts represent the portion of production of an entity in which the Company has an interest, corresponding only to the size of such interest; it excludes the portion attributable to the JV partners or other third-party shareholders, except for JV "Inkai" LLP, where the annual share of production is determined as per Implementation Agreement as disclosed in Company's 2018 IPO Prospectus.

<sup>4</sup> Group sales volume: includes the sales of U3O8 by Kazatomprom's sales and those of its consolidated subsidiaries (companies that KAP controls by having (i) the power to direct their relevant activities that significantly affect their returns, (ii) exposure, or rights, to variable returns from its involvement with these entities, and (iii) the ability to use its power over these entities to affect the amount of the Group's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether KAP has power to control another entity). For consistency, Group U3O8 sales volumes do not include other forms of uranium products (including, but not limited to the sales of fuel pellets).

<sup>5</sup> KAP sales volume: includes only the total external sales of U3O8 of KAP HQ and THK. Intercompany transactions between KAP HQ and THK are not included.

<sup>6</sup> Revenue estimates have only been updated to account for a change in expectations for uranium price and exchange rate for the Kazakhstani Tenge. Revenue expectations are based on a uranium prices taken at a single point in time from third-party sources and on an internal exchange rate assumption of KZT460:USD1. There continues to be significant volatility in both uranium price and the tenge exchange rate. Therefore, 2022 revenue could be materially impacted by how actual uranium prices and exchange rates vary from the third-party and internal estimates respectively.

<sup>7</sup> Note that the conversion of kgU to pounds U3O8 is 2.59979.

<sup>8</sup> Total capital expenditures (100% basis): includes only capital expenditures of the mining entities, excludes significant CAPEX for investment and expansion projects.



# APPENDIX



# The Nuclear Fuel Cycle

## UF<sub>6</sub> Conversion

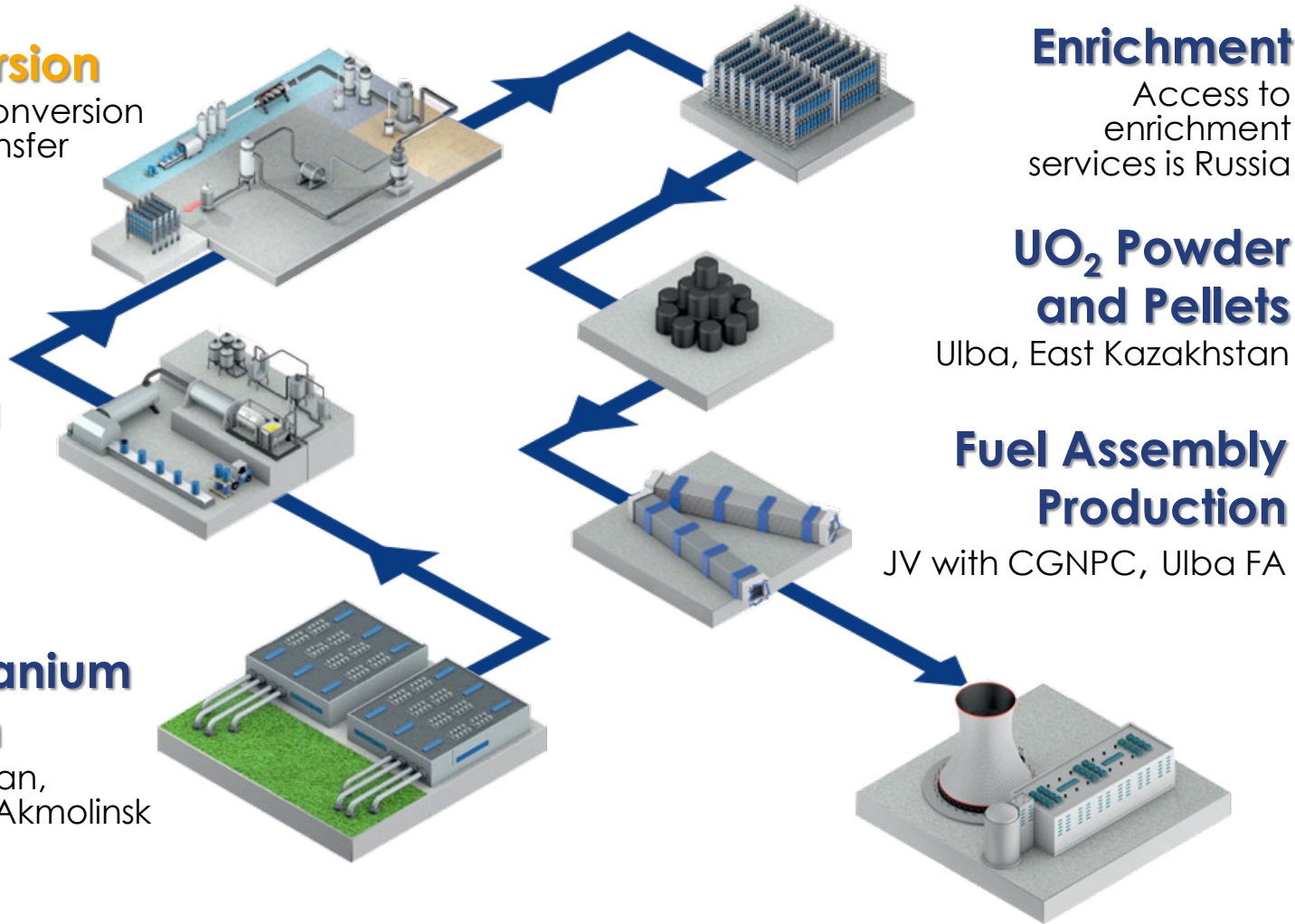
Refining and conversion technology transfer from Cameco

