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15 October 2018

JSC NAC Kazatomprom

Announcement of Intention to Publish a Registration Document and Potential Intention to List Global Depository Receipts on the London Stock Exchange

Joint stock company "National Atomic Company "Kazatomprom" (the "Company" and, together with its subsidiaries, the "Group" or "Kazatomprom"), the world's largest producer of natural uranium (in terms of production volumes), announces its intention to publish today a Registration Document and considers, subject to market conditions, proceeding with an initial public offering involving the sale of securities in the Company by JSC Sovereign Wealth Fund Samruk-Kazyna ("Samruk-Kazyna"), the Company's sole shareholder (the "IPO" or the "Offering"). The Company is considering to apply for the admission of global depository receipts (the "GDRs") representing an interest in its ordinary shares (the "Shares" and, together with the GDRs, the "Securities") to the Official List maintained by the UK Financial Conduct Authority, and to trading on the regulated market of the London Stock Exchange, and for the admission of the Shares and potentially GDRs to the Official List of Securities of the Astana International Exchange ("AIX"), the stock exchange of the Astana International Financial Centre ("AIFC") and to trading on AIX.

Overview

- Kazatomprom is the world's largest producer of natural uranium (in terms of production volumes). The Company is wholly owned by Samruk-Kazyna, which in turn is wholly owned by the Government of the Republic of Kazakhstan.
- The Company enjoys the status as Kazakhstan's national operator for the export and import of uranium and its compounds, nuclear power plant fuel, special equipment and technologies. This status allows the Group to benefit from certain privileges, including, among other things, obtaining

subsoil use agreements through direct negotiation with the Government of the Republic of Kazakhstan which effectively grants Kazatomprom priority access to the high-quality in-situ recovery (“ISR”)-conductive deposits of natural uranium, which are abundant in the Republic of Kazakhstan.

- According to Ux Consulting Company, LLC (“UxC”), the Group’s uranium production, including the production of its jointly controlled entities and associates attributable to the Group, for the year ended 31 December 2017 represented approximately 20% of total global uranium primary production (the equivalent of 12.1 ktU).
- The Group only produces uranium from reserves in Kazakhstan, benefiting from the largest reserve base in the industry, with attributable uranium reserves of just under 300 ktU.
- All of the Group’s uranium deposits are suitable for cost-efficient and least environmentally impactful “ISR” mining method, which combined with a long-life mining asset base allow Kazatomprom to remain among the leading and the lowest cost uranium producers globally.
- Kazatomprom has transitioned to a market-centric production and sales strategy shifting away from a focus on volume, to a focus on value.
- ISR technology, among other advantages, offers enhanced operational flexibility as compared to conventional mining, which improves the scalability of the Group’s operations and allows it to ramp up or down its production in a quick and cost-efficient manner in response to evolving market conditions.
- Kazatomprom is led by a strong and experienced management team with sound governance practices and a proven track-record to effectively run production operations. The Board of Directors includes three highly regarded independent directors (including the Independent Chairman of the Board) with extensive international experience in the uranium and broader nuclear industry.
- For the year ended 31 December 2017 and the six months ended 30 June 2018, the Group’s consolidated revenue was KZT336.5 billion and KZT145.0 billion, respectively, and profit was KZT139.2 billion and KZT115.0 billion, respectively.
 - Adjusted EBITDA¹ amounted to KZT96.7 billion and KZT38.8 billion for the year ended 31 December 2017 and the six months ended 30 June 2018, respectively.
 - Adjusted Attributable EBITDA² amounted to KZT128.2 billion and KZT45.7 billion for the year ended 31 December 2017 and the six months ended 30 June 2018, respectively.
 - Net Debt³ / (Cash) to Adjusted EBITDA ratio was (1.3x) and (0.2x) as at 31 December 2017 and as at 30 June 2018, respectively.

