



**Tau-Ken Samruk**

NATIONAL MINING COMPANY

**Annual Report**  
**2020**





Our mission is to contribute to the development of the individual sectors of mining and metallurgical industry of the Republic of Kazakhstan by means of the projects implementation in collaboration with strategic investors

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## APPROACH TO PREPARING THE REPORT

JSC NMC Tau-Ken Samruk strives to maintain high standards of transparency, regularly publishing information about the results of its activities for stakeholders on a wide range of issues. The Company's integrated 2020 Annual Report reveals the operational and financial indicators of the Company's activities. The purpose of the Report is to inform stakeholders about the Company's strategy, mission and values, the corporate governance system, the results of operational and financial and economic activities, as well as the results in the field of sustainable development.

### REPORT PREPARING PROCESS AND IDENTIFYING SIGNIFICANT TOPICS

When preparing the Report, the Company followed the reporting principles of GRI Standards. In the process of Report writing, the principles and provisions of the Corporate Governance Code and other internal documents of the Company were also observed. To comply with GRI Standards, the Company has identified the essential topics that are most important. At that, the topics proposed by the GRI Standards were selected as possible topics.

To identify the data to be included in the Report, given the Company's activities, its impact, as well as the main expectations and interests of stakeholders, the Company adhered to the following principles:

- ◆ **Interaction with stakeholders**

When preparing the Report and determining its content, the Company took into account the expectations and interests of stakeholders to ensure transparency and accessibility of information.

- ◆ **Context of sustainable development**

The Report provides for information in the context of the sustainable development, including three components in the field of economy, ecology and social sphere.

- ◆ **Materiality**

The Company discloses results of its activities, covering those topics that are significant and relevant for internal and external stakeholders, as well as reflect a significant economic, environmental and social impact on them.

- ◆ **Completeness**

To provide stakeholders with an opportunity to evaluate the performance, the Company has prepared a consolidated report, given the results of the financial and non-financial activities of all its subsidiaries for the reporting period.

More detailed information is provided for later in the Report in the relevant sections.

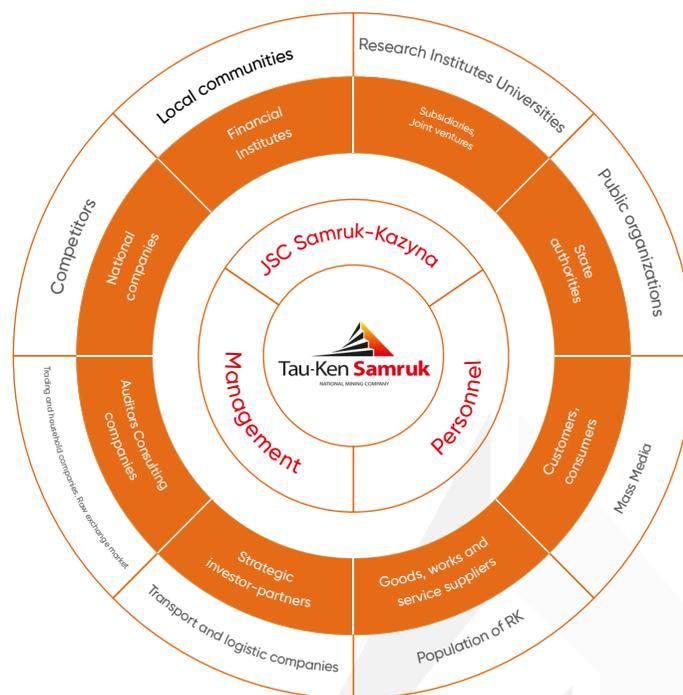
#### Interaction with stakeholders

The Company considers its stakeholders as a group of persons or organizations that impact on its activities or are affected by the activities of the Company. In this regard, JSC NMC Tau-Ken Samruk conducted a ranking of stakeholders according to the degree of impact on the Company's activities.

The Company uses a systematic approach, principles and forms of interaction with stakeholders that provide for the feedback and help timely identification of potential risks and new opportunities for the effective operation of the JSC NMC Tau-Ken Samruk Group of Companies.

The main forms of interaction with stakeholders are joint programs and projects, memoranda of cooperation, joint working groups, performance reporting, meetings, conferences, publications, interviews.

The main areas of interaction with stakeholders are strategic planning, financial activities, project management, environmental safety, supply of goods, works and services, lawmaking, operations, interaction with the media (Annex 1).



Effective interaction with stakeholders helps to:

- combine resources (knowledge, personnel, money and technology) to solve problems and achieve goals;
- evaluate the external environment, including the development of markets, as well as identify new strategic opportunities;
- improve business processes;
- implement an openness and activity transparency policy.

### An approach to identifying significant topics

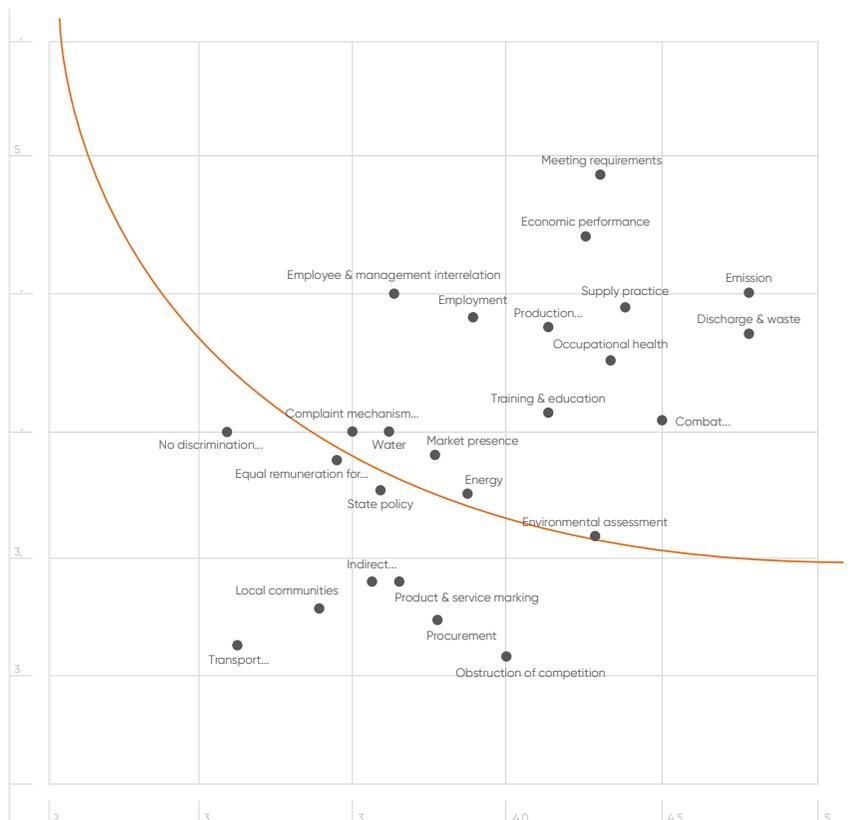


External source analysis

- Benchmarking of 2019 Annual Report of the mining sector
- Preparation of proposals on inclusion of best report preparation practices in the Annual report

Stakeholders' opinion analysis

- Preparation and submission of questionnaires to stakeholders
- Determination of the essential topics of the Annual Report according to Stakeholders



### Essential aspects and boundaries

Based on the results of the analysis of stakeholders' opinions and the Materiality Matrix, 19 significant topics were identified, which included topics from each category: economic, environmental, social.

### Scope of Report topics

The Report includes information about the activities of the Company and its subsidiaries. In the reporting year, the Company continued the practice of disclosing indicators in dynamics. Additionally, for a more complete presentation of information, the Report mentions events that occurred before or after the reporting period. The Report also reflects information regarding plans for 2021, which are forward-looking in nature, since their implementation is influenced by a number of external factors that do not depend on the Company.

### Identified aspects:

«Economic» category:	«Environmental» category:	«Social» category:
<ul style="list-style-type: none"> <li>◆ Economic performance</li> <li>◆ Market presence</li> <li>◆ Anti-corruption measures</li> </ul>	<ul style="list-style-type: none"> <li>◆ Energy</li> <li>◆ Water and wastewater</li> <li>◆ Emissions</li> <li>◆ Discharges and waste</li> <li>◆ Products and services Compliance with environmental regulations</li> <li>◆ Environmental assessment of suppliers</li> </ul>	<ul style="list-style-type: none"> <li>◆ Employment</li> <li>◆ Relationships between employees and management</li> <li>◆ Health and safety in the workplace</li> <li>◆ Training and education</li> <li>◆ Compliance with the requirements</li> </ul>

## ADDRESS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

The year 2020 has become a test of strength not only for Tau-Ken Samruk, but also for the whole world. I would like to note that due to well-coordinated work at all levels, we managed to avoid large-scale outbreaks of the COVID-19 at our enterprises and adapt to the current realities of remote work without significantly compromising the quality of work.

In 2020, Tau-Ken Altyn Refinery continued to increase the volume of gold production and has produced 33.5 tons of gold. The further development of the refinery provides for increase in the volume of output and automation of processes to transparently account for the movement of precious metals.

Despite the difficulties associated with the COVID-19 pandemic, we were able to start construction work on the Alaigyr project and signed an EPC contract. Production at the Alaigyr field will be launched in 2022. Regarding to the Shalkiya project, all project work was completed in 2020.

Tau-Ken Samruk adheres to the policy set forth by the Head of State on attracting scientific potential to the projects implementation. At the Alaigyr project, a technology for pre-enrichment of ore using the XRT separation is being introduced, which helps additional involvement of poor ores of the deposit in the development. Research works are carried out in various areas.

Despite the challenges of the pandemic, Tau-Ken Samruk continued to work on finding and attracting international investors in the development of the geological industry, creating flexible conditions for cooperation. In 2020, we have followed up words with action: a special Fortescue aircraft has arrived in Kazakhstan and a flyby of the licensed territory has begun, a joint team is analyzing geological information taking into account the experience of Australian partners. Cooperation with ScandiumVanadium, the

Australian company, has been launched on similar terms: four licenses were obtained in 2020. Large-scale geological exploration with the use of innovative technologies will increase the study of the territories and will help opening new attractive deposits in the future.

The results of activities for 2020 correspond to the adopted Development Strategy of Tau-Ken Samruk for the withdrawal from non-key assets. In 2020, a 100% stake in Shokpar-Gagarinskoye LLP in a complex gold deposit was realized. This transaction proves the Company's ability to bring geological projects to a level that is attractive to investors.

Effective corporate governance is the key to the future success of the Company and plays an important role when working with investors and partners of Tau-Ken Samruk. The Company remains committed to international standards on the level of information disclosure and transparency of corporate reporting.

I thank all the team members and colleagues for their professionalism and self-control during this difficult period. We have all made our efforts to achieve the ambitious goal of increasing the value of the Company, strengthened the foundation for future success. I hope that next year will be a new stage in the development of the Company.



**Yerzhan Beksultanovich Tutkushev<sup>1</sup>**  
Chairman of the Board of Directors  
JSC NMC Tau-Ken Samruk

<sup>1</sup> The authorities of Ye.B. Tutkushev as the member of the Board of Directors of JSC NMC Tau-Ken Samruk have been terminated on April 23, 2021

## ADDRESS OF THE CHIEF EXECUTIVE OFFICER



**Kanat Zhakypuly Kudaibergen**  
Chief Executive Officer  
JSC NMC Tau-Ken Samruk

### **Dear partners, colleagues and investors!**

We present to your attention the consolidated annual report of JSC National Mining Company Tau-Ken Samruk.

In 2020, the coronavirus pandemic negatively affected the global economy. The infection spread resulted in the mass introduction of quarantine restrictions and the closure of borders, which turned into the largest collapse in global GDP in recent decades.

To minimize the risks of the COVID-19 spread, we, taking care of our employees, have introduced new safety measures at the workplace, paying special attention to health. Thus, ShalkiyaZinc Ltd JSC, our subsidiary, as part of the implementation of the Memorandum of Cooperation with the Akimat of Kyzylorda region, has purchased two lung ventilators and medicines, which were transferred to the Central District Hospital of Zhanakorgan district.

Despite the 2020 challenges, and thanks to the dedication and purposefulness of employees, Tau-Ken Samruk and its subsidiaries have ensured the continuity of their activities. We have established an emergency management headquarter, taking into account the quarantine regime, and have taken the necessary preventive measures.

At the end of the year, our financial indicators increased, thus net income amounted to KZT72.1 billion, which is KZT31.9 billion higher than 2019 indicator, due to increased operating income and equity income from subsidiaries and dependent organizations.

Tau-Ken Altyn ensured the stable growth in gold production of 33.5 tons as compared to 29.2 tons in 2019. Regarding the implementation of our key projects, I note that the documentation of the Processing Plant and Surface Complex Facilities has been developed for Shalkaya project, the resources and reserves of the deposit have been evaluated according to the JORC standard. Regarding the Alaigyr project, an EPC Contract

was signed for the DED development, the supply of equipment and the construction of a processing plant, an infrastructure facility, a tailings storage facility and a recycling water supply system. The construction of a flotation concentrate storage warehouse with a railway dead end has been completed.

As part of our updated strategy, we continue to explore the possibilities of attracting global and local strategic partners for joint project implementation. In June, an operator agreement was signed with Fortescue Kazakhstan LLP, as well as a term sheet was signed with Scandivanadium. Geological exploration has begun.

I would like to thank all our employees for their hard work, responsible attitude to their duties and the ability to keep up with the changes taking place during this important period of the development for our Company. Our employees are the basis of Tau-Ken Samruk. We create a comfortable working environment, pay attention to the professional growth of employees and create opportunities for realizing their professional potential. According to the results of the annual survey, the level of employee engagement reached a record 81%, which is due to the transformation of the corporate culture.

Summing up, I would like to emphasize that Tau-Ken Samruk is open to investors, both Kazakh and foreign, and we are ready to provide potential partners with full-fledged support in the development of joint ventures.

# 1

## About the Company

As of December 31, 2020,  
the Company's assets  
amounted to



Net income for the year  
reached



The average number of  
employees



**Joint-Stock Company National Mining Company Tau-Ken** (hereinafter - the Company) was established on January 15, 2009 in compliance with the Government Decree of the Republic of Kazakhstan. Samruk-Kazyna JSC is the Sole Shareholder of the Company (hereinafter - Sole Shareholder, the Fund).

The Company has the following main tasks:

- ensuring effective subsoil use activities in the field of exploration, development, extraction, processing and sale of solid minerals;
- effective management of the shares of mining and metallurgical enterprises transferred to the Company;
- development and implementation of new high-tech and efficient technologies in the mining and metallurgical industry;
- reproduction of the mineral resource base of the republic.



# 2

## Key events of the year

Tau-Ken Samruk has transferred to direct ownership of shares in Kazzinc LLP.



**April**



**May**



A license was obtained as part of working with SH Minerals.

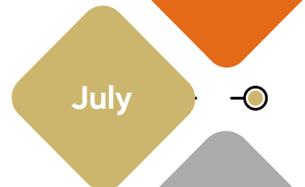
An operator agreement was signed with Fortescue Kazakhstan LLP. 48 exploration licenses were obtained.

A term sheet has been signed with Scandivanadium. 4 exploration licenses were obtained.

Licenses were obtained for the independent implementation of exploration projects in Aktobe region.



**June**



**July**



The Development Strategy has been updated.

A purchase and sale agreement has been concluded for the Shokpar-Gagarinskoye deposit. The transaction is completed.



**October**



**November**



100% payment was carried out under the purchase and sale agreement for the Progress deposit.

Tau-Ken Altyn produced 33.5 tons of gold.

The design of the "P" stage of the Factory, Mine, Surface objects of the Shalkiya deposit was completed.

The assessment of reserves/resources according to the JORC standards of the Shalkiya and Alaigyr deposits has been completed.



**December**



An EPC contract for the Alaigyr deposit was signed.