## Uranium Processing

South and East Kazakhstan

## FOCUS: Primary Uranium Production

South Kazakhstan, Kyzylorda and Akmolinsk



## Enrichment

Access to enrichment services is Russia

## UO<sub>2</sub> Powder and Pellets

Ulba, East Kazakhstan

## Fuel Assembly Production

JV with CGNPC, Ulba FA





- Focusing on uranium mining as our core business
- Optimize production & sales volumes based on market conditions




● Kazatomprom is present ● Projects in development




# Key Historical Milestones






- pre-1997**  **Company established** as National Operator
- 1997**  #13 global uranium producer




- 1998**  Grew to #6 global uranium producer
- 2002**  Expansion of exports to US, Europe, Chinese and South Korean markets

- 2003**  #2 beryllium producer
- 2003**  #4 tantalum producer
- 2007**  First credit ratings assigned

- 2008**  **#1 global uranium producer**
- 2012**  Raised \$500m with debut 5-year Eurobond
- 2012**  Commissioned sulphuric acid plant

- 2013**  Gained access to enrichment facilities in Russia
- 2017**  Eurobond fully repaid
- 2017**  Strategic agreement with China for FA

- 2018**  Board of Directors adopts value strategy
- 2020**  **Becomes #1 in uranium sales**
- 2020**  **IPO Nov 2018, SPO by SK Sept 2019 and June 2020 – now a 25% free float**
- 2020**  First AGM as a public company
- 2020**  First Capital Markets Day

- 2021**  Commissioned Ulba FA plant
- 2021**  Invested into ANU Uranium Fund
- 2022**  Joined UN Global Compact