¹ The Group defines *Adjusted EBITDA* as EBITDA less non-recurrent items, less result from business combinations, less reversal of impairment of assets, plus impairment losses. Adjusted EBITDA should not be considered as an alternative to performance or cash flow measures derived in accordance with IFRS

² The Group defines *Adjusted Attributable EBITDA* as EBITDA less non-recurrent items, less result from business combinations, less reversal of impairment of assets, less share of results of JVs and Associates, less non-controlling share of Adjusted EBITDA of consolidated subsidiaries, plus impairment losses, plus share of Adjusted EBITDA of JVs and Associates operating in the Uranium segment. Adjusted Attributable EBITDA should not be considered as an alternative to performance or cash flow measures derived in accordance with IFRS.

³ The Company defines net debt as total debt (consisting of bank loans, non-bank loans and finance lease liabilities) less cash and cash equivalents and short-term deposits.

Potential Offering Highlights

Should the Company decide to proceed with the Offering, it is expected to have the following features:

- The Offering would be comprised of an offer of existing Shares in the form of the Shares and GDRs to be sold by Samruk-Kazyna.
- Samruk-Kazyna currently owns all of the Company's issued share capital. Following the potential Offering, Samruk-Kazyna will own not less than 75% of the Company's issued share capital.
- The Company is not expected to sell any Securities in the potential Offering and will not receive any of the proceeds from the sale of Securities by Samruk-Kazyna in the potential Offering.
- A copy of the Registration Document will be submitted to the National Storage Mechanism and will be available for inspection at www.morningstar.co.uk/NSM once approved by the FCA. A copy of the Registration Document will also be available from the Company's registered office, at 10 D. Kunayev Street, 010000, Astana, Republic of Kazakhstan and online at <http://www.kazatomprom.kz/en/investors/pre-ITF>.
- Credit Suisse and J.P. Morgan are acting as Joint Global Coordinators and Joint Bookrunners in connection with the potential Offering. China International Capital Corporation, Halyk Finance and Mizuho International plc are acting as Joint Bookrunners. The Domestic Offering on the AIX is being led by Halyk Finance.

Access to supplemental information for bona-fide unconnected research analysts: Unconnected sell side research analysts can obtain additional information by registering for access here (subject to approval): <http://www.kazatomprom.kz/en/investors/unconnected-analysts>

Business Highlights

The Group occupies a leading position in an industry that it believes to be at the inflection point with attractive long-term fundamentals and significant barriers to entry.

Exposure to attractive uranium market fundamentals

- Demand for uranium products is expected to remain robust in the coming decades, primarily on the back of strong new build programme in the emerging markets, and in China in particular.
- According to UxC, the global nuclear generation capacity is expected to increase by 11% to 432 GWe in 2030 from 388 GWe in the year ended 31 December 2017.
- According to UxC, there are 443 nuclear reactors globally and 56 new ones are under construction in 17 countries as of August 2018.
- The Company believes that the supply side of the uranium market is undergoing a structural shift, following a prolonged period of depressed spot prices and oversupply, underpinned by the prevalence of legacy long-term contracts, the majority of which were concluded in the period between years 2005 and 2012.
- As a significant portion of such contracts are set to expire in early 2020s, many utilities are likely to return to the market in the near-to medium-term to begin covering their future fuel needs through entering into medium- and long-term contracts. By 2025, the level of uncovered uranium needs increases to around 50% according to UxC.

- Based on UxC's 2017 global production cost curve, in 2017, nearly 60% of the global uranium production was in negative territory on a full cost⁴ basis against the average spot price per pound U₃O₈ for the year.
- Gradually expiring legacy long-term contracts, combined with production cuts by leading industry players, as well as declining secondary supplies from enrichers and government inventories are all expected to put significant constraints on the supply.

Priority access to high-quality ISR-conducive resource base

- According to UxC, Kazakhstan is the largest uranium producing country in the world by a significant margin, accounting for 40% of the global uranium supply in 2017.
- According to UxC, Kazakhstan further accounts for c. 65% of the world's measured and indicated resources suitable for ISR mining.
- Kazatomprom enjoys statutory pre-emptive rights over any uranium-holding deposits in Kazakhstan and is able to grow its resource base with relatively limited investment.
- 10 asset-level partnerships with leading international industry players illustrate the attractiveness of the asset base on a global scale.