# 3

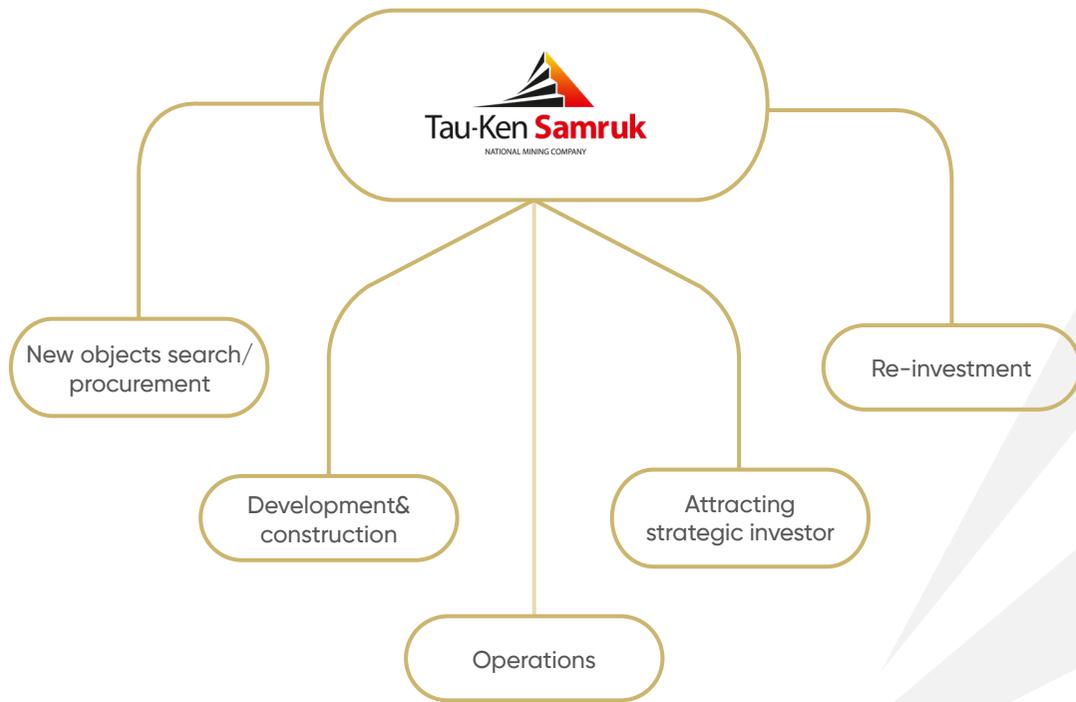
## Key performance indicators

Strategic goal	KPI	Plan	Actual	Notes
Create a high-quality asset portfolio	Net asset value (NAV), KZT billion	753,1	829,3	The main positive factor is growth of investments in associated companies due to increase in Kazzinc's equity income and weakening of the national currency exchange rate, as well as the implementation of the Shalkiya project (for the construction of infrastructure facilities);
	Deviation from the planned budget for investment projects, %	0	17,7	Deviation due to the coronavirus pandemic "Shalkiya": Due to the failure to conclude the Mining Contract and the postponement of the start of work, as well as incomplete mastering on the CAW on "External power supply of the mine" "Alaigr": due to the postponement of design and survey work for 2021.
	Net income, KZT billion	49,4	72,1	Growth of the indicator is due to increase in the equity income from Kazzinc, increase in the gross income of Tau-Ken Altyn, decrease in general and administrative expenses.
Attract strategic partners to implement key projects	Attracting investments from strategic partners, KZT billion	0,25	4,7	Sale of Shokpar-Gagarinskoye LLP and raising funds from partners: Fortescue, Scandivanadium, SH Minerals.
	Operating income, KZT billion	4,9	9,1	Over-fulfillment of the production plan and increase in the gold price.
	Return on capital employed, %	8	11,1	Growth of the actual consolidated net income (by KZT22.7 billion, from KZT49.4 to KZT72.1 billion) due to increase in equity income from Kazzinc and growth in the gold price.
	Corporate Governance rating	BB	no data	The plan on the corporate level increasing has been fulfilled by 85 %. The independent assessment of the rating has been postponed to H2 2021.

## BUSINESS MODEL

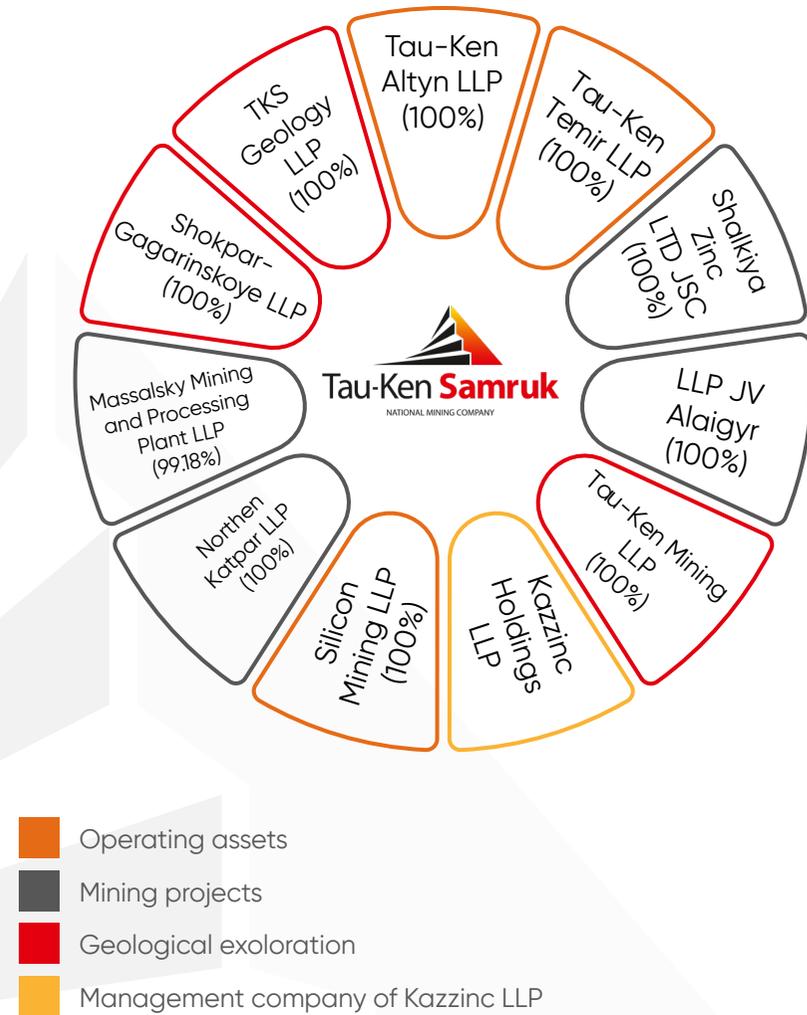
### GRI-102-9

**The Company's business model is as follows:** search/purchase of projects, their development and construction, launch of facilities, sale of a share/asset and further reinvestment in the development of new facilities.

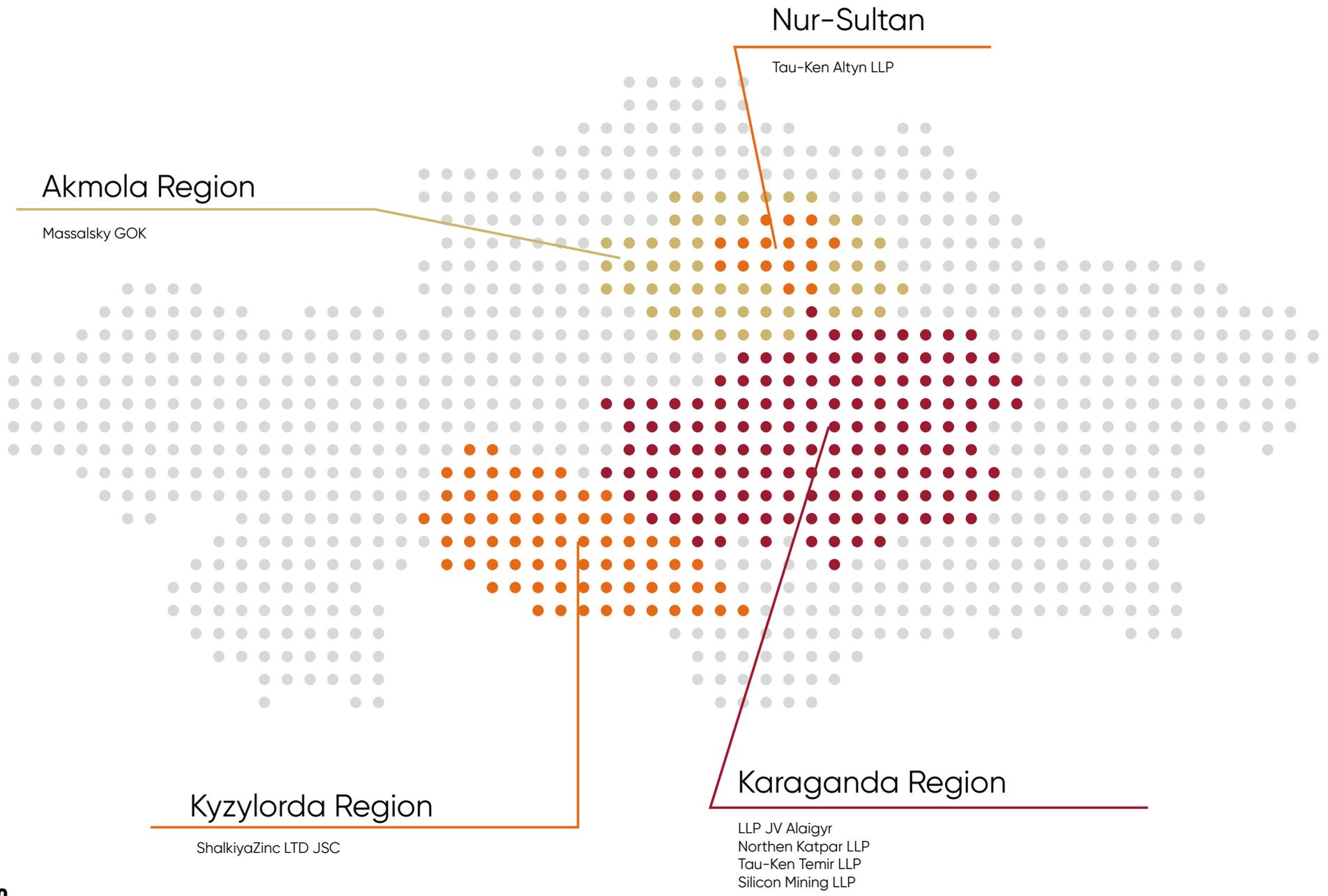


## ASSET STRUCTURE

The structure of the Company's assets as of December 31, 2020: 10 subsidiaries and 1 associated organization (Kazzinc Holdings LLP)



# GEOGRAPHY OF ACTIVITY

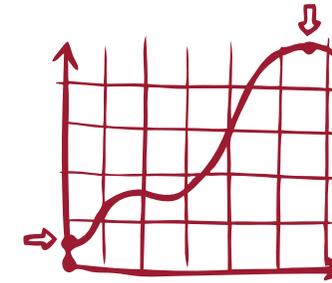


Business Model  
Geography of Activity  
Strategic Report

# 4

## Strategic report

The Company operates within the framework of the Development Strategy for 2018-2028 (hereinafter - the Strategy), approved by the decision of the Company's Board of Directors in September 2018, updated in 2020.



### STRATEGIC GOALS AND TASKS

	Strategic initiatives	Tasks	Execution status	Notes
<b>Strategic goal No.1. Create a high-quality asset portfolio</b>	Withdrawal from non-key investment projects	Full sale of the Shokpar and Gagarinskoye deposits	✓	A purchase and sale agreement was signed on October 20, 2020. The full payment for the asset was received.
	Timely completion of the construction and achievement of design parameters for key investment projects	Shalkiya: Assessment of mineral resources in accordance with the JORC Code	✓	The report was received on December 31, 2020.
		Shalkiya: Adjustment of the industrial development project (Mining Plan)	✓	On August 19, 2020, an industrial safety conclusion was received (RSE "Department of the Industrial Development and Industrial Safety Committee in Kyzylorda region"). On November 20, 2020, an environmental conclusion was received (the Ministry of Ecology, Geology and Natural Resources of the Republic of Kazakhstan)
		Shalkiya: Updating the financial and economic model of the project	✓	In December 2020, the financial and economic model was presented at the meeting of the Board of Directors (Minutes No.13/20 of December 29, 2020)
	Timely completion of the construction and achievement of design parameters for key investment projects	Alaigy: Inventory assessment in accordance with the JORC Code	✗	The Report on the "Assessment of Mineral Resources" of December 31, 2020 was received. The Reserve Report will be completed in September 2021.
		UK: Completion of technological tests for flotation	✓	In November 2020, the report was carried out by Human Research Institute for Nonferrous Metals.
		UK: Engineering and geological surveys	✓	The complex of engineering surveys has been completed in full.
	Search, evaluation and implementation of new exploration projects and within the framework of the junior program	Monitoring of exploration projects implemented jointly with strategic partners	✓	Operational data on the current status of exploration projects is submitted to the members of the Management Board on a weekly basis.

	Strategic initiatives	Tasks	Execution status	Notes
<b>Strategic goal No.2. Attract strategic partners to implement key projects</b>	<b>Tau-Ken Altyn LLP</b>			
	Improving the operational efficiency of assets	Updating the financial and economic model	✓	On November 25, 2020, the financial and economic model of the refinery was updated
		Realization of accumulated solid industrial waste (SIW)	✗	The Scientific and Technical Council of the Company (Minutes of December 23, 2020) decided to approve the "study of the possibility of developing technological solutions for the extraction of precious metals from the waste of the refining production of TKA". Before the end of 2021, it is scheduled to develop a technology for SIW processing and consider it at a meeting of the Scientific and Technical Council of the Company. Therefore, the realization of SIW is suspended.
		Automation of the precious metals production accounting system	✗	The system is not introduced. The deadline has been postponed due to the coronavirus pandemic.
		Increasing the load of the plant, switching to a tolling system of work	✓	In 2020, 33.5 tons of gold were produced (including 3 tons of tolling for the National Bank of the Republic of Kazakhstan).
		Updating of Technological Regulations	✓	Technical Regulations are updated (decision of December 07, 2020)
		Improving the operational efficiency of assets	Taking a decision on the resumption of work and the launch of silicon production	✗
	Taking a decision on the resumption of work and the launch of silicon production, including quartz mining at the Aktas deposit	✗		

<b>Improving investment efficiency</b>	Monitoring the effectiveness of the investment projects implementation at all stages of their life cycle	X	Monitoring reports on the project portfolio are submitted for consideration of the Company's Management Board and the Investment and Strategy Committee of the Fund. No reports were submitted to the Board of Directors.
	Post-investment analysis	X	
<b>Creating flexible conditions for investors on the basis of equality and mutual benefit</b>	Full sale of the subsoil use right at the SMA (Southern MoiynTy Area)	✓	The Company's Management Board decided to withdraw from the project (Minutes of December 22, 2020).
	Attracting strategic partners to Shalkiya	✓	The report was considered at the meeting of the Strategic Planning and Investment Committee in November 2020.
	Attracting strategic partners to Alaigyr	✓	A list of potential strategic partners was compiled, the database and teasers for projects in English and Russian were updated. Since May this year, there has been an active distribution of teasers with brief information on projects to investors
	Attracting strategic partners to Northern Katpar	✓	Teasers were submitted to potential partners on a long and short list, negotiations are underway with a potential investor. The database is disclosed, the possibilities are being studied
	Full sale of the asset. Massal	✓	Teasers were submitted to potential partners on a long and short list, no interest was shown.
	Measures within preparation for privatization: Preliminary stage: Analysis of the financial and economic situation, organizational structure and asset structure, transparency, corporate governance practices and other aspects of the Company's activities	✓	An independent consultant analyzed the activities of the Company and Investors Sounding. Based on the analysis, the conclusion is made about the inexpediency of transferring the Company to the competitive environment under current conditions.
<b>Corporate governance</b>	Implementation of the Action Plan for improving the corporate governance system	✓	During the reporting period, 84 events were planned, the degree of implementation of the plan is 85%
	Self-assessment of the Company's Board of Directors	X	A diagnostic report is being prepared.

<b>Human capital development</b>	HR Policy updating	✓	The HR Policy has been updated
	Implementation of the measures planned in the HR Policy	✓	Minutes of the Board of Directors of December 29, 2020 "On Consideration of the HR Policy Implementation Report for 2020"
	Updating the Company's competence model	✓	The Company's competence models have been approved
<b>Sustainable development initiatives</b>		✓	The Company's subsidiaries regularly implement Action Plans to achieve zero injuries, environmental protection, compliance with environmental management conditions specified in the permit for emissions into the environment and industrial environmental control programs. The relevant reports are submitted to the competent authorities.