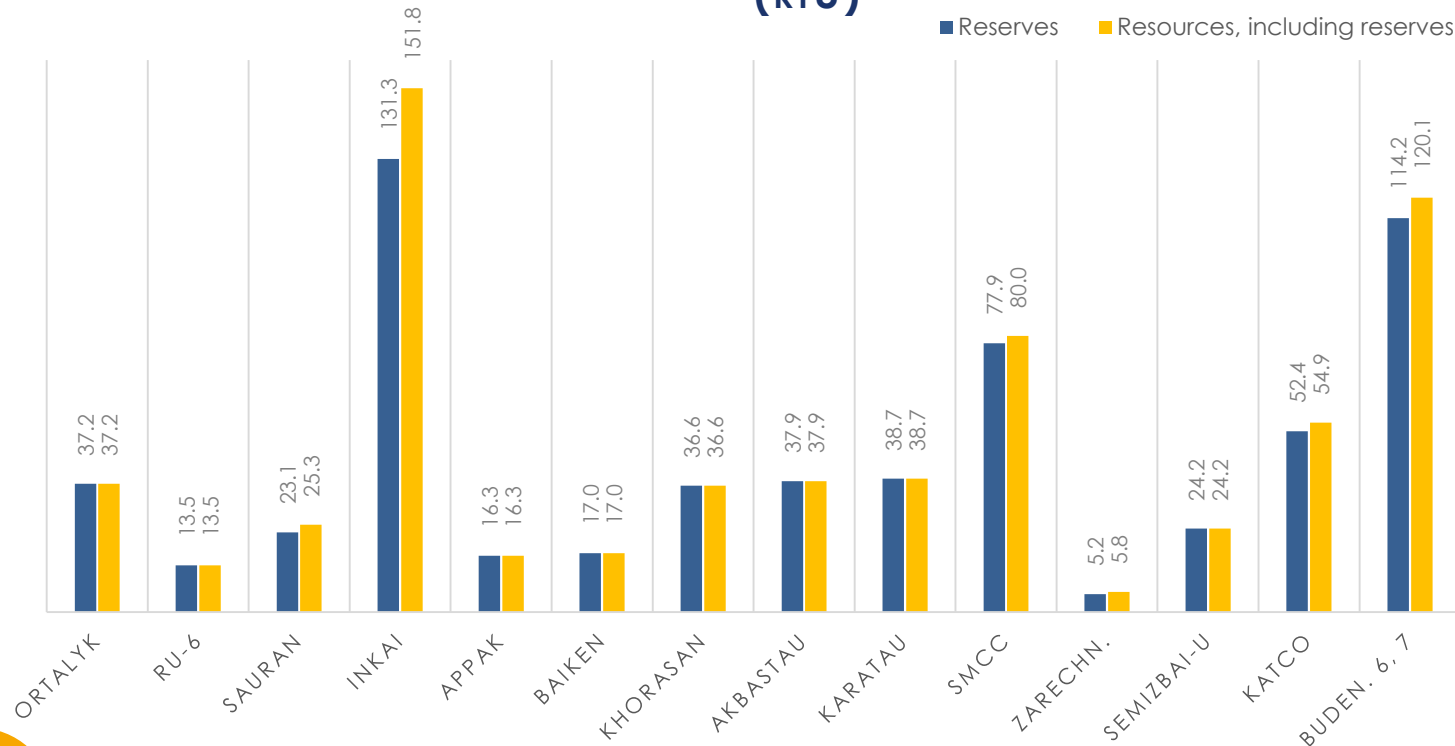


# Kazatomprom's Upside Potential



100% Mineable using in-situ recovery (ISR)

## PRODUCING ASSETS RESERVES AND RESOURCES (KTU)



## Upcoming exploration projects in the queue:

### Inkai 3 block

- Contract Holder: KAP
- Contract Type: Exploration
- Reserves/resources: - / 83,158 tU

### Inkai 2 block

- Contract Holder: KAP
- Contract Type: Exploration
- Reserves/resources: - / 42,001 tU

### East-Zhalpak and East-Moinkum blocks<sup>1</sup>

- Contract Holder: KAP
- Contract Type: geological survey
- Resources / reserves: 35,354 tU / -

Kazakhstan has 12% of the world's uranium resources (2nd largest in the world)<sup>2</sup> with 625 ktU in Reserves and 784 ktU in Resources, including reserves



**KAZATOMPROM**  
NATIONAL ATOMIC COMPANY

<sup>1</sup> As per preliminary expectation of the Company, not accounted for in CPR  
<sup>2</sup> According to World Nuclear Association, as of December 2021

# Uranium sales price sensitivity table



Indicating how the Group's U<sub>3</sub>O<sub>8</sub> annual average sales price may respond to changes in spot prices

Average Annual Spot Price (USD)	2022E	2023E	2024E	2025E	2026E
20	35	24	22	23	21
30	38	32	31	31	30
40	41	40	40	40	39
50	44	48	48	48	49
60	47	56	56	56	58
70	50	63	65	64	67

Values are as of June 30, 2022 and rounded to the nearest dollar. The sensitivity analysis above is based on the following key assumptions:

- Annual inflation is assumed to be 2% in the US based on historic values, for the purposes of this analysis.