Low-cost production

- According to UxC, the Group ranks second lowest of all global uranium producers in terms of cash costs. Low production costs are primarily driven by the geological structure of its deposits, which enables cost-efficient and least environmentally impactful ISR extraction technology.
- The Group's structural cost advantage is further underpinned by a generally relatively lower cost base in Kazakhstan compared to other major uranium producing countries such as Canada and Australia.
- The Company believes, based on information provided by UxC, its average costs are consistently in the first quartile of the global uranium production cost curve.

Global high-quality customer base

- Proven track-record as reliable supplier to the industry for the past 20 years. Established relationships with the majority of global consumers of civil uranium and high quality blue chip customer base across Asia, Europe and North America.
- Supplying to 8 out of 10 largest operators of the nuclear generation capacity globally.
- Global sales and distribution footprint including recently established trading operation Trading House KazakAtom ("THK") in Switzerland and a representative office in the United States.

Robust HSE track record due in part to the intrinsic environmental and safety advantages of the ISR technology.

- ISO-14001-based environment management system and OHSAS-18001-compliant health and safety management systems, and continued promotion of HSE compliance awareness, across its employees and managers at all levels.
- Absence of any major environmental accidents in the Group's operations since inception.

⁴ UxC's full production cost is comprised of the project operating (cash) cost plus capital cost recovery. (Operating cost = Mining Cost + Hauling Cost + Milling Cost + Production/Property Tax + Environmental Tax + Royalty/Severance Tax. Capital cost = Acquisition/Exploration Costs + Mine Development Cost + Mill Construction Cost + Environmental/Infrastructure Cost + General & Administrative).

- The Company joined the Vision Zero international programme targeted to zero injuries level.

Strong team and sound governance practices

- Highly experienced team of professionals combining international industry experience and local operational expertise.
- Successful implementation of the comprehensive Transformation Initiative⁵ launched in 2015 and the transition to the Group's market-centric "from volume to value" strategy in 2018.
- Balanced Board of Directors including three highly regarded independent non-executive directors with extensive international experience in the uranium and broader nuclear industry.

Resilient financial performance and strong cash flow generation

- Strong financial performance based on leading market position, low-cost operations, ability to quickly adjust production volumes and prudent financial policy.
- Resilience demonstrated during low uranium price environment such as the one prevailing during 2016-2018.
- High-margin and cash generative operations with a relatively limited expansion capital expenditure profile and low leverage.

Firm commitment to shareholder returns

- Transparent and well-defined dividend policy aimed at predictable and equitable distribution of the generated cash flows to its shareholders, while preserving a conservative balance sheet structure allowing it to sustain a comfortable leverage level in case of adverse changes in uranium prices.
- The Group's dividend policy which will come into effect in 2019 is to distribute no less than 75% of its free cash flows if the Group's Net Debt to Adjusted EBITDA ratio is below or equal to 1.0x, and no less than 50% of its free cash flow if the leverage ratio is above 1.0x and below 1.5x Net Debt to Adjusted EBITDA, and in other cases the percentage of free cash flow to be determined by the Company's General Meeting of Shareholders.

Well positioned to capture potential industry growth by expanding capabilities across multiple stages of the front-end nuclear fuel cycle.

- Although the Group's primary focus is on its core business of uranium mining, it also produces fuel pellets at its Ulba Metallurgical Plant which has a track record of more than 60 years.
- Moreover, the Group is well positioned to capture any potential opportunities in other segments of the front-end nuclear value chain that may occur following a shift in the nuclear fuel market.

- Ends -

⁵ In 2015, the Company and 12 of its subsidiaries commenced initiative known as the transformation with the aim of implementing the principles set forth by its sole shareholder, Samruk-Kazyna. The principal aims of the Transformation Initiative are improving transparency and operational efficiency, as well as standardising and harmonising business processes based on Samruk-Kazyna's reference model.

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A copy of this announcement will be made available at www.kazatomprom.kz.