# OVERVIEW OF THE ASSETS ACTIVITY

## Metallurgy

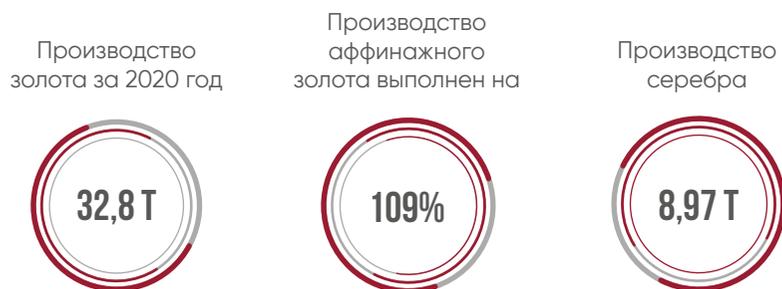
### Tau-Ken Altyn LLP Refinery

**Location:** Nur-Sultan

**Project operator:** Tau-Ken Altyn LLP

**Design capacity:** 25 tons of gold, 50 tons of silver

**Actual number of employees:** 73 people



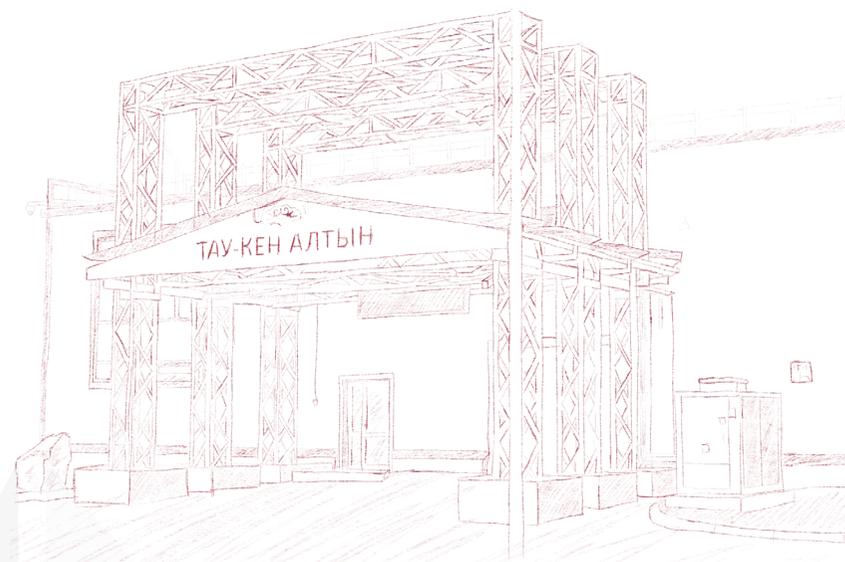
#### Background information

The Tau-Ken Altyn Refinery was put into operation in November 2013, it carries out activities for processing gold-containing raw materials (cathode and concentrate gold, jewelry and technical scrap, Dore alloy with a minimum gold content of 10%).

The final products within the framework of the state's pre-emptive right to purchase refined gold are realized to the National Bank of the Republic of Kazakhstan on a priority basis to replenish the gold and foreign exchange reserve.

The refinery is located on the territory of the industrial park – the Astana – New City Special Economic Zone.

The production and engineering staff of the refinery is staffed with qualified personnel who have extensive experience in the field of precious metal enrichment and refining.



#### The refinery products are:

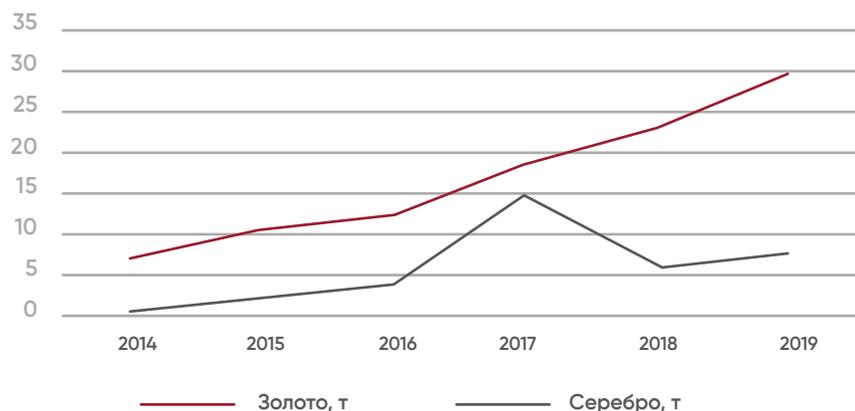
- ◆ refined gold with a quality of 99.99%, in the form of standard ingots, weighing 12 kg, measured ingots weighing 100 grams, 250 grams, 500 grams, 1,000 grams, granules;
- ◆ refined silver with a quality of 99.99%, in the form of standard ingots, weighing 30 kg, measured ingots weighing 100 grams, 250 grams, 500 grams, 1,000 grams, granules.

The refinery's technology is developed in accordance with international innovative methods of refining precious metals, which are not inferior to world leaders.

The refinery uses the technology of the electrochemical refining method, which ensures environmental safety. Subsequently, the line was supplemented with an ACIDLESS SEPARATION unit for vacuum distillation of silver from gold-silver alloys. The equipment of hydrometallurgical gold deposition was also introduced, which helped reducing the cost of production and processing of cathode gold, prepared using the radio-electronic scrap and off-balance tailings.

In 2019, Tau-Ken Altyn LLP received a Good Delivery certificate.

Production of refined gold and silver by Tau-Ken Altyn LLP:



**The following events are scheduled for 2021:**

1. completion of the introduction of the automation system for production accounting of precious metals at all stages of the technological process with the integration of the accounting system;
2. elaboration of the refining production development strategy of Tau-Ken Altyn LLP;
3. development of technology for processing solid industrial waste, taking into account the R&D results.

## OUR PEOPLE:

Due to the strengthened measures to prevent the spread of coronavirus infection among workers, the refinery continues its work in the normal mode. Prophylactic, preventive measures/ response measures are carried out on an ongoing basis.

The Central Factory Laboratory of Tau-Ken Altyn LLP took part in Interlaboratory Comparative Tests (hereinafter – ICT) as part of the qualification audit of laboratories under the programs OЦM-20-2020, OЦM-22-2020, OЦM-23-2020, Yekaterinburg Non-Ferrous Metal Processing Plant JSC is the accredited test provider (it is a member of PLAURUM international group of companies ).

The passage of the ICT is mandatory for all analytical laboratories of the precious metals manufacturers and is regulated by the quality management system of the latter. This is required according to GOST ISO/IEC 17025, the international standard – if the standard is not met, no laboratory can be recognized as competent and able to obtain technically sound results. 12 laboratories of 9 organizations participated in the ICT.



Employees of the central factory laboratory of Tau-Ken Altyn LLP are O.S. Koksegenova, Z.K. Mayamerova, A.K. Sydykova, G.K. Tungushbayeva, L. Zh. Omarova.

The Central Factory Laboratory of the refinery in the period from May 07 to September 10, 2020 took part in 3 qualification testing programs for the following test objects: silver-gold alloy (Dore) under the OЦM-20-2020 program (0.2 mm thick tape), refined gold under the OЦM-22-2020 program (0.4-0.6 mm thick tape), gold-silver alloy under the OЦM-23-2020 program (0.2 mm thick tape). During the pandemic, samples for testing qualifications were sent to the test provider via air communication by courier service, the stages of the ICT were held remotely.

The results of participation in the ICT can be used by the testing laboratory to confirm technical competence and accreditation, as well as to solve the following tasks:

- determination of the laboratory's ability to carry out special (arbitration) measurements;
- identification of problems in the laboratory and initiation of corrective actions;
- providing additional confidence among customers;
- usage of the results in establishing the certified values of standard samples;
- certification of measurement methods;
- evaluation of the results of intra-laboratory control.

According to the qualification audit, the results of measurements carried out by the central factory laboratory of the refinery were recognized as satisfactory (successful completion of the programs), which does not require any preventive or corrective actions. This confirms the high professionalism and qualification of the specialists of the central factory laboratory, as well as the technical competence and equipment of the refinery.

In the central factory laboratory of the refining plant, a management system has been approved, documented, implemented and maintained, with constant improvement of its effectiveness in accordance with the requirements of GOST ISO/IEC 17025-2019.

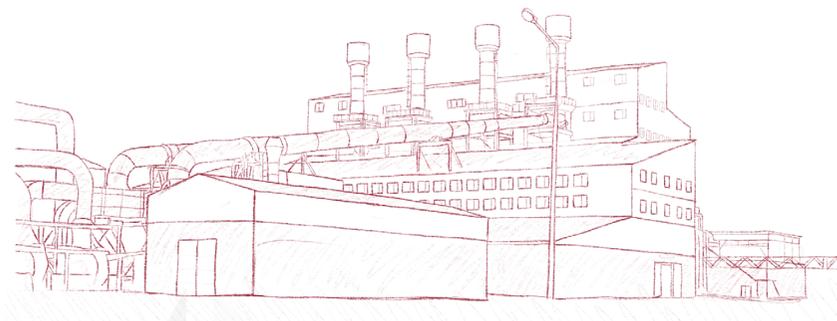
### Silicon plant in Karaganda

**Project Operator:** Tau-Ken Temir LLP

**Design capacity:** 25.3 thousand tons of technical silicon per year

**Actual number of employees:** 89 people

**Design refinery capacity:** 25.3 thousand tons of technical silicon per year.



### Background information

The refinery is equipped with the equipment of SMS SIEMAG, the German company, two ore-thermal furnaces (OTF) with a capacity of 12.6 thousand tons of silicon each are installed.

The production of technical silicon in Kazakhstan is a new industry, the development of which began relatively recently. At the moment, Tau-Ken Temir LLP is the only manufacturer of technical silicon in Kazakhstan. The main raw material, quartz is supplied from the Aktas deposit of Karaganda region, owned by Silicon Mining LLP (a subsidiary of the Company).

Since 2019, there has been decrease in prices for finished products on the market, therefore it was decided to suspend the production activities of the silicon plant with the optimization of the staff number, taking into account the conservation of production, ensuring fire and industrial safety, and the safety of the property of the production complex.

Production of commercial silicon (0-100 mm fraction) Tau-Ken Temir LLP:

Finished products	2014-2020 actual	2014 actual	2015 actual	2016 actual	2017 actual	2018 actual	2019 actual	2020 actual	2021 plan
Silicon, thousand tons	76,7	1,8	11,1	19,3	15,9	14,4	14,1	-	-

## Mining of vein quartz at the Aktas deposit in Karaganda region by Silicon Mining LLP



Silicon mining LLP was established on December 22, 2008, to extract and process vein quartz - the raw material for the silicon plant of Tau-Ken Temir LLP.

100% of the equity interest is owned by the Company.

Silicon Mining LLP owns Subsoil Use Contract No.2810 of October 09, 2008. The production period is 25 years.

The Aktas quartz deposit is located in Ulytau district of Karaganda region, 130 km northwest of Zhezkazgan city, 1.5-2.0 km from Aktas village.

To provide the mining enterprise with electricity, 110 and 35 kV power lines have been brought to the deposit.

Due to the shutdown of the silicon plant, work at the deposit has also been suspended. Currently, active work is being carried out to attract investors to the project, and active negotiations are being held with financial institutions to provide funds for the launch of production. In compliance with Government Decree of the Republic of Kazakhstan No.908 "On Certain Issues

of Privatization for 2021-2025" of December 29, 2020, the assets of Tau-Ken Temir LLP and Silicon Mining LLP are subject to the transfer to the competitive environment, in this regard, it is planned to determine the optimal method and term for the transfer of these assets.

### Reserves of the deposit as of January 01, 2019.

Mineral resources	Unit of measure	Balance sheet inventory status by category			
		B	C <sub>1</sub>	B+C <sub>1</sub>	C <sub>2</sub>
Crystal raw materials	ton	-	791,1	791,1	396,0
Piezooptical quartz	kg/mbl	-	1457,0	1457,0	582,0
Rhinestone for melting	ton	-	424,0	424,0	97,8
Vein quartz	thousand tons	1168,9	2641,8	3810,7	304,2

### Volumes of mining operations at the Aktas deposit:

Finished products	Unit of measure	2017-2020 actual	2017 actual	2018 actual	2019 actual	2020 actual	2021 plan
Quartz mining	thousand tons	295,3	32,9	149,6	112,8	-	-
Stripping operations	m <sup>3</sup>	553,7	41,4	254,6	257,7	-	-
Drilling and blasting operations	m <sup>3</sup>	121,4	11,9	61,8	47,8	-	-
Finished products	thousand tons	129,4	27,4	49,0	53,0	-	-

## MINING PROJECTS

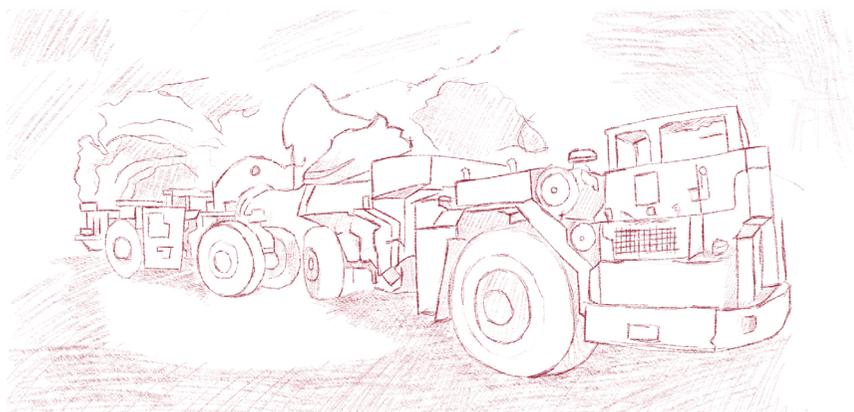
### The "Industrial development of Shalkiya, polymetallic ores deposit, with the construction of the processing plant" project

**Project Operator:** ShalkiyaZinc Ltd JSC

**Design capacity:** 4 million tons of ore per year

**Finished products:** 105 thousand tons of zinc in zinc concentrate and 21 thousand tons of lead in lead concentrate per year

**Actual number of employees:** 595 people



#### Background information

The deposit contains 104 million tons of commercial ore with an average zinc content of 3.31% (3.48 million tons) and lead of 0.98% (0.9 million tons). The project involves the expansion of the existing mine and the construction of the processing plant for the production of zinc and lead concentrates. A selective flotation scheme will be used for processing lead-zinc sulfide ores.

The deposit has its own railway with a length of 27 km, its own electric lines – 16 km, its own substation with two 40MW transformers, water supply, and developed underground infrastructure.

#### 2020 performance

The adjustment of the "Mining Plan for the Shalkiya Mine" has been completed. The documentation of the "P" stage of the Processing Plant has been developed and uploaded to the portal of Gosexpertiza RSE. The documentation of the "P" stage of the Surface Complex Facilities has been developed and uploaded to the portal of Gosexpertiza RSE. The deposit resources and reserves were estimated according to

the JORC standard. The financial and economic model of the project was adjusted. 3 tenders were held: for the services of a PMC consultant, a mining contractor and engineering and the supply of basic technological equipment according to the rules and on the electronic platform of the European Bank for Reconstruction and Development (EBRD).

#### Plans for 2021

- ◆ Obtaining a positive conclusion of Gosexpertiza RSE on the design and estimate documentation of the "P" stage for the Processing Plant and Surface Mine Facilities;
- ◆ Completion of the "E&P" stage design of the Processing Plant, the Mining Part, Surface Complex Facilities, and Infrastructure Facilities;
- ◆ Holding tenders for the construction of the processing plant, a tailings storage facility, surface complex facilities and infrastructure facilities according to the rules and on the electronic platform of the EBRD, the start of construction of these facilities;
- ◆ Completion of the construction and commissioning of external power supply facilities of the Shalkiya mine and the Processing Plant;
- ◆ Reconstruction of the Zhanakorgan water pipeline for the purpose of uninterrupted supply of the mine with technical water;
- ◆ Design with the passage of state expertise and the beginning of the construction of a gas pipeline to supply the Processing Plant.

## OUR PEOPLE:

**Iskander Saidazimovich Arzumetov**, the Chief Engineer of ShalkiyaZinc Ltd JSC during the coronavirus pandemic was directly involved in the transition to an isolated mode of operation, with the suspension of mining and preparatory work. The mine was operating in a life support mode. He was at the enterprise for 2.5 months without leaving. In the shortest possible time, together with the specialists and the management of the mine, they switched to isolation, which made it possible to avoid mass infection with the virus among the mine workers during the peak of the pandemic in 2020. Further, with the weakening of the pandemic, they switched to a shift method of work with a 30/30-day regime, with the testing directly at the enterprise with complete isolation of workers for the duration of the shift. He got additional experience working with people in critical situations.

I.S. Arzumetov passed the training program



and received Certificate No.36/14 of February 10, 2020 on the "HSE Training for Managers and Responsible Persons" course at the "Work Safety" LLP training center. He participated in the annual training program for the "Management of blasting operations in underground workings and on the surface of mines that are not dangerous for gas and dust explosion with access to mechanized loading of boreholes and wells and work with explosive materials" course at Protect KZ LLP, Minutes of February 04, 2021. He also trained at the webinar on the topic "Training of members of the conciliation commission on the application of labor legislation of the Republic of Kazakhstan, the development of negotiation skills and consensus building in labor disputes", Certificate No.2100142 of February 03, 2021 of the BOLASHAK International Academy.

In December 2020, he was awarded a Certificate of Honor of JSC Sovereign Wealth Fund "Samruk Kazyna" signed by A.S. Yessimov on the occasion of the Independence Day of the Republic of Kazakhstan.