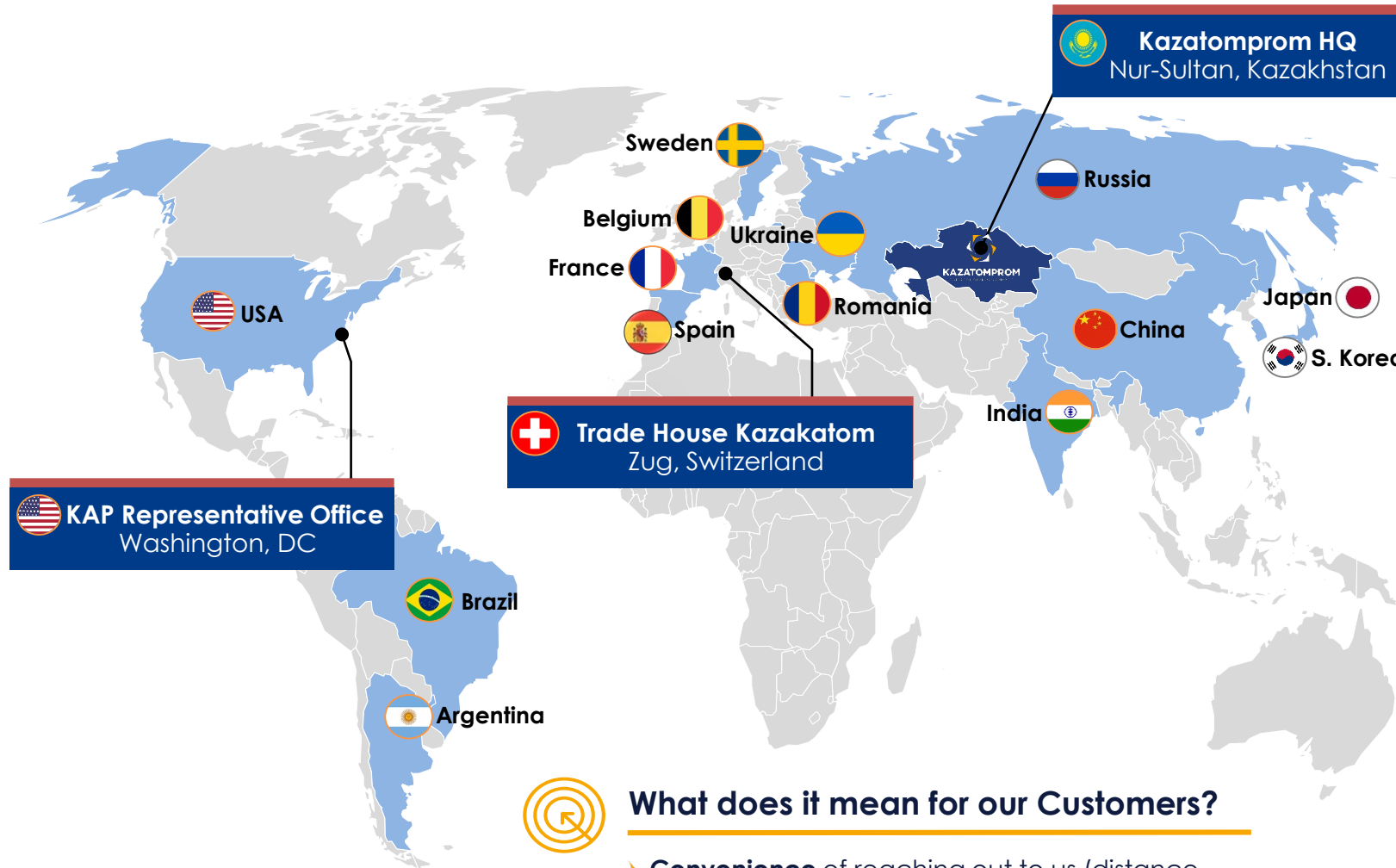
- Analysis is as of 30 June 2022 and prepared for 2022–2026 on the basis of minimum average Group annual sales during the specified period of approximately 18.0 thousand tonnes of uranium in the form of U<sub>3</sub>O<sub>8</sub>, of which the volumes contracted as of 30 June 2022 will be sold per existing contract terms (i.e. contracts with hybrid pricing mechanisms with a fixed price component (calculated in accordance with an agreed price formula) and / or combination of separate spot, mid-term and long-term prices); Kazatomprom's marketing strategy does not target a specific proportion of fixed and market related contracts in its portfolio in order to remain flexible and react appropriately to market signals.