About Kazatomprom

Kazatomprom is the world's largest producer of uranium, representing approximately 20% of total global uranium primary production and approximately 40% of global in-situ leach recovery ("ISR") uranium production in 2017. The Group benefits from the largest reserve base in the industry, with attributable uranium reserves of just under 300 ktU. Kazatomprom operates, through its subsidiaries, JVs and Associates, 26 deposits grouped into 13 asset clusters, all of which are located in Kazakhstan. All of the Group's uranium deposits are suitable for ISR. A combination of the cost-efficient, low impact ISR technology and a long-life mining asset base allows the Group to remain sustainably among the leading and the lowest cost uranium producers globally.

As the national atomic company in the Republic of Kazakhstan, the Company has partnered with substantially all of the leading players in the uranium mining industry globally including CGNPC, Kansai, Marubeni, Orano (formerly Areva), RosAtom and Sumitomo, as well as the Energy Asia consortium. The Group's primary customers are operators of nuclear generation capacity, and the principal export markets for the Group's products are China, South and Eastern Asia, North America and Europe. The Group sells uranium and uranium products under long-term contracts, short-term contracts, as well as in the spot market, utilising its Switzerland-based trading subsidiary. For the year ended 31 December 2017 and the six months ended 30 June 2018, the Group's consolidated revenue was KZT336.5 billion and KZT145.0 billion, respectively, and profit was KZT139.2 billion and KZT115.0 billion, respectively.

For more information: <http://www.kazatomprom.kz>

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Certain statements in this announcement are not historical facts and are "forward looking" within the meaning of Section 27A of the U.S. Securities Act and Section 21E of the U.S. Securities Exchange Act of 1934. Forward looking statements include statements concerning our plans, expectations, projections, objectives, targets, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our competitive strengths and weaknesses, plans or goals relating to development projects, financial position and future operations and development, our business strategy and the trends we anticipate in the industries and the political and legal environment in which we operate and other information that is not historical information. By their very nature, forward looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward looking statements will not be achieved. Given these risks and uncertainties, be cautioned not to place undue reliance on such forward looking statements. We do not intend and we do not assume any obligation to update any forward looking statement contained herein.

In addition, this announcement contains information concerning the Group's industry and its market and business segments generally, which is forward-looking in nature and is based on a variety of assumptions regarding the ways in which the industry, and the Group's market and business segments, will develop. These assumptions are based on information currently available to the Company. If any one or more of these assumptions turn out to be incorrect, actual market results may differ from those predicted. While the Company does not know what effect any such differences may have on the Group's business, if there are such differences, they could have a material adverse effect on the Group's future results of operations and financial condition.

This Registration Document may be combined with a securities note and summary to form a prospectus in accordance with the Prospectus Rules. A prospectus is required before an issuer can offer transferable securities to the public or request the admission of transferable securities to trading on a regulated market. However, the Registration Document referred to in this announcement, where not combined with the securities note and summary to form a prospectus, does not constitute an offer or invitation to sell or issue, or a solicitation of an offer or invitation to purchase or subscribe for, any securities in the Company in any jurisdiction, nor shall this Registration Document alone (or any part of it), or the fact of its distribution, form the basis of, or be relied upon in connection with, or act as any inducement to enter into, any contract or commitment whatsoever with respect to any offer or otherwise. Any subscription or purchase of Securities in the possible Offering should be made solely on the basis of information contained in the Prospectus which may be issued by the Company in connection with the Offering.

The information in this announcement is subject to change. Before subscribing for or purchasing any Securities, persons viewing this announcement should ensure that they fully understand and accept the risks which will be set out in the Prospectus if published. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy or completeness. Neither this announcement, nor anything contained in the Registration Document referred to herein, shall form the basis of or constitute any offer or invitation to sell or issue, or any solicitation of any offer to purchase

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The Company may decide not to go ahead with the IPO and there is therefore no guarantee that a Prospectus will be published, the Offering will be made or Admission will occur. Financial decisions should not be based on this announcement. Acquiring investments to which this announcement relates may expose an investor to a significant risk of losing all of the amount invested.

Persons considering making investments should consult an authorised person specialising in advising on such investments. Neither this announcement, nor the Registration Document referred to herein, constitutes a recommendation concerning a possible offer. The value of shares can decrease as well as increase. Potential investors should consult a professional advisor as to the suitability of a possible offer for the person concerned.