**Serik Rakhmatullayevich Adayev**, the Deputy Head of the Department (Production and Technical Department). During the coronavirus pandemic, he was directly involved in the transition to an isolated mode of operation, with the suspension of mining and preparatory work. He was at the enterprise for 1,5 months without leaving. In the shortest possible time, together with the specialists and the management of the mine, they switched to isolation, which made it possible to avoid mass infection with the virus among the mine workers

during the peak of the pandemic in 2020. He completed the training program for the STUDIO 5D PLANNER course for planning, designing mining operations with a DATAMINE certificate. He was awarded the Yenbek Uzdigi medal.

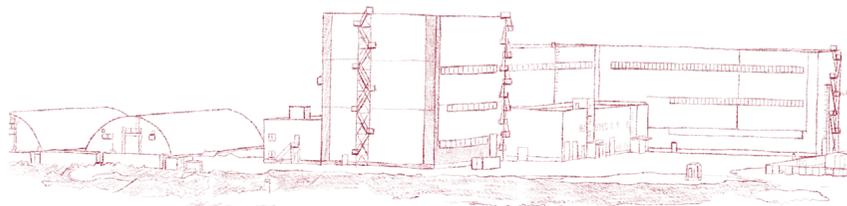
### «Extraction and processing of polymetallic ores of the Alaigyr deposit in Karaganda region» project

**Project Operator:** LLP JV Alaigyr

**Design capacity:** 900 thousand tons of ore per year

**Finished products:** 65 thousand tons of lead and 15.6 tons of silver in concentrate per year

**Actual number of employees:** 51 people



#### Background information

The balance sheet reserves of lead of the Alaigyr deposit, approved by the State Reserves Commission of the Republic of Kazakhstan, amount to 18.5 million tons of ore (1 million tons of metal), the average lead content is 5.69%. As part of the project, it is planned to build a mining and processing plant with an ore capacity of up to 900 thousand tons per year.

The Alaigyr deposit is located in Karaganda region, on the border of Karkaraly and Shet districts, 130 km south-east of Karaganda city. The administrative center of Shet district – Aksu-Ayuly village, is located 60 km to the southwest.

#### 2020 performance

The EPC Contract has been signed for the development of the DED for the "Project" stage, the "Working Documentation" stage, the supply of equipment and the construction of the processing plant, an infrastructure facility, a tailings storage facility and a recycling water supply system. Mineral resources were evaluated according to the standards of the 2012 JORC Code. To expand the mineral resource base of the Alaigyr project, licenses were obtained for the Berkara and Samombet deposits, which will increase the project's resources and extend the life of the mine. The construction of a flotation concentrate storage warehouse with a railway dead end has been completed. Construction work continues on the production and administrative building (PAB), a fuel warehouse, a water pipeline, on-site engineering networks,

a rotational camp.

### Plans for 2021

- The Feasibility Study development, which includes an assessment of the reserves at the Alaigyr deposit according to the 2012 JORC Code standards.
- Obtaining a positive conclusion of the Refinery project ("P" stage), the beginning of construction and installation works and the supply of technological equipment according to the terms of the EPC contract.
- Completion of construction and installation works on the rotation camp, roads to the flotation concentrate warehouse, industrial site facilities (PAB, fuel depot, water pipeline, on-site engineering networks).
- Providing the Alaigyr project with bank financing.

## OUR PEOPLE:

**Tatyana Vladimirovna Shvetsova** has been working at LLP JV Alaigyr since May 18, 2017, as a geologist engineer. The total work experience is 36 years. She is engaged in engineering and geological surveys for the construction of the Processing Plant facilities. The quality of the construction and the durability of buildings and structures largely depends on the results of these studies. An important part of the work is the verification (confirmation) and increase in the historical reserves of useful components of the Alaigyr deposit, as well as the search for additional geological resources for the work of the Processing Plant in the future. In her work, she uses modern methods of 3-dimensional modeling of the deposit, assessment of its resources and reserves. The plans include further study of the Datamine program in the field of reserves optimization, drilling and blasting operations design, strategic planning of the mine's activities during the development of the deposit, modern methods significantly increase the efficiency of the enterprise. The construction and launch of the Processing Plant at Alaigyr is the creation of a large number of new jobs, which means improving the well-being of our Kazakhstanis.

Currently, she is studying at the school of mentors in the Kazakhstan project "Mentors", which is aimed at helping orphaned children from orphanages to form the skills and abilities of independent life through a personal adult friend and mentor. "I've been thinking about this for a long time. I can't help all the children

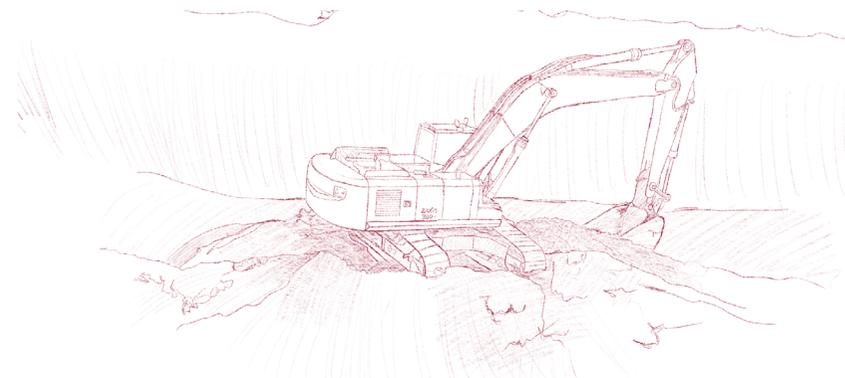


from orphanages, but I can give love and care to one little man. There should be no abandoned children in peaceful Kazakhstan" - said Tatyana Vladimirovna.

In 2020, Tatyana Vladimirovna, during the pandemic, participated in the "Uzdik Maman" competition held by JSC Sovereign Wealth Fund "Samruk-Kazyna" and took the 4th prize, which is a significant result not only for the Partnership, but also a great success and achievement for Tatyana Vladimirovna herself.

### «Construction of a mining and metallurgical complex on the basis of the Massal iron ore deposit in Akmola region» project

**Project Operator:** Massalski Mining and Processing Plant LLP  
**Design capacity:** 11 million tons of ore per year  
**Finished products:** high-grade and hot-rolled steel products



### Background information

The deposit reserves were estimated and accounted for the state balance sheet of the SRC of the Republic of Kazakhstan. The total operational reserves of ore in C1 and C2 categories (accounted for the state balance sheet) amount to 729 million 156 thousand tons with an average iron content of 15.82%.

### 2020 performance

To implement the "Iron ore mining at the Massal Deposit in Akmola Region" project, it is planned to attract a strategic investor for the joint implementation of the project.

In the reporting period, expenses were optimized for the period of searching for a strategic partner. The work is underway on finding a strategic partner.

#### Plans for 2021

- Continue the search for a strategic partner.

## PROJECTS AT THE DESIGN STAGE

### «Joint development of tungsten-molybdenum ores of the Northern Katpar and the Upper Kairakty deposits in Karaganda region» project

**Project Operator:** Northern Katpar LLP

**Design capacity:**

Northern Katpar deposit: production of 3.0 million tons of ore per year

Upper Kairakty deposit: production of 7.0 million tons of ore per year

**Finished products:** 10 thousand tons of ammonium paratungstate; 0.5 thousand tons of molybdenum, 1.5 thousand tons of bismuth and 2.6 thousand tons of copper in concentrates annually

**Actual number of employees:** 11 people



#### Background information

The balance sheet reserves of primary ores for the Northern Katpar deposit in the pit contour amount: in terms of category C1 +C2 - 47.8 million tons; WO 3 - 110.3 thousand tons (WO3 - 0.231%), Mo - 18.2 thousand tons (Mo - 0.038%), Bi - 9.9 thousand tons (Bi - 0.021%, Cu - 71.6 thousand tons (Cu - 0.15%).

According to historical data, the Upper Kairakty deposit contains 919.7 million tons of ore with an average content of 0.132% tungsten trioxide (1,212 thousand tons), 0.004% molybdenum (39.2 thousand tons).

#### 2020 performance

Northern Katpar LLP performs research, pre-design and additional exploration of the Northern Katpar (hereinafter - NK) and Upper Kairakty (hereinafter UK) deposits. The purpose of the Project is the construction of mining and processing plants at both deposits and a single metallurgical production.

A complex of engineering surveys and geological exploration works has been completed for the NK deposit. The Technological Regulations for the design of the processing plant have been developed. A mineral resources report has been developed in accordance with the requirements of the JORC Code. Work on the development of a feasibility study of industrial conditions and a report with inventory calculation has been completed. Engineering surveys have been carried out. A Mining Plan and a Liquidation Plan have been developed and approved by the competent authorities. The work on revaluation of the balance sheet reserves of underground water within the framework of hydrogeological studies has been completed. The work on determining the geomechanical justifications of the parameters of the rock mass management has been completed. Work has begun on the development of a preliminary feasibility study for the mine construction (Pre-Feasibility Study).

A complex of geological exploration works has been completed for the UK deposit. A mineral resources report has been developed in accordance with the requirements of the JORC Code. Research and development works (R&D) on X-ray radiometric, X-ray luminescent and X-ray adsorption methods of ore pre-enrichment were carried out. A revaluation of the reserves of the Mashuransky underground water field was performed. The work on hydrogeological studies has been completed. The work on technological tests in terms of pre-enrichment and flotation has been completed. Research works on heap leaching of poor ores and industrial products of pre-enrichment were carried out. The development of reports on the feasibility study of industrial conditions with the calculation of reserves has begun.

## Plans for 2021

### Northern Katpar deposit:

- ◆ Completion of work on the development of a preliminary feasibility study for the mine construction (Pre-Feasibility Study).
- ◆ Completion of work on the development of a Mining Plan and a Liquidation Plan.
- ◆ Amendments to the Contract regarding the postponement of financial obligations for capital expenditures from 2020-2021 to subsequent periods and the transfer of the start of mining operations to 2025.

### Upper Kairakty deposit:

- ◆ Completion of work on the development of reports on the feasibility study of industrial conditions with the calculation of reserves with approval by the State Reserve Committee of the Republic of Kazakhstan
- ◆ Protection of the Report on the results of the search and exploration works carried out in the STESU to assess the reserves of drainage waters of the deposit quarry.
- ◆ Implementation of the research work "Development of the modern technology for the enrichment of tungsten-molybdenum ore from the Upper Kairakty deposit. Conducting laboratory and semi-industrial tests of pre-enrichment, flotation, and APT production technologies. Development of technological regulations for design".
- ◆ Execution of geological exploration works (drilling of geotechnical wells) with geological support of explorations.
- ◆ Completion of work on the Exploration Plan development.
- ◆ Amendments to the Contract regarding the extension of the exploration period for 2 years until May 26, 2023.

### Project Significance

The total reserves for the NK and UK deposits are estimated at about 1.3 million tons of WO<sub>3</sub>. The total design capacity of the NK and UK exceeds 12.5 thousand tons of ammonium paratungstate (APT), which is the main product of metallurgical production. Accordingly, after reaching the design capacity of these deposits, Kazakhstan can become one of the key players in the global tungsten market.

The Project implementation will have a positive result on the following strategic factors:

- ◆ It will be possible to start implementing the Development Strategy of the rare metal cluster and the revival of the tungsten industry in Kazakhstan.
- ◆ It will have a positive impact on the social and economic development of Karaganda region, in particular: creation of more than 800 new jobs, construction of new and reconstruction of existing infrastructure facilities, ensuring the growth of tax revenues to the state budget in the amount of about KZT315.6 billion, as well as improving the investment climate in the region (at the exchange rate as of December 31, 2020);
- ◆ An alternative mineral resource base of tungsten will be formed for the world community, with the attraction of additional foreign investments.
- ◆ There will be an opportunity for further development of the tungsten industry in the country, in particular, the beginning of the development of a competitive industry for the production of finished tungsten products in the Republic of Kazakhstan.

Given the total reserves of both deposits, the project is quite attractive for potential investors, in particular, for companies specializing in the tungsten industry.

## OUR PEOPLE:

**Gani Kunirbayevich Kulmukhamedov** – the Chief Technologist, co-author of patent No.34736 for the "Tungsten ores processing method" invention. The technology of heap leaching of tungsten ores from the Upper Kairakty deposit, which has no analogues in the world, provides for acid leaching of ore and sorption extraction of tungsten and bismuth from the leaching solution. The barren solutions of bismuth and tungsten sorption return to heap leaching, implementing the concept of zero discharge. Bismuth and ammonium paratungstate are obtained as commercial products. The introduction of this technology in the existing production will increase the economic efficiency of the Project with relatively small capital costs. In 2020, this method of processing tungsten ores was officially patented.

There is still a lot of research to be done for the successful implementation of the technology.



However, the results achieved so far open up new prospects for the tungsten industry in Kazakhstan.

During the pandemic period from 2020–2021, G.K. Kulmukhamedov participated in the implementation and acceptance of research and pre-project works, such as:

1. "Enlarged laboratory tests of the technology of heap leaching of poor ores and industrial products of pre-enrichment of the Upper Kairakty deposit". Republic of Kazakhstan, Karaganda, Kazgidromed LLP;
2. "Technological tests for flotation on ore from the Upper Kairakty deposit.", People's Republic of China, Hunan city;
3. "Development of the pre-feasibility study for the construction of a mine at the Northern Katpar deposits." Republic of Kazakhstan, Ust-Kamenogorsk, KAZGIPROTSVETMET LLP";
4. Development of a technical specification for "Implementation of the research work" Development of the modern technology for the enrichment of tungsten-molybdenum ore from the Upper Kairakty deposit. Conducting laboratory and semi-industrial tests of pre-enrichment, flotation, and APT production technologies. Development of technological regulations for design".

As a result of the conducted technological research, positive results were obtained that permit for the effective enrichment of tungsten-molybdenum ore.

## Geological exploration

According to the project "Prospecting and evaluation works for copper and foreign-metal impurities at the Kundyzyzinsky and Berchegursky ore objects in Aktobe region", an Exploration License was obtained in 2020. Currently, the preparation of a plan for the exploration of copper and foreign-metal impurities is being completed, and geological exploration is scheduled to begin in 2021.

## Implementation of projects with investors

- 1) Conducting exploratory geological exploration together with Kazakhstan Fortescue LLP, this company is a 100% subsidiary of Fortescue Metals Group, the large Australian company. Within the framework of the project, it is planned to conduct geological exploration on the territory of

Kazakhstan with the attraction of foreign investments in the amount of USD42 million in the first 6 years of exploration. The Company's equity interest amounts to 20%.

- 2) Within the framework of cooperation with Discovery Ventures on the projects "Dalny", "Novo1", "Novo2", "Apmintas" in Zhambyl, Karaganda, East Kazakhstan regions, the Company received 4 licenses for the exploration of gold, copper, zinc and foreign-metal impurities in Chu-Ili, Zhambyl and Karaganda regions, and the Rudny-Altai belt of East Kazakhstan region. The total exploration area is about 1350 km<sup>2</sup>. Discovery Ventures Kazakhstan LLP acts as the operator company. At the initial stage, Discovery Ventures Kazakhstan LLP will be engaged in the collection and interpretation of historical data, geophysical research and geological mapping, followed by the calculation of geological exploration work for subsequent years. The approximate term of geological exploration is 6 years. The Company's equity interest amounts to 20%.

- 3) Geological exploration project in Suzak district of Turkestan region jointly with SH Minerals LLP. The company received 1 license territory for rare metals in Turkestan region for 17 blocks. In 2020, SH Minerals LLP acted as the project operator. The costs of the project before the construction stage are borne by the partner – SH Minerals LLP. The Company's equity interest in the project amounts to 20%.

## INNOVATIVE ACTIVITY OF THE COMPANY

The implementation of the Company's innovation process determines its success and increases the efficiency of its activities in the future, ensuring the reality of achieving the set strategic goals, in this regard, the Company conducts research and development work on an ongoing basis.

◆ Research and development work (R&D) on the extraction of gold and rare earth metals from abandoned uranium mines of JSC NAC Kazatomprom (hereinafter-KAP).

Summary: the technology of underground borehole leaching (UBL) of gold is being developed on the abandoned technological blocks of uranium deposits of KAP.

From May to August 2020, the 1st stage of work was carried out: determination of the prospectivity and geological feasibility of the UBL of gold on the uranium deposits of KAP - an analysis of the historical information of Volkovgeologia JSC and an assessment of international experience on the UBL of gold was carried out.

From August to December 2020, the 2nd stage of work was carried out: the development of a technology for leaching gold in laboratory conditions with the development of a pilot tests program (PTP) for UBL of gold on uranium deposits of KAP using the Push-Pull method - the selection and approbation of core material was carried out (an acceptable content of native gold was found), the gold UBL technology was developed in laboratory conditions, the UBL working program was approved.

Currently, the 3rd (final) stage of work is being carried out.

R&D implementation terms (preliminary) are scheduled for 2020-2021.

◆ R&D on the processing of solid industrial waste (SIW) of the refinery.