- A difference between sales prices and spot prices is expected for 2022, since numerous sales commitments for 2022 are based on pricing that was locked-in before September 2021, when the spot price started to increase significantly.

- For the purpose of the table, uncommitted volumes of U<sub>3</sub>O<sub>8</sub> are assumed to be sold under short-term contracts negotiated directly with the customers and based on spot prices.



# Global Presence, Strong Customer Base



**KAP Representative Office**  
Washington, DC

**Trade House Kazakatom**  
Zug, Switzerland

**Kazatomprom HQ**  
Nur-Sultan, Kazakhstan

■ End-customer locations



## What does it mean for our Customers?

- › **Convenience** of reaching out to us (distance and time zones)
- › **Better localized** understanding of the markets

## Kazatomprom has enjoyed:

- More than 20-years track record and reputation of delivering long-term reliability to its customers
- Supply contracts with most major nuclear utilities around the world
- Strong partnerships in Kazakhstan and abroad
- A logistical proximity to major growth markets allowing it to grow with the new nuclear entrants of Asia

## The establishment of Trade House Kazakatom (THK) is helping Kazatomprom enhance its customer offering:

- Bringing structured contracting and new pricing mechanisms, especially for long-term transactions
- Streamlining to provide faster responses to plain vanilla spot and forward trades
- Increasing customer diversification
- Increasing market liquidity and price transparency
- Actively purchasing in addition to selling in spot market