Summary: annually at the refinery of Tau-Ken Altyn LLP (hereinafter - Partnership), more than 12 tons of solid waste with a content of at least 21 kg of gold are accumulated. At that, the

Partnership does not have its own technology for processing such gold-containing raw materials and has to sell it to foreign processors.

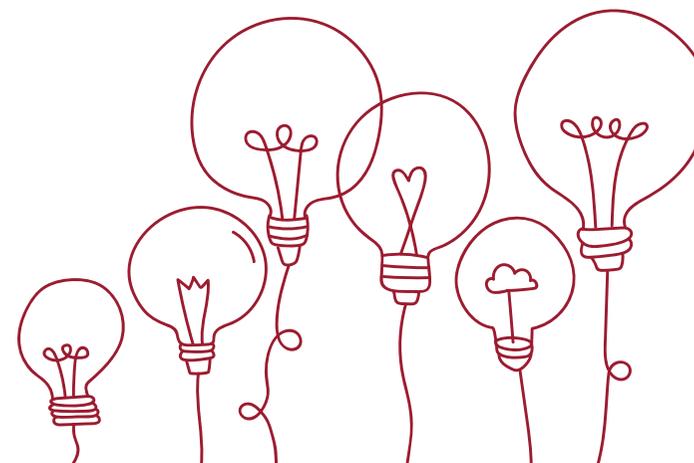
Currently, a benchmarking of existing technologies for processing SIW on the market, an economic assessment of the introduction of a new technological conversion, R&D and implementation of the project is being carried out.

◆ R&D on the processing of catalysts containing platinum group metals (hereinafter - PGM).

Summary: at the moment, there are no enterprises for processing catalysts containing PGM in Kazakhstan. At that, about 300-400 tons of spent catalysts (automobile neutralizers, refinery catalysts, etc.) are exported from the Republic of Kazakhstan annually.

Currently, a benchmarking of available technologies for processing catalysts on the market, a marketing analysis of the quality and quantity of raw materials, a search for investments for research and project implementation is being carried out.

◆ In 2020, R&D was begun for pre-enrichment of ore using the XRT separation is being introduced, which helps additional involvement of poor ores of the deposit in the development.



## ANALYSIS OF THE EXTERNAL ENVIRONMENT

### Legislative environment and investment climate

In compliance with the legislation of the Republic of Kazakhstan in the field of subsoil use, the Company applies to the competent authority – the Ministry of Industry and Infrastructure Development of the Republic of Kazakhstan and other public authorities, including local executive bodies, for obtaining licenses and subsoil use rights, registration and approval (examination) of documentation, registration of land plots and other issues for exploration and mining. Coordination with the competent authority of the Company is carried out when transferring contracts for subsoil use to a subsidiary (dependent) organization.

In the case of the subsoil use right transfer (a share in the right of subsoil use), objects related to the right of subsoil use, under a transaction in which a national company is one of the parties, the Company notifies the Competent Authority.

Public authorities may influence the Company's activities in accordance with the provisions of the legislation of the Republic of Kazakhstan regulating the business activities of legal entities.

In compliance with the Entrepreneurial Code of the Republic of Kazakhstan, the Company applies to the antimonopoly authority with a request to obtain consent to establish subsidiaries, including for the purpose of implementing joint venture agreements with strategic partners, as well as for obtaining consent to economic concentration when concluding transactions for the acquisition of mining assets (equity interest, blocks of shares).

Kazakhstan has created a favorable investment climate due to political and macroeconomic stability, state support for entrepreneurship. The development of the geological and mining industries is an important and priority for the country.

The industry occupies a leading position in the main types of minerals in the world, is represented in the

world market of copper, uranium, titanium, ferroalloys and polymetals and has a significant impact on the regional markets of iron, coal and aluminum.

The ongoing consistent reforms are aimed at increasing the competitiveness, technological and professional level of the subsoil use sphere, creating comfortable conditions for investors, jobs and improving social welfare.

An important initiative was the entry of the Code of the Republic of Kazakhstan "On Subsoil and Subsoil Use" into force in June 2018, which introduced the best international practices in ensuring transparent and understandable methods of state regulation of the industry, access to geological information, harmonization of national standards with international ones.

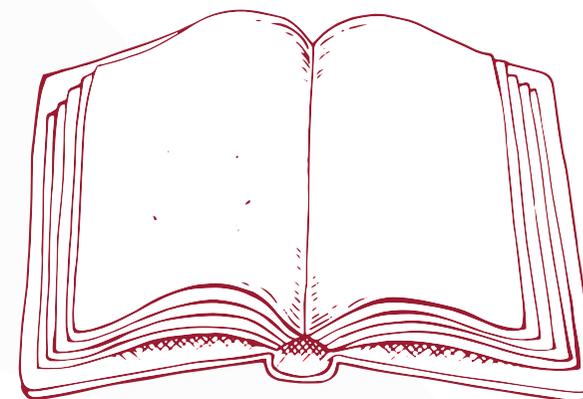
A license regime for granting the subsoil use right on the principle of "First Application" has been introduced for the first time, while subsoil use contracts received before the Code was put into effect have been preserved, with the possibility of further transition to licenses. There are clear and exhaustive requirements for obtaining licenses, validity periods, the procedure for conducting subsoil use operations, reporting and obligations of the subsoil user.

The transition to the international system of reporting standards for mineral reserves of the CRIRSCO family (KazRC) has also been ensured, mechanisms for stimulating the creation of new, expansion or modernization of existing production facilities for processing solid minerals are provided. The world's best practices are being introduced to ensure environmental safety during subsoil use operations, etc.

Kazakhstan has a unique mineral resource base. The country ranks first in the world in terms of proven reserves of zinc, tungsten and barite, second – in silver, lead and chromites, third – in copper and fluorite, fourth – in molybdenum, sixth – in gold. Kazakhstan also has

significant oil and gas resources and ranks 9th in the world in terms of proven oil reserves, which are concentrated in the western regions. In addition, the republic ranks 8th in terms of coal reserves and 2nd in terms of uranium reserves. The main trading partners of the Republic are Russia and other CIS countries, China, and European countries.

The company is a member of the "Republican Association of Precious Metals Producers", the "Republican Association of Mining and Metallurgical Enterprises".

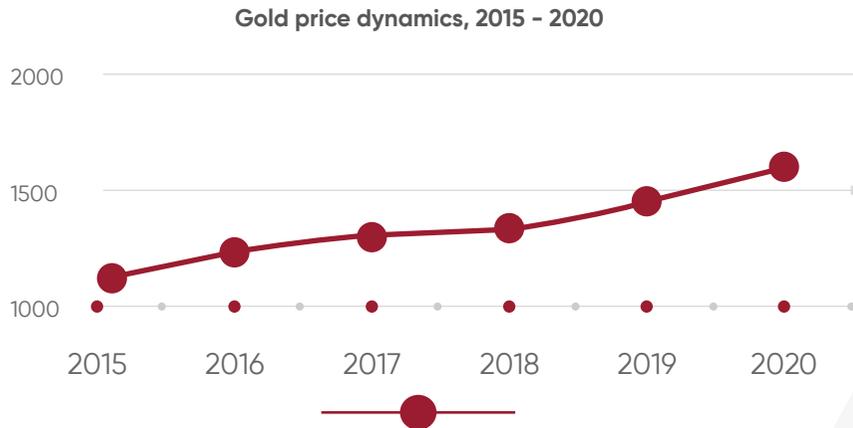


# GOLD MARKET OVERVIEW

Gold was one of the most effective assets of 2020 due to the combination of:

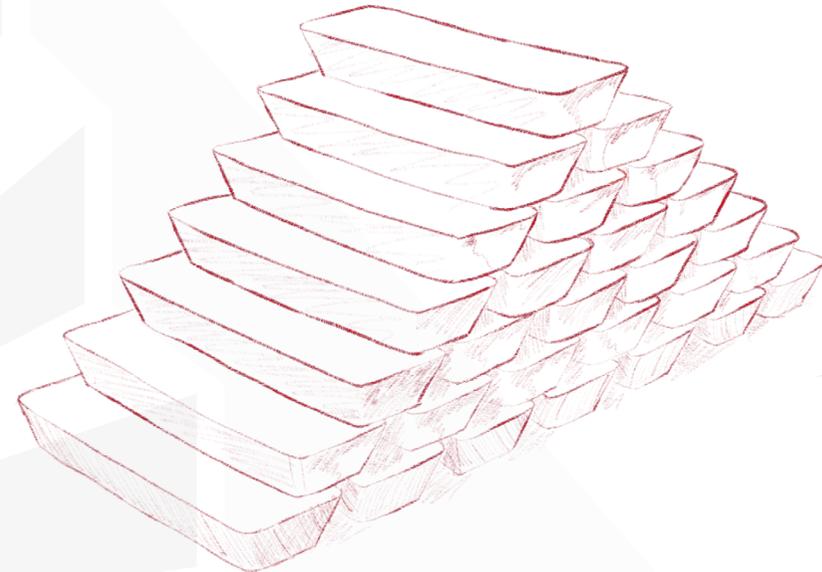
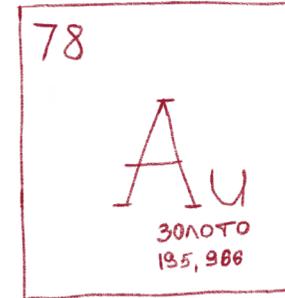
- ◆ High risk;
- ◆ Low interest rates;
- ◆ Positive price dynamics (mid-second-third quarter).

Gold also had one of the lowest drawdowns during the year, which helped investors limit losses and manage the risk of volatility in their portfolios (Chart 1).



Source: LBMA gold prices

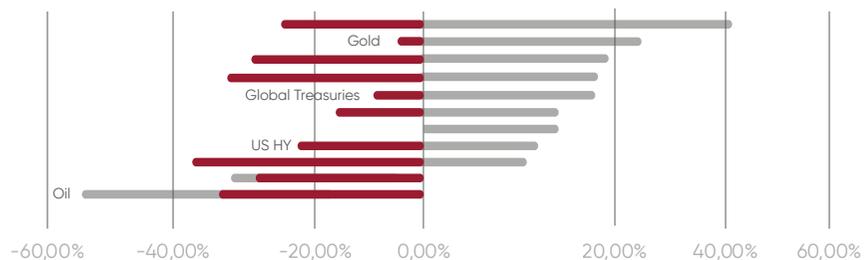
By the beginning of August, the price of gold according to LBMA quotes reached a historical maximum of USD2 067.15 per troy ounce. While the gold price subsequently consolidated below its one-year high, it remained above USD1 850 per troy ounce for most of Q3 and Q4, having ended the year at the level of USD1 887.60 per troy ounce.



### Demand

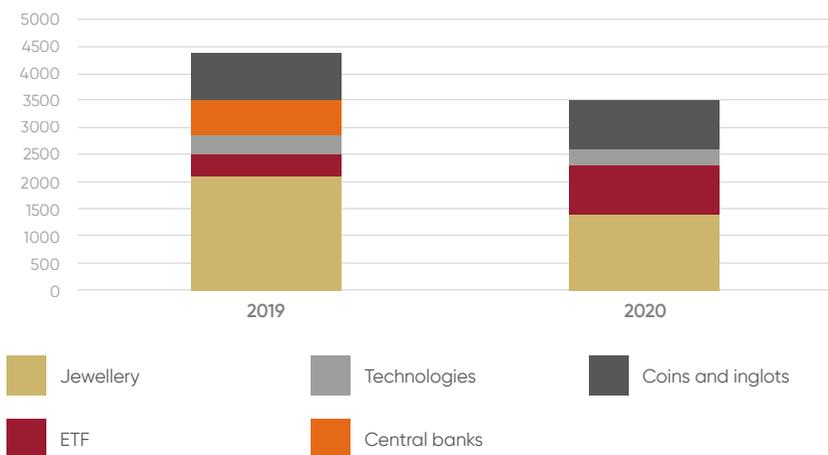
The coronavirus pandemic with its ongoing consequences was the driving factor behind the weakening of consumer demand during 2020, which led to a 14% drop in annual demand to 3 759.6 tons, which is the lowest since 2009 (4 000 tons per year).

#### Gold is the best performing asset in 2020



Source: World Gold Council

#### Annual gold demand at 11-year low, below 4,000 tons



Source: World Gold Council

### Supply

In 2020, the total supply fell by 4% YoY; deeper processing slightly offset the decline in production at the mines.

- ◆ Total supply fell by 4% YoY in 2020 to 4 633 tons, which is the first annual decline since 2017.
- ◆ Annual production at the mines decreased by 4% YoY to 3 401 tons mainly due to failures related to COVID-19.
- ◆ Annual supply of processed gold increased by only 1% YoY, despite record gold prices.

## SILICON MARKET OVERVIEW

During 2020, the silicon market showed increasing signs of recovery after a difficult 2019, when demand was negatively affected by a slowdown in economic growth, exacerbated by uncertainty related to trade conflicts and other factors, such as Brexit, the Covid-19 outbreak worldwide.

There was rapid growth in demand for silicon in the market, the total demand reached more than 735 000 tons in Q4 2020, which is at least 105 000 tons more as compared to the results of Q3 2020. The surge in demand can be explained by restocking (mainly Asia), but this is mainly reflected in growth of silicon consumption in all major market segments.

Increase in demand did not lead to comparable increase in silicon production. As the supply decreases, prices for silicon have increased significantly since mid-September 2020. During Q4 2020, largest increase occurred in China and other parts of Asia. The largest aggregate growth occurred in the EU.

### Demand and supply

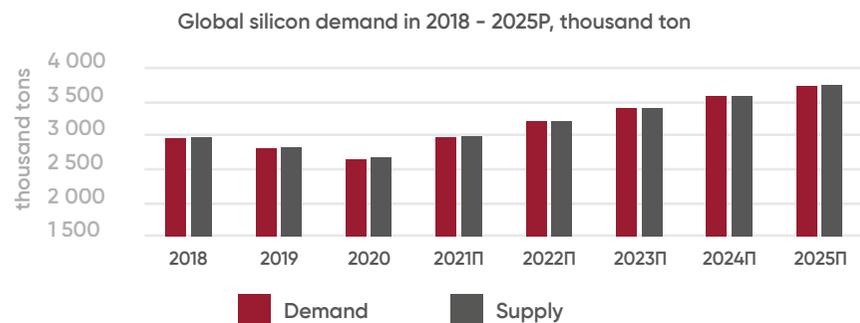
Production outside of China began to show signs of recovery from Q3 2020, but significant growth is not expected until Q2 2021, when it is planned to put into operation significant volumes of additional capacity in Europe and Brazil. Meanwhile, a shortage of containers and continuing restrictions on the export of materials from China have exacerbated the current supply constraints.

Due to the combination of reduced local production and sharp recovery in domestic and international demand, the seasonal growth of silicon

reserves in China in H2 was much less in 2020 than usual. At the same time, producers' reserves outside of China have declined significantly since mid-2020, as shown in the chart above.

In addition, the differences in future years are much smaller than between 2020 and 2021.

Silicon prices are expected to be significantly higher in 2021 than forecasted in December 2020. The differences in future years are much smaller.

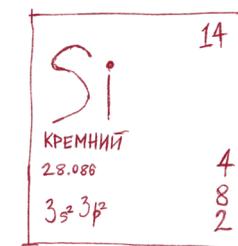


Source: CRU Group

### Kazakhstan silicon market

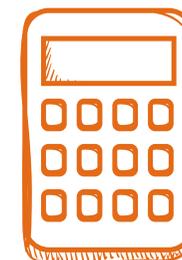
The silicon metal production plant of Tau-Ken Temir LLP is the only such enterprise not only in the Republic of Kazakhstan, but on the territory of the Central Asia countries. The production capacity is 24 000 tons of finished products per year.

The main directions are the countries of the European Union (the Kingdom of the Netherlands, Great Britain, Italy, Germany), the countries of the Customs Union.



# 5

## Report on financial and economic activities



Key performance indicators

### 1. Production indicators

Name	Unit of measure	M12 2019	M12 2020		2021
		Actual	Plan	Actual	Plan
Refining gold production	thousand ounces/t	938,7/ 29,2	964,5/ 30,0	1 078,4 /33,5	1555,17/50
Metallurgical silicon production	ton	14 134	0	0	0

- The refined gold production at the refinery in Astana in the reporting period amounted to 1 078. 4 thousand ounces (33.5 tons), of which 223.4 thousand ounces (6.9 tons) were processed from raw materials obtained on a tolling basis. Thus, the actual indicator of the refined gold production for M12 2020 increased by 12%.
- The production activity of the refinery in Karaganda has been suspended until the global situation on the silicon market improves.

### 2. Overview of financial activities

Name	Unit of measure	M12 2019 Actual	M12 2020 Actual	2021 Plan
EBITDA margin <sup>2</sup>	%	0,12	0,13	0,5
Net income (loss)	KZT billion	40,2	72,1	35,6

For M12 2020, the actual EBITDA margin was 13% at the level of 2019.

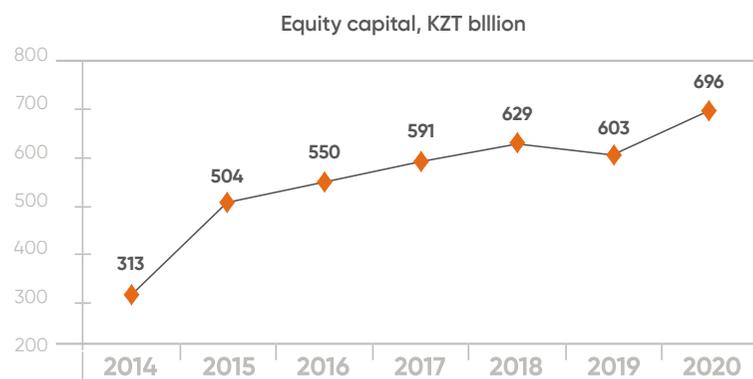
Increase in Net income by KZT31.9 billion for M12 2020 as compared to the same period of 2019 is mainly due to growth in operating income (+KZT5.6 billion), increase in equity income from subsidiaries and dependent organizations in the amount of (+KZT23.7 billion), decrease in the impairment loss of financial and non-financial assets in the amount of (+KZT3.3 billion).

<sup>2</sup> the indicators are calculated according to the methodology approved by the Sole Shareholder

### 3. Information on equity adequacy indicators

**Equity capital** of the Company as of December 12, 2020 amounts to KZT696 billion. Increase in the amount of equity capital by KZT93 billion as compared to the amount of equity capital as of December 31, 2019, is mainly due to the following factors:

- increase in other capital components in the amount of KZT51 billion – recalculation of the reporting currency of Kazzinc LLP;
- increase in retained earnings by KZT42 billion for 2020.

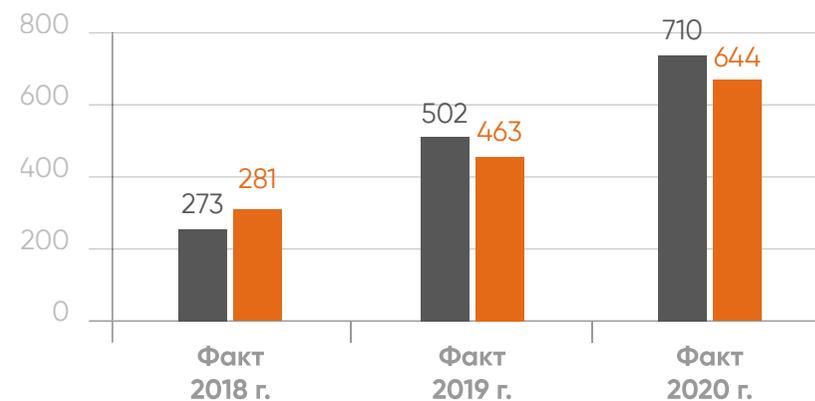


### 4. Information about liquidity indicators

Following results of 2020, the indicator of financial dependence is 0.04, the concentration of equity capital is 0.96, which characterizes the current financial condition of the Company as stable and independent of external creditors.

The indicator of the current liquidity ratio is 6.40, which positively characterizes the current financial condition of the Company, due to the sufficient amount of available resources to the current liabilities.

### Total income and expenses, KZT billion



Total income for KZT717 billion for M12 2020 is formed mainly by income from the sale of refined gold for KZT638.1 billion, due to the realization of refined gold to the National Bank of the Republic of Kazakhstan and realization of metallurgical silicon in the amount of KZT1 billion, refined silver for KZT0.143 billion, the financial income in the amount of KZT1.3 billion, resulting from the placement of temporarily available funds in the second-tier banks, and receipt of other income and currency difference for KZT0.8 billion, as well as income from subsidiaries and dependent organizations in the amount of KZT75.3 billion.

Total expenses for 2020 amount to KZT645 billion and include expenses for the purchase of gold-containing raw materials and expenses accounted for in the production of refined gold and metallurgical silicon for KZT629.7 billion, general and administrative expenses of the Company's Corporate Center and subsidiaries in the amount of KZT3.2 billion, sales expenses for KZT0.1 billion and financial expenses in the amount of KZT0.5 billion, as well as other non-operating expenses for KZT1.1 billion, asset impairment in the amount of KZT9.2 billion and expenses on taxes and other payments to the budget for KZT1.2 billion.



# Sustainable development

## Address of the Chief Executive Officer

JSC NMC Tau-Ken Samruk is consistently working on the development of the corporate governance system and strives to regularly provide the necessary information to all stakeholders on sustainable development issues. The Company prepares a report on an annual basis in accordance with the Standards of the Global Reporting Initiative (GRI), which help for high-quality disclosure of relevant information. This is our fifth report prepared in this format.

In the report, you will find information on HR management, work on creating safe working conditions, minimizing the impact on the environment during production activities, on maintaining environmental safety and preserving the natural environment.

When disclosing information about sustainable development, we follow the principle of materiality and select the most significant topics that deserve to be reflected in the Report. The selection is carried out considering the opinions of internal and external stakeholders. The stakeholders of our business are our employees, the local population, our Shareholder, government authorities and investors.

The responsible persons conducted a survey using questionnaires and personal interviews both inside

and outside the organization. Based on the results of the analysis of collected data, the materiality in terms of the Company's impact in the field of economy, society and ecology was assessed. The materiality matrix and the principles of determining the Report are presented in the Report. The topics that are recognized as the most significant are reflected in this Report.

The Company understands the extent of its influence on the economy, environment and society. We strive to ensure our sustainable development in the long term, observing the balance of interests of all stakeholders, and are guided by the initiatives of the United Nations Global Compact.

In 2021, we will continue to work on further implementation of the principles of sustainable development in the group's production activities.



**Kanat Zhakypuly Kudaibergen**  
Chief Executive Officer of  
JSC NMC Tau-Ken Samruk

## COMMITMENT TO THE UN SUSTAINABLE DEVELOPMENT GOALS

The Company strives to contribute to the achievement of global Sustainable Development Goals by introducing the principles and values of sustainable development, implementing good business practices, taking economically feasible measures to minimize the impact of operating activities on the environment and the local population, and increasing value for all stakeholders.

When developing goals and tasks in the field of sustainable development, the Company can use the goals of the UN Global Compact, which the Company supports, including:

Goal No.3 Good health and welfare – Information is disclosed in the Health and Labor Protection section).

Goal No.4 Quality education – Information is disclosed in the Development and Advanced Training section.

Goal No. 5 Gender equality – Information is disclosed in the Qualitative Personnel Composition Report section.

Goal No. 8 Decent work and economic growth – Information is disclosed in the Company's Group Staff Turnover Information, HR Policy, Innovation Activity section.

Goal No.9 Infrastructure, industrialization, innovation – Information is disclosed in the "Asset Activity Overview, Innovation Activity sections.

Goal No.12 Ensuring sustainable consumption and production patterns – Information is disclosed in the Environmental Responsibility section.



### Sustainable development aspects

Sustainable development is an integral part of the Company's Development Strategy, within the framework of which the Company continues to work on the consistent implementation of principles of sustainable development and the integration of economic, environmental and social goals and tasks into key processes and the corporate decision-making system. The Company continues to improve the corporate practice of sustainable development management, developing and introducing internal policies regulating various aspects of sustainable development, as well as integrating the principles of sustainable development into its corporate governance system. In 2020, the Company developed the Sustainable Development Policy, which will consistently and continuously follow the principles of sustainable development, develop an effective system of interaction with Stakeholders, ensure the Company and PCs' commitment to standards of sustainable development, as well as a long-term sustainable trend of improving the Company's key indicators, observing the balance of interests of stakeholders. An action plan for sustainable development is developed and implemented annually.

### Creating economic value for stakeholders

The Company, being the national company, carries out its activities in the interests of the State and the Fund, and contributes to the development of the mining industry of the country through the search for promising subsoil use objects, the construction and launch of deposits to produce various metals and the management of operating assets. The Company's regions of influence are Nur – Sultan, Karaganda and Kyzylorda regions, where the Company is an employer and a taxpayer. The created economic value is distributed in the process of paying wages, dividends, taxes and other payments in favor of the State, purchasing goods and services.

Created and distributed direct economic value<sup>3</sup> in accordance with the requirements of GRI disclosure,

KZT million

Indicator	2020	2019	Change
<b>Created economic value</b>			
Income	639 246 870	447 804 513	43%
<b>Distributed economic value</b>			
Operational expenses	1 104 249	4 892 920	-77%
Official salary and other Payments and Incentives to employes	2 192 416	3 370 595	-35%
Taxes	22 829	85 208	-73%
CIT	1 099 180	324 083	239%
Payment to the equity suppliers	30 777 857	60 501 128	-49%
<b>Non-distributed economic value</b>			
	604 050 339	378 630 579	60%

### Charity

To support local communities in 2020, the Company's Action Plan for the Year of the Volunteer provides for 7 events:

- ◆ **The "Basket of good", "Basket of good on Eid al-Adha" projects** - purchase of food baskets for socially vulnerable families.
- ◆ **Assistance to medical institutions** - purchase of two lung ventilators to the Central District Hospital of Zhanakorgan district in Kyzylorda region.
- ◆ **The "Road to School" campaign** - purchase of briefcases and stationery for socially vulnerable families.

- ◆ **The "Comfort in a shelter" campaign** - assistance to animal shelter.
- ◆ **The "Young at heart" volunteer campaign** - purchase of food baskets for 50 elderly people.
- ◆ **The "Good things" volunteer campaign** - collection of things in the "Qamqor" social store, helping mothers with children who are in the difficult life situation.

<sup>3</sup> Information is obtained from the Company's audited consolidated financial statements for 2020. Detailed information about the financial and economic results of the Company's activities for 2020 is presented in the audited consolidated financial statements in Annex 2 herewith, and is also posted on the Company's corporate website in the «To Investors» section.

# SOCIAL RESPONSIBILITY

## HR management

The Company's employees are its main strategic capital, which helps to successfully solve the tasks set and achieve goals. An effective HR Management Policy is an integral element of the long-term sustainable development of JSC NMC Tau-Ken Samruk.

The HR Policy approved in the Company determines the management system, as well as key areas and approaches to the HR management. The provisions of this Policy apply to all Subsidiaries of the Company.

### The goals of the Company's HR Policy are:

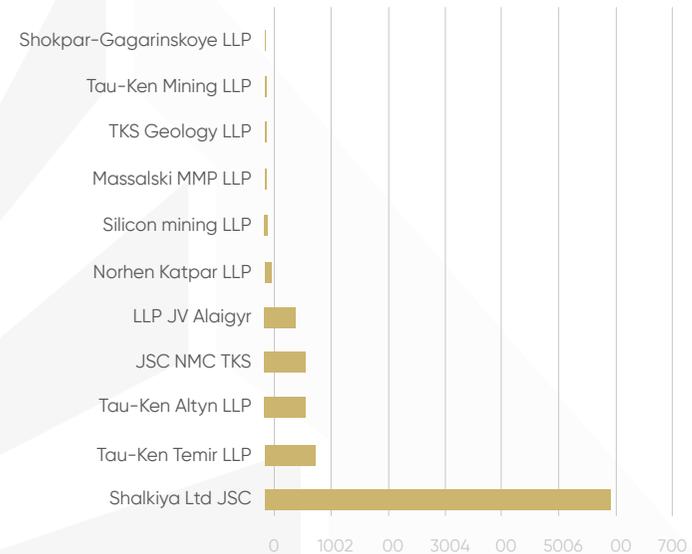
- 1) the success of the Company's investments by creating and supporting the development of human resources and talents for effective competition and the Company's ability to adapt and respond to changes in a global, highly competitive and constantly evolving market;
- 2) HR planning through the assessment of the potential of personnel, forecasting future needs, identifying gaps in the necessary competencies and integrating with the strategic goals of the Company, a plan for attracting, retaining, developing and motivating professional and highly effective employees with the necessary competencies;
- 3) creating a working atmosphere in the team, in which employees will be maximally involved, highly productive, motivated and loyal to the Company;
- 4) development of the corporate culture focused on the meritocracy, introduction of new behavior models to achieve high productivity, "commercial way of thinking" and readiness for change.

### Key areas of the HR Policy:

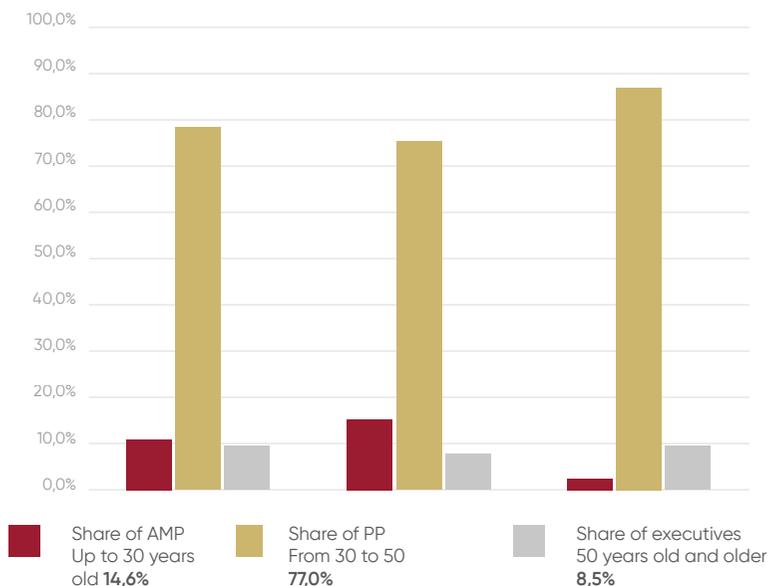
- ◆ Personnel assessment
- ◆ Staff motivation
- ◆ Social support of personnel
- ◆ Effective employment of personnel
- ◆ Improving the corporate culture
- ◆ Staff training and development

The average number of employees in JSC NMC Tau-Ken Samruk and its subsidiaries in 2020 was 925 people.

According to the results of the analysis, the average age of employees is 39.6 years old, while the balance of young employees and employees with experience is maintained.

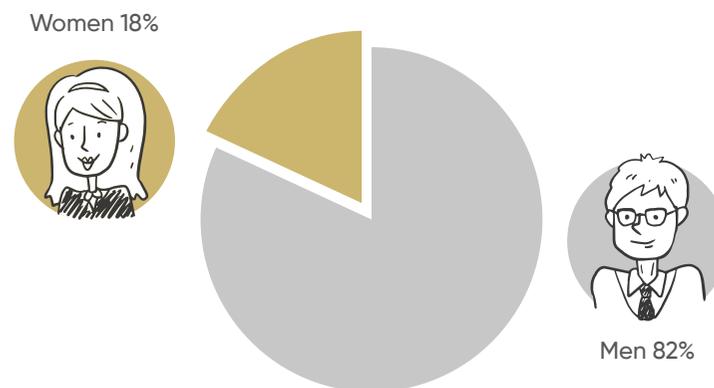


Staff structure by age category



In the general structure of personnel, the proportion of men is about 82% (760 people) and 18% (165 people) falls on the female team. The difference in the ratio of men and women is due to the specifics of the Company's activities.

Staff gender structure as of December 31, 2020



Company Name	The average number of employees in total, people	including:	
		Men	Women
		Number	Number
1	2	3	5
<b>Company Group</b>	<b>925</b>	<b>760</b>	<b>165</b>
Nur-Sultan	147	91	56
Karaganda region	163	123	40
Kyzylorda region	615	545	70
<b>including the Central Office</b>	<b>69,00</b>	<b>35,00</b>	<b>34,00</b>

100% of the Company's employees have a higher education, according to the Company's group, the share of employees with a higher education out of the total list number is 40.6%, the share of employees with a higher foreign education out of the number of employees with a higher education is 14.2%, the share of employees with an academic degree out of the number of employees with a higher education is 1.9%.

### Labor Relations Practice

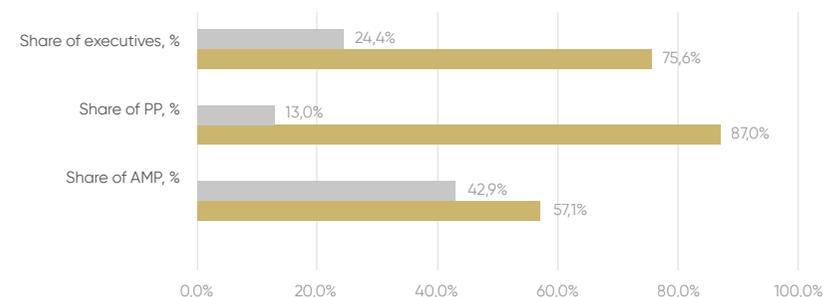
JSC NMC Tau-Ken Samruk supports the effective practice of labor relations and strives to remain among the best employers in the country. The Company conducts purposeful work to attract, engage and retain the best employees. Great importance is attached to the career growth of employees and the promotion of work according to the degree of efficiency.