# Geography of Kazatomprom Operations

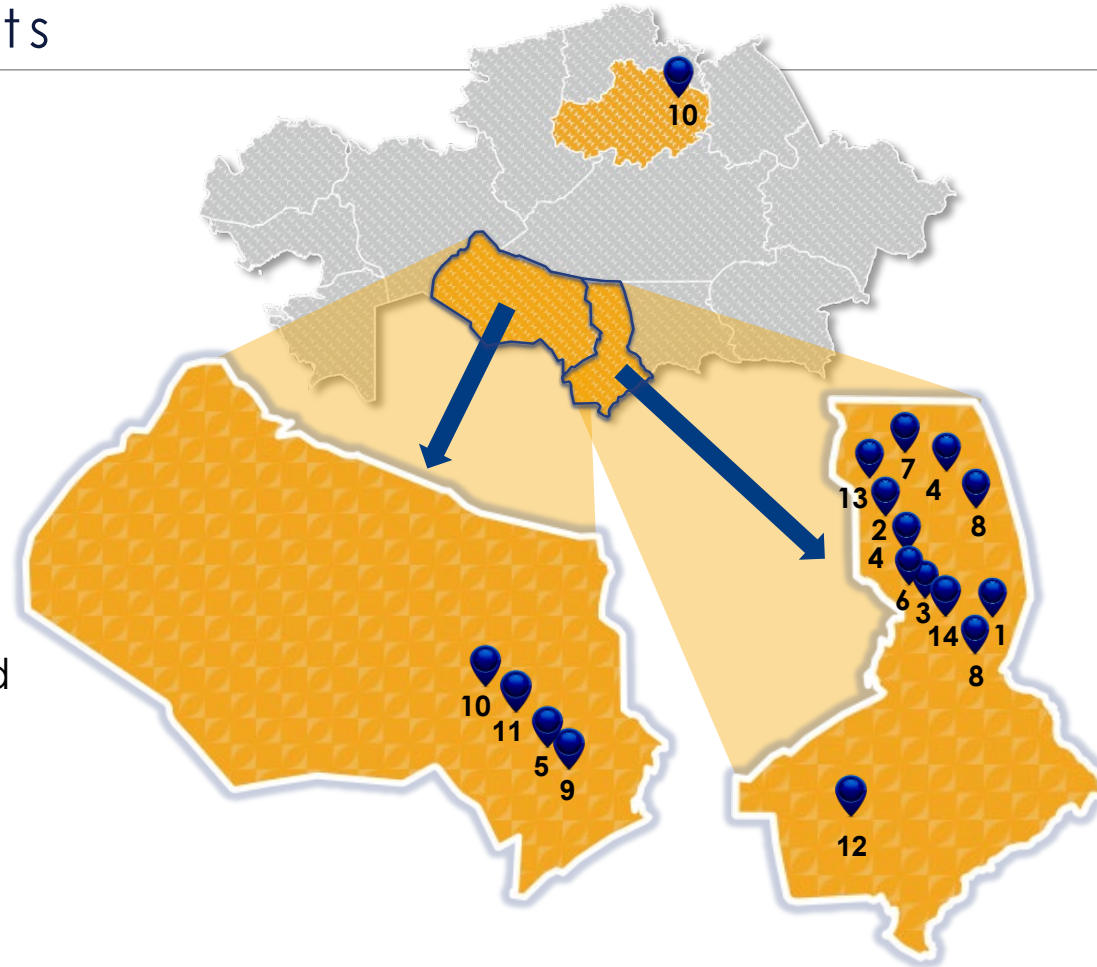


## Natural advantages of Kazakhstan's ISR deposits

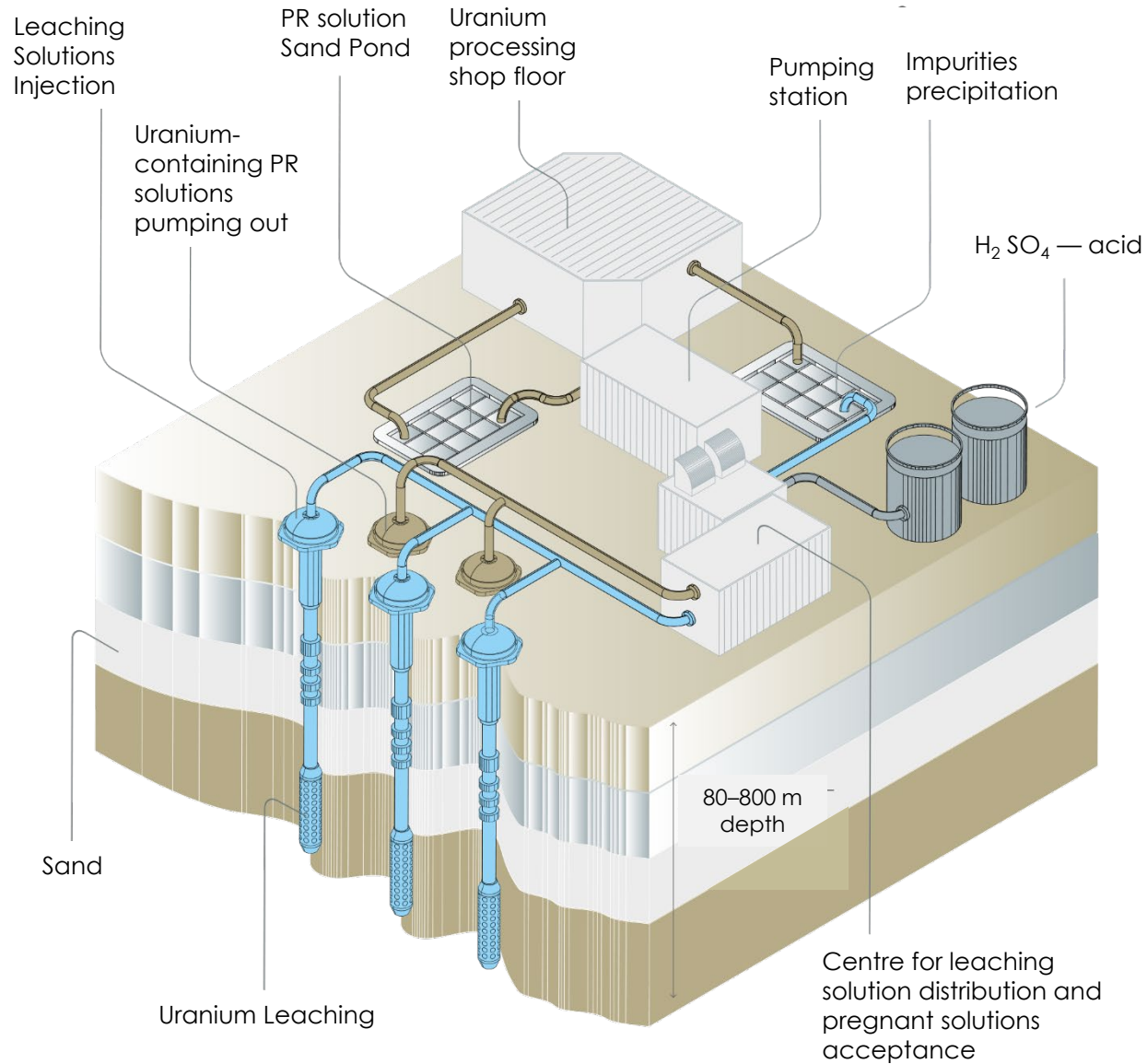
- Uranium in sandstone as coatings on sand grains at depths of up to 700 meters
- Uranium is insoluble in natural groundwater, low pH solution circulated through the orebody to dissolve it
- Closed-loop system: solution pumped to a processing facility to recover the uranium, pH is re-adjusted and solution is re-injected
- Upon decommissioning, groundwater has been proven to return to pre-mining chemistry through natural attenuation
- Limited operational risks with ISR mining method