The Company has implemented the principles of competitive selection and recruitment of personnel for vacant positions. The rules for the selection of employees regulate the process of competitive selection of candidates based on testing the professional knowledge, personal and business qualities of candidates.

To motivate employees, the Company provides for a system of material and non-material incentives based on the results of the evaluation of the work done. The Company provides employees with individual development plans, including various education, trainings and seminars. Employees are encouraged by various state awards, jubilee medals, certificates of honor.

The Company provides employees with benefits and incentives, providing maternity/paternity leave, life insurance, financial assistance and disability compensation.

In accordance with the Labor Legislation and the terms of the employment contract, the minimum period for prior notification of employees about the implementation of significant changes in economic activities that may affect them significantly is set at 2 weeks. The benefits and incentives provided to employees are one of the important factors of staff involvement.



### Social package of employees of the Company and its subsidiaries

Company and PCs		
Incentives	Employee category	
	Full-time employee	Temporary or part-time employee
Life insurance	Compulsory legal liability insurance	Compulsory legal liability insurance
Healthcare	Provided	---
Disability compensation	Sick leave payments	Sick leave payments
Maternity/paternity leave	According to the Labor Code of the Republic of Kazakhstan	According to the Labor Code of the Republic of Kazakhstan

Providing for the pension	According to the legislation of the Republic of Kazakhstan	According to the legislation of the Republic of Kazakhstan
Allotment of Company shares	not provided	not provided
Other	<p><b>Material assistance:</b></p> <p>1) due to the birth/adoption of a child in the amount of 1 MOS, but not more than 100 MCI;</p> <p>2) due to the death of the employee in the amount of 1 MOS, but not more than 200 MCI;</p> <p>of spouse, children, parents of the employee in the amount of 1 MOS, but not more than 100 MCI;</p> <p>3) for treatment of an employee in case of illness</p> <p>Environmental surcharge of 30% to the official salary,</p> <p>9 days of additional leave, financial assistance for recovery to the labor leave in the amount of 1 official salary</p> <p>Financial assistance for recovery to the labor leave in the amount of 2 official salaries</p>	<p><b>Material assistance:</b></p> <p>1) due to the birth/adoption of a child in the amount of 1 MOS, but not more than 100 MCI;</p> <p>2) due to the death of the employee in the amount of 1 MOS, but not more than 200 MCI;</p> <p>of spouse, children, parents of the employee in the amount of 1 MOS, but not more than 100 MCI;</p> <p>3) for treatment of an employee in case of illness</p>

In accordance with the requirements of labor legislation and internal regulatory documents on the regulation of labor relations, there is a practice of maternity or paternity leave in the Company Group. The Company promotes the equal right of men and women to maternity and paternity leave.

## Structure of maternity/paternity leave for 2020

### Company and PCs

Maternity/paternity leave	Total, of them	Men	Women
Total number of employees who were entitled to maternity/ paternity leave (who had children in 2020)	92	73	19
Total number of employees who took maternity/ paternity leave	19	0	19
Total number of employees who returned to work at the end of maternity/paternity leave and continued to work 12 months after returning to work	6	0	6
% of return to work and retention of employees who have taken maternity/ paternity leave (%)	31,6%		31,6%

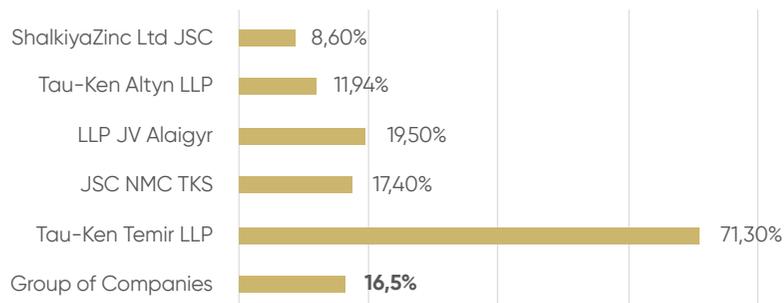
The strategic goal in the field of improving the system of selection and recruitment of personnel is to introduce a transparent competitive selection procedure for filling vacant positions with equal opportunities for all candidates.

The Company updated the Rules for Competitive Selection for Vacant Positions, Recruitment and HR Adaptation in JSC NMC Tau-Ken Samruk and its subsidiaries. The Company's vacancies are posted on the single Fund's portal, Samruk Qyzmet, as well as on the Head Hunter website. The process of collecting and processing resumes was automated, testing of all candidates for

knowledge of the state language is carried out. The results of the competitive selection are posted on the unified Fund's portal, Samruk Qyzmet.

## INFORMATION ON STAFF TURNOVER IN THE COMPANY GROUP

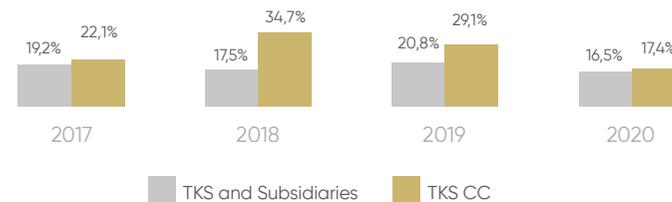
The staff turnover rate in 2020 is in the target value zone and is 16.5%. The high indicator for Tau-Ken Temir LLP is associated with planned decrease in the number of personnel due to the conservation of the plant in late 2019 and early 2020. At the moment, the number of personnel is provided for ensuring the vital activity of the plant.



In recent years, there has been a tendency to reduce staff turnover, this indicator is the result of systematic work on HR processes in the Company and Subsidiaries. When interviewing employees, what attracts them to the Company, the following conditions were noted:

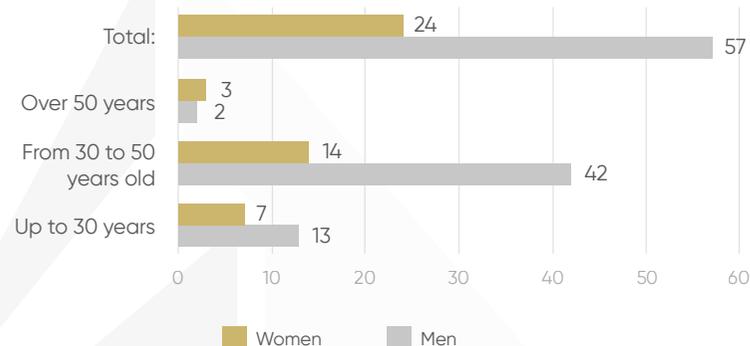
- ◆ good working conditions (working hours, social package);
- ◆ opportunities for professional training;
- ◆ the opportunity to participate in interesting projects;
- ◆ the employer's brand;
- ◆ good perspectives for professional and career growth.

### Staff turnover in dynamics

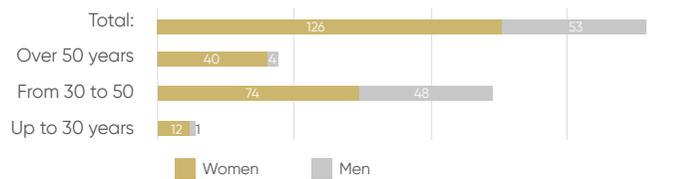


In total, the Company employed 81 people in the reporting period. The total number of dismissed employees was 179 people, including 126 men and 53 women.

### Structure of newly hired employees in 2020 in terms of age categories and gender, person



### Structure of resigned employees in 2020 in terms of age categories and gender, person



The ratio of the standard entry-level salary in the Republic of Kazakhstan to the established minimum wage in the significant regions of activity where the main production of the enterprise is located is presented below.

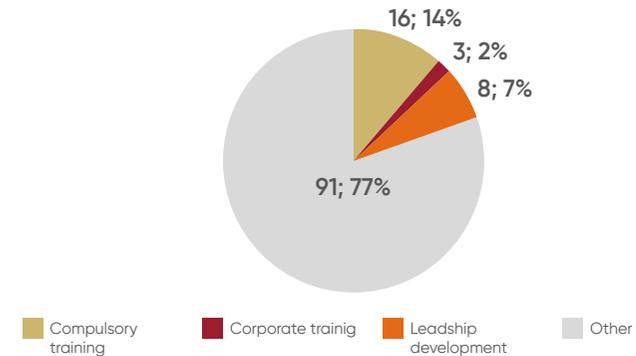
### The average established minimum wage for the Company's Group in significant regions of activity in 2020, KZT

Minimum amount of the salary in Kazakhstan in 2020	Minimum subsistence level in Kazakhstan in 2020	The average minimum salary in the Company in significant regions of activity
42 500	31 183	131 404

### Development and Advanced Training

In 2020, 118 short-term training events were organized, in the conditions of the pandemic, the main training events were held remotely, which is much cheaper than full-time training, and does not require additional travel expenses for training. This fact permitted to achieve savings on the budget for training.

### Training measures - 118



### The average annual number of training hours per employee in 2020 of JSC NMC Tau-Ken Samruk

#### Company and PCs

Employee category	The average annual number of training hours per employee in 2020	
	Men	Women
<b>Administrative personnel, including</b>	<b>62,7</b>	<b>83,2</b>
Heads (from CEO to the Head of a Division)	54,3	47,2
specialists	71,1	119,1
<b>Production personnel, including</b>	<b>11,3</b>	<b>3,5</b>
Engineering manpower	12,3	5,7
Workers	10,3	163

During the year, the Company is carrying out an annual performance evaluation of employees in accordance with the approved Rules, which is designed to assist in identifying the need for training and development and to be a driving force in improving individual performance indicators. The performance evaluation process is based on honest and fair feedback and is built on the confidence.

## The number of employees for whom periodic performance and career development evaluation are conducted in 2020

### Company and PCs

Employee category	The number (share) of employees for whom periodic performance and career development evaluation are conducted (*)		
	Total, of them	Men	Women
<b>Administrative personnel, including</b>	<b>85</b>	<b>56</b>	<b>29</b>
Heads (from CEO to the Head of a Division)	31	22	9
specialists	54	34	20
<b>Production personnel, including</b>	<b>589</b>	<b>517</b>	<b>72</b>
Engineering manpower	128	115	13
Workers	461	402	59

## Corporate culture development

The Board of Directors by its decision approved the new version of the Company's Code of Business Ethics.

### As part of the implementation of the Roadmap for the development of the High-performance Culture for 2020:

- A townhall was held with the participation of leaders of functional areas, members of the Company's Board of Directors and the CEOs of subsidiaries to discuss the implementation stage and current issues on large projects of the Company.
- Field strategic sessions were held with the CEOs of the Company and subsidiaries to determine the target corporate culture and develop the values of the Company and subsidiaries
- On December 29, 2020, a meeting of change agents was held with members of the Board of Directors and the Management Board of the Company. After the presentation, recommendations have been received with feedback from the members of the Board of Directors. Those projects were approved for the implementation. 4 agency projects with working titles were presented at the meeting:
  - Corporate portal;
  - Exchange of roles;
  - Staff turnover. Solutions;
  - Company Transformation.
- Formation and implementation of the Succession Plan for key positions. In the reporting year, 13 key positions were approved, of which candidates with appropriate terms of readiness for target positions were identified from the pool of successors for 7 positions. Implementation of the Succession Plan: out of 6 vacancies for key positions in 2020, 4 employees were appointed from the pool of successors, which amounted to 67%.

In general, work continues on the introduction of updated values and updated competence model, the promotion of the brand and the employer's value proposal, holding of organizational measures that strengthen teamwork, loyalty, a favorable and creative atmosphere in the Company's team and its Subsidiaries.

## OUR PEOPLE:



**Kanat Kuanyshevich Abishev** has been working as the Chief Mining Engineer of the Company's Project Office since February 2017 to the present day. To date, he is the curator of the Shalkiya project (Zn-Pb), as well as responsible for mining and geological issues in the Company's projects - Alaigyr (Pb - Ag), Northern Katpar (W-Mo), Massalskoye (Fe-TiO2).

He has more than 12 years of experience in the mining industry. He is experienced in the enterprise management at different stages - obtaining a contract, geological exploration, design, construction, production and liquidation of the enterprise.

In 2020, during the pandemic, under the supervision of Kanat Abishev, work on the assessment of the mineral resources of the Shalkiya and Alaigyr deposits was completed. As part of the Pre-Feasibility Study,

the assessment of ore reserves for the Shalkiya deposit according to the JORC 2012 and KazRC standards has been completed.

He participated in the assessment of more than 15 deposits and ore zones that have prospects for further implementation together with potential partners.

Kanat Abishev is a competent person in the mining according to the international standards of JORC, as well as an expert of the State Reserve Committee of the Republic of Kazakhstan. Within the framework of the Zhas Orken program, he annually acts as a mentor for young specialists, methodically transfers his experience and skills necessary for working in a mining company, according to the results of 2020, among 25 mentors, Kanat Abishev was recognized as one of the best (TOP-3).

### Improving the social support system for employees

To successfully implement the Company's HR Policy in the field of improving social support for employees, the following measures have been implemented.

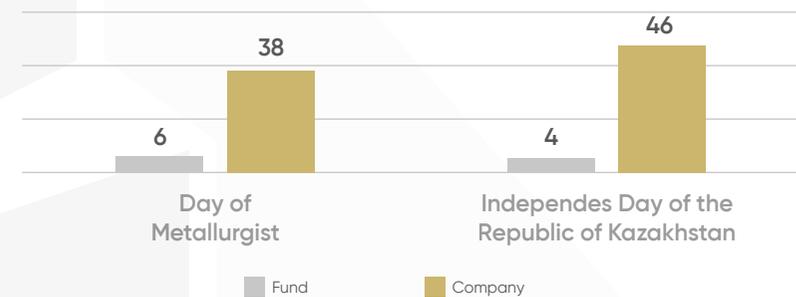
In the field of non-material incentives for employees:

For fruitful work, high achievements in work, as well as for the professionalism shown in the implementation of individual production projects, employees of the Company and its subsidiaries are awarded with state awards, a Certificate of Honor of JSC Sovereign Wealth Fund "Samruk-Kazyna", a Certificate of Honor, a Letter of Thanks of the Company's CEO.

Thus, in the reporting year, more than 10% of the Company's staff and employees were awarded for high achievements in their work, as well as for their professionalism

in the implementation of projects and were awarded Certificates of Honor of Samruk-Kazyna JSC, a Certificate of Honor, Letters of Thanks of the Company's CEO.

Nº	Name	Certificate of Honor	Letter of appreciation
1.	JSC NMC Tau-Ken Samruk	3	12
2.	ShalkiyaZinc LTD JSC	7	25
3.	Tau-Ken Temir LLP	4	16
4.	LLP JV Alaigyr	3	6
5.	Tau-Ken Altyn LLP	3	10
6.	Northern Katpar LLP	1	2
7.	Silicon Mining LLP	1	1
<b>TOTAL:</b>		<b>22</b>	<b>72</b>



## Business Ethics in the Company

The Code of Business Ethics reflects standards of conduct based on values that determine fair and honest relations with employees, customers and partners of the Company and is aimed at developing the corporate culture and strengthening the reputation of the Company and its subsidiaries.

The Code of Business Ethics is designed to create an inspiring working atmosphere that will help each employee to feel responsible for the results of their activities and the reputation of the Company as a whole and to understand the importance of their personal contribution to the joint activity.

JSC NMC Tau-Ken Samruk contributes to the development of the individual sectors of mining and metallurgical industry of the Republic of Kazakhstan by means of the projects implementation in collaboration with strategic investors. Our culture of honesty, respect and perseverance in achieving goals extends to all our business relationships and interactions, both external and internal.

Our openness and responsibility in partnership is the key to the successful implementation of investment projects and the formation of a diversified assets portfolio.

### Our values

#### Respect

1. We respect our colleagues and partners
2. We take decisions based on the conscience, morality and interests of the Company.
3. We freely express our opinions and hear others.
4. We are consistent and fair in our decisions and actions.

#### Honesty

1. We are open to our colleagues and our partners.
2. We are fulfilling our obligations.
3. We evaluate given the achievements and promote by results.
4. We learn from mistakes and suppress misconduct.

#### Persistence

1. We believe that the result is more important than the process.
2. We are always looking for the best solutions.
3. We overcome difficulties and consider them as new opportunities.
4. We are not satisfied with what has already been achieved.

#### Partnership

1. We work in the atmosphere of confidence and teamwork.
2. We will make our company such that it is rightfully proud of it.
3. We are positive and enjoy team working.
4. The contribution of each team member is important to us.
5. We are proactive and creative. We are constantly improving and developing.

#### According to the Code, the Company's employees are guided by the following rules and principles:

- ◆ The Company's executives and employees should familiarize themselves with the internal documents regarding the confidentiality of information and take care to prevent its disclosure to any third parties outside the Company, and place special emphasis on

preventing the loss or destruction of data.