## KAP's mining subsidiaries

1. Katko
2. Inkai
3. Karatau
4. SMCC
5. Kharasan-U
6. Akbastau
7. Ortalyk
8. KAP-SaUran
9. Baiken-U
10. Semizbai-U
11. RU-6
12. Zarechnoe
13. Appak
14. Budenovskoye



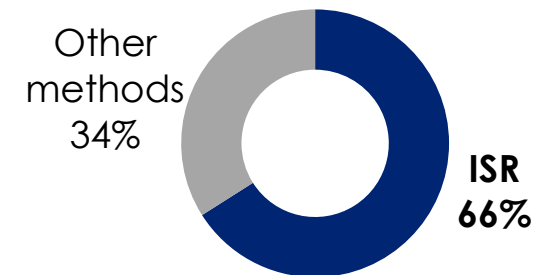
# Overview of ISR uranium mining



## Natural uranium production by ISR vs conventional mining

- ✓ Lower cost to build
- ✓ Shorter construction timelines
- ✓ Lowest quartile operating cost
- ✓ Small environmental footprint
- ✓ Limited health and safety exposure to personnel

## Share of ISR mining in total uranium production (2022)



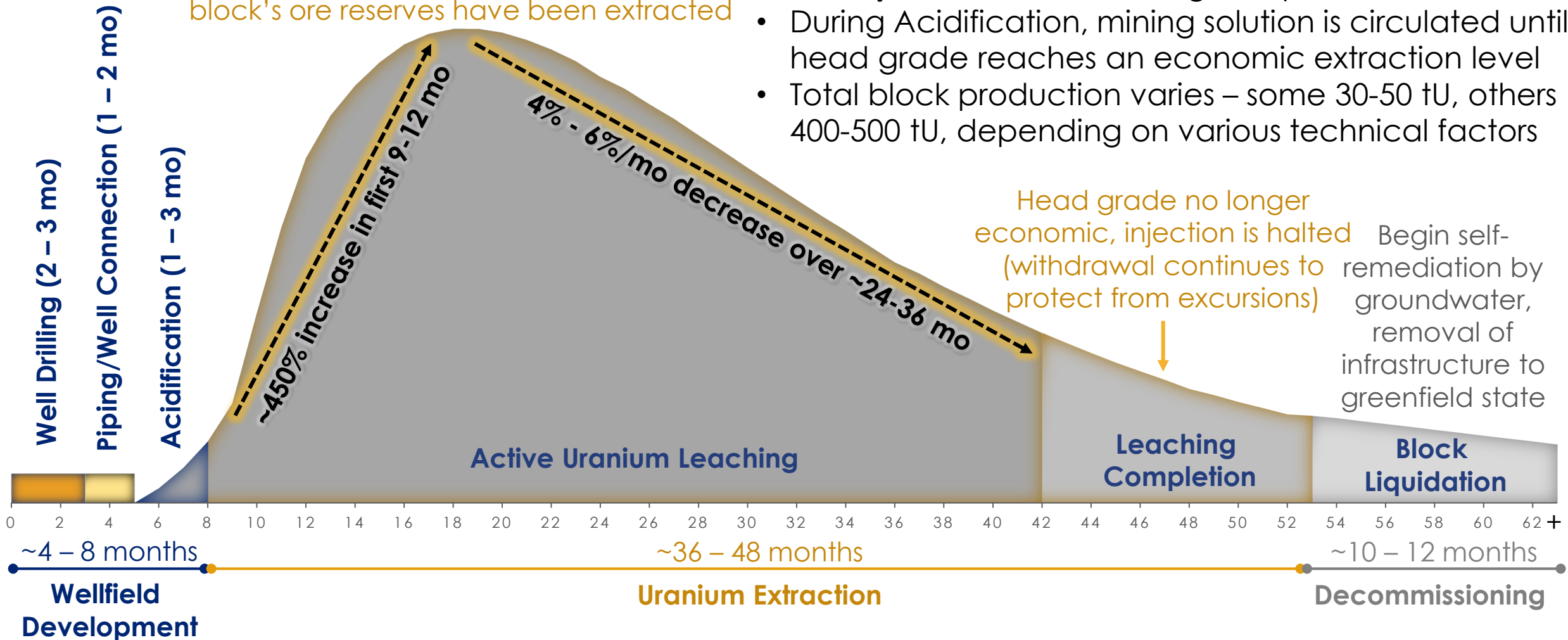
Source: WNA

# Wellfield Block Production Profile\*



At peak production rate, ~20%-40% of the block's ore reserves have been extracted

- Blocks of ~25-50 wells in three rows 30-60 meters apart: two injection rows straddling one production row
- During Acidification, mining solution is circulated until head grade reaches an economic extraction level
- Total block production varies – some 30-50 tU, others 400-500 tU, depending on various technical factors



\*representative model – specific block and orebody profiles will vary from this statistical model



# Ulba Metallurgical Plant (UMP)

## UMP at a Glance

- One of the world's largest facilities for fuel pellet and rare metals production
- UMP's operational know-how and operational platform provide KAP with optionality in participating in other parts of the NFC (should the economics be attractive)
- Established in 1949, became a subsidiary of KAP in 1997
- Location: Ust-Kamenogorsk, East Kazakhstan Region
- Facilities are under IAEA safeguards
- Production facilities include:
  - $U_3O_8$ , ceramic grade  $UO_2$  and fuel pellet production shops
  - Fuel fabrication plant
  - Scrap processing facility
  - Rare metals production facilities

## Key features of UMP products

<b><math>U_3O_8</math></b>	High purity of nuclear grade products
<b><math>UO_2</math> powder</b>	Technical properties may vary depending on customer specifications
<b>Fuel pellets</b>	Regulated microstructure and pellet type. Use of burnable absorbers
<b>Beryllium</b>	One of only three facilities in the world with a fully integrated cycle of beryllium production
<b>Tantalum</b>	The sole facility in the CIS with tantalum production capabilities
<b>Other</b>	Optionality of participating in other parts of the NFC cycle





**London**  
Stock Exchange  
**KAP**



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THE WORLD'S  
**LARGEST URANIUM**  
PRODUCER WITH  
**PRIORITY ACCESS TO**  
KAZAKH URANIUM DEPOSITS,  
AND A ROBUST FINANCIAL PROFILE  
COMBINING GROWTH AND  
PROFITABILITY WITH ONE OF THE **LOWEST**  
**AVERAGE OPERATING COSTS** IN THE INDUSTRY