- ◆ Avoiding conflicts of interest is an important condition for ensuring the protection of the Company's interests, its employees and the Sole Shareholder. All employees are responsible for taking transparent, timely and adequate decisions in which there is no conflict of interests.

- ◆ Prevention of corruption and other illegal actions for the purpose of obtaining or preserving unjustified benefits and property both on the part of stakeholders and on the part of executives and employees of the Company.

- ◆ Executives and employees of the Company contribute to the development of corporate culture in the Company by understanding the requirements of the Code, sharing with other colleagues their knowledge in the field of business ethics principles, accepted rules of business conduct, observing the requirements of business ethics and preventing violations.

- ◆ The Company complies with the HSE requirements in accordance with the requirements of legislation in this area. The Company's executives and employees strive to evaluate their actions from the point of view of the impact on the environment and minimize the impact on it.

- ◆ Compliance with high ethical standards in relations with the public and the media. Prevention of the dissemination of false information, concealment and/or distortion of facts in public speeches of executives, their information and advertising materials or other public events. The Company has a corporate website: [www.tks.kz](http://www.tks.kz).

According to the control measures, the Company's executives and employees adhere to the requirements of the Code. The Company has established information channels, including through a "hotline".



## Health and safety in the workplace

The Company pays special attention to activities in the field of health protection and occupational safety, the main priority areas are improving sanitary and living conditions, striving for zero injuries, technological violations, reducing the influence of harmful and dangerous production factors, creating safe working conditions.

We strive to create a culture of “zero injuries”, in which each employee takes personal responsibility for both their own safety and the safety of their colleagues.

For JSC NMC Tau-Ken Samruk, occupational safety and the preservation of the health of employees is an absolute priority of activity.

**To ensure a safe working environment, the Company has assumed the following obligations:**

- continuously improve the methods and tools of occupational safety and health management;
- be open to external stakeholders and partners in the field of ensuring and managing occupational safety and health;
- openly demand from our partners a responsible attitude to ensuring safety and health protection during the production of works, supply of goods and providing of services;
- actively involve employees in continuous work on issues of ensuring safety and labor protection;
- comply with the requirements of the legislation of the Republic of Kazakhstan and the Company’s requirements in the field of occupational safety and health protection;
- strive for trouble-free operation and the absence of technological violations that can have a negative impact on people and equipment.

## Statistics of industrial injuries

Name	2017	2018	2019	2020
Number of Group accidents	0	1	0	0
Number of fatalities	0	0	0	0
Number of lost time accidents	2	4	2	0
Number of accidents with contractors	0	0	0	0
Number of registered accidents	0	0	3	2
Number of man-made emergencies (uncontrolled explosion, fire, release and bottling of high-toxic substances)	3	2	0	2
Total number of victims in accidents	2	10	2	0

To prevent injuries and the impact of harmful and dangerous industrial factors, employees are necessarily given special clothing, special shoes and other personal protective equipment in accordance with industry standards for providing and issuing personal protective equipment, to prevent occupational diseases, poisoning and strengthen the health of employees, milk and therapeutic and preventive nutrition are provided on a permanent basis at the expense of the employer. To prevent occupational diseases and reduce injuries, employees also undergo an annual periodic medical examination and a medical examination every shift in accordance with the requirements of the legislation in the field of healthcare of the Republic of Kazakhstan.

Much attention is paid to technical measures to prevent injuries and technological violations, such as monitoring the technical condition of ventilation and aspiration systems, measuring air samples of working areas for gas and dust, monitoring the fastening and irrigation of mine workings, conducting ventilation work in mine workings, installing LVF (local ventilation fans) and ventilation jumpers, monitoring the technical condition of working and emergency lighting.

## Occupational health and safety

The HSE management issues in JSC NMC Tau-Ken Samruk and its subsidiaries is carried out in accordance with the requirements of the legislation of the Republic of Kazakhstan: the Labor Code, the Health Code, Sanitary Rules and Instructions of the Republic of Kazakhstan, International HSE Requirements.

Due to the coronavirus pandemic in the world and related quarantine restrictions in 2020, the Company and its subsidiaries have taken the following measures to combat COVID-19:



- ◇ Informational posters about the first symptoms and preventive measures of COVID-19 were distributed.
- ◇ A headquarters for managing the emergency situation in view of the pandemic has been established.
- ◇ To ensure the continuity of the Company's activities, considering the quarantine regime, at most 25% of the Company's full-time staff work in the office.
- ◇ There is a weekly briefing of employees on the prevention of Covid-19.
- ◇ PPE, including medical masks and antiseptic products, were

purchased and issued to employees.

- ◇ Daily monitoring of the well-being of employees in the Company and its Subsidiaries is carried out.
- ◇ PCR/EIA testing of the Company's employees with symptoms of illness, contact and others is carried out at the expense of the employer.
- ◇ All employees of the Company are recommended to limit contacts with other persons, with the exception of family members and close relatives living together.

### The following documents have been developed and approved:

1. Action Plan to prevent the spread of the coronavirus infection for JSC NMC Tau-Ken Samruk and its subsidiaries.
2. The order "On strengthening measures to prevent the spread of the COVID-19 coronavirus infection"..
3. The algorithm of actions for responding to the epidemic of the coronavirus infection.
4. Plans for the implementation of risks associated with the coronavirus infection in subsidiaries.
5. The plan for a phased exit from the quarantine of JSC NMC Tau-Ken Samruk and its subsidiaries.
6. The Rules for Staying at the Workplace during the Post-quarantine Period in JSC NMC Tau-Ken Samruk and its subsidiaries.
7. The Action Plan for the onset of the second wave of the coronavirus pandemic in the Corporate Center (CC) and its Subsidiaries.

ShalkiyaZinc Ltd JSC, as part of the implementation of the Memorandum of Cooperation with the Akimat of Kyzylorda region, has purchased two lung ventilators and transferred to the Central District Hospital of Zhanakorga district.

To improve skills of the staff in accordance with the requirements of legislative and normative documents of the Republic of Kazakhstan in the field of labor protection and civil protection, training and testing of knowledge on Safety Regulations, Fire Safety Regulations, Technical Operation Rules, Industrial Safety Requirements, Electrical Safety, as well as on the ongoing emergency response and firefighting training (exercises) with the use of

specialized organizations to rescue and liquidation of emergency situations in the operation of hazardous production facilities and technological devices is being conducted.

JSC NMC Tau-Ken Samruk in compliance with the Manual on Engagement of the Company with its Subsidiaries on HSE issues conducts constant monitoring and control over the HSE activities of Subsidiaries. The members of the Company's Management Board are provided with a report on the key indicators on a quarterly basis. In addition, the Company audits the activities of its subsidiaries for compliance with the legislation on labor protection, industrial safety and environmental legislation. Based on the results of the audits, the Corrective Action Plans are developed to eliminate the identified inconsistencies and the implementation of the above Plans is monitored.

At that, to improve the HSE management system, the Health, Safety and Environment Committee (hereinafter - Committee) has been established in JSC Sovereign Wealth Fund "Samruk-Kazyna". JSC NMC Tau-Ken Samruk is included in the Committee.

At the Committee meetings in 2020, the current state of HSE management systems and existing problematic issues in Portfolio Companies, as well as measures to combat coronavirus, were discussed. This Committee will help sharing best practices and solving current HSE challenges on a single platform of the Fund, as well as bringing HSE management systems to the level of international standards.



# ENVIRONMENTAL RESPONSIBILITY

## Environmental protection

JSC NMC Tau-Ken Samruk and its subsidiaries carry out activities in the field of mining and metallurgical complex, including geological exploration, production, enrichment and metallurgical processing, which determines the impact of the Company's production activities and its subsidiaries on the environment, including such types of impacts as emissions of pollutants into the atmospheric air, discharges of pollutants into water objects, disposal of industrial waste, destruction of land and soil pollution, negative noise impact and others.

The Company assumes a share of responsibility for the state of the environment and the health of the population in the regions affected by the Company's production facilities and its subsidiaries.

**When planning and implementing its environmental activities, the Company complies with the following key principles:**

- ◆ Compliance with the requirements and standards established by the environmental legislation of the Republic of Kazakhstan;
- ◆ Mandatory preventive measures to avoid environmental pollution and damage to it in any other forms;
- ◆ Continuous improvement of existing and introduction of new technologies to ensure environmental safety;
- ◆ Systematic and comprehensive settlement of issues of ensuring environmental safety and conducting environmental protection activities;
- ◆ Openness and accessibility of environmental information.

**To implement the key principles of environmental activity, the Company assumes the following obligations:**

1. Provide environmental safety and environmental protection activities using the necessary resources;;
2. Take management and investment decisions based on a variety of development scenarios, given environmental priorities;
3. Provide for minimizing the risks of negative impact on the environment

at all stages of the implementation of investment projects;

4. Conduct environmental monitoring and audit of production activities of the Company and its subsidiaries on a regular basis;

5. Ensure wide availability of environmental information related to the activities of the Company and its subsidiaries in the field of environmental protection and decisions taken in this area.

## Energy resources usage

In total, during the reporting period, the consumption of fuel and energy resources by subsidiaries of JSC NMC Tau-Ken Samruk amounted to 90 399.56 GJ, including 57 146.16 GJ of electric energy. Significant decrease in electricity consumption is due to the fact that the silicon plant of Tau-Ken Temir LLP was idle in 2020.

Fuel and energy resources	Consumption volume, GJ 2019	Volume of consumption, GJ 2020
Total fuel consumption from non-renewable sources (diesel fuel, gasoline, fuel oil):	36260.67 Gj	12048.6 Gj
Total fuel consumption from renewable sources	0 GJ	0 GJ
Total electricity consumption	884 471.26 GJ	57146.16 GJ
Total energy consumption for heating	5696.76 GJ	19329.4 GJ
Total energy consumption for cooling	64,152 GJ	13.6 GJ

Electricity sold	0 GJ	1861.8 GJ
<b>TOTAL</b>	<b>926 492.5 GJ</b>	<b>90 399.56 GJ</b>

\*An international coefficient was used in the calculation (kW to GJ online converter was used)

## PROTECTION OF ATMOSPHERIC AIR

One of the main environmental tasks in the implementation of the Company's activities is the protection of atmospheric air, within the framework of which industrial environmental control is carried out and measures are taken to reduce emissions of pollutants into the atmosphere.

All subsidiaries of the Company have organized industrial environmental control (IEC) at production facilities. Environmental control is carried out to comply with the requirements of environmental legislation, meeting the established standards in the field of environmental protection, ensure the rational use of natural resources and minimize environmental impact.

### Greenhouse gas emissions

We keep records of direct greenhouse gas emissions, the report after validation and verification is submitted to the authorized body on an annual basis.

The volumes of greenhouse gas emissions of all subsidiaries of the Company in 2020 do not exceed 20 thousand tons per year.

Tau-Ken Temir LLP is included in the National Quota Distribution Plan for 2018-2020. However, due to the fact that the silicon plant was idle, there were no greenhouse gas emissions in 2020.

Greenhouse gas emissions are calculated based on the following approved methodologies:

- ▶ A system of regulatory documents on environmental protection. The guiding normative document – Methodological Guidelines for Calculating Greenhouse Gas Emissions from Thermal Power Plants and Boiler Houses. Astana 2020.
- ▶ IPCC Guidelines for National Greenhouse Gas Inventories, 2006.

Quotas for greenhouse gas emissions for installations of Tau-Ken Temir LLP is distributed based on the application of specific coefficients of greenhouse gas emissions, considering the obligations to limit and (or) reduce greenhouse gas emissions.

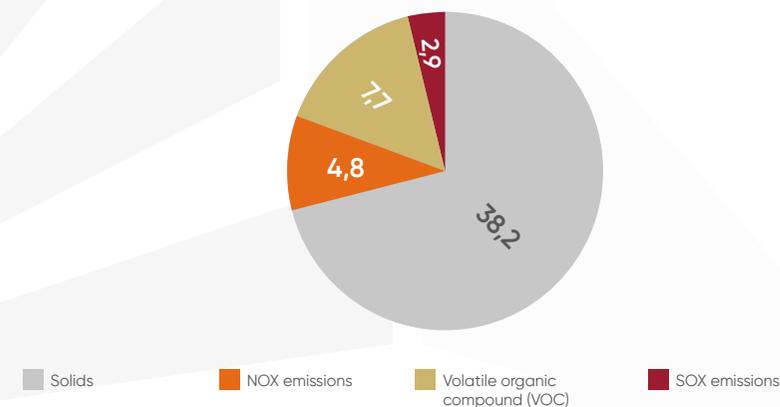
Environmental control is the most important legal measure to ensure rational use of natural resources and environmental protection from harmful influences and is carried out absolutely at all stages of the production activities of subsidiaries and contractors.

### Gross emissions of pollutants in atmospheric air, t

The total volume of gross emissions of pollutants in 2020 significantly decreased due to the fact that in 2020 there were no mining operations at the Shalkiya, Alaigyr and Aktas deposits, as well as due to the temporary conservation of the silicon plant.

	2017	2018	2019	2020
Mining projects	165,492	180,119	218,237	40,34
Metallurgical projects	227,438	182,321	134,76	94,37
<b>TOTAL</b>	<b>392,93</b>	<b>362,44</b>	<b>352,997</b>	<b>134,71</b>

### Structure of gross emission of pollutants into the atmosphere, tons in 2020



The Refinery of Tau-Ken Altyn LLP has implemented a project to switch from autonomous heating to central city heating, which permitted to significantly reduce costs, as well as decrease emissions into the atmospheric air from the boiler house of the plant.

## WATER RESOURCES USAGE

Currently, the objects of the Company group use underground water and water from municipal water supply systems (metallurgical projects) for production and household needs.

Underground water is the source of domestic drinking and industrial water supply at the Shalkiya deposit. There are own wells for underground water intake: Kuttykozha drinking water intake, Zhanakorgan industrial water intake. At that, the mine provides drinking water to Shalkiya village. Due to increase in the population of the village, the water intake also increased in 2020.

When calculating the volume of water taken, the Rules for Primary Water Accounting approved by Order of the Minister of Agriculture of the Republic of Kazakhstan of March 20, 2015, No.19/1-274, were used.

Volumes of intake water

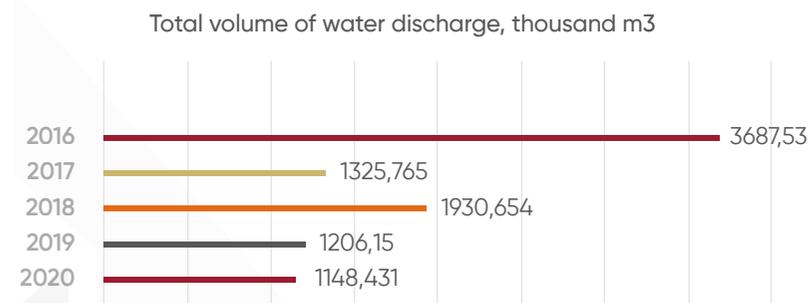
Water source	Water volume, thousand m <sup>3</sup>	
	2019	2020
From underground sources	384,36	437,52
From municipal and other water supply systems	11,42	6,94
<b>Total</b>	<b>395,78</b>	<b>444,46</b>

The discharge of mine and household wastewater was carried out in 2020 in accordance with approved permits of the authorized body. Industrial environmental control of wastewater of the facilities of the Company's subsidiaries is also carried out on an ongoing basis.

As a result of the economic activity of the Shalkiya mine, 2 categories of wastewater are formed: mine and household wastewater. The disposal of mine and household wastewater is carried out in the relevant storage ponds according to two organized releases. Household wastewater is pre-treated before being discharged into the storage pond.

The main treatment equipment is a modular unit for the treatment of domestic wastewater, LOS-R 400, with a capacity of 400 m<sup>3</sup>. After cleaning, the effluents are diverted through a pipeline to the storage pond. The storage pond consists of two cards. A geomembrane film is used as an anti-filtration screen. The sludge formed in the treatment facilities is collected by the specialized organization for placement at the special landfill.

The total volume of water discharge in 2020 amounted to 1148.431 thousand m<sup>3</sup>



Total volume of water discharge and receiving facility, thousand m<sup>3</sup>

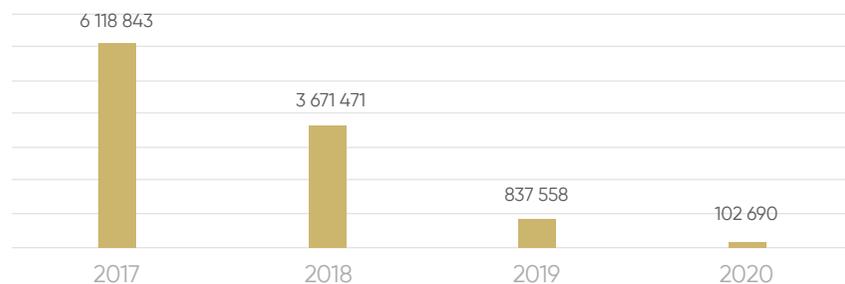
Receiving object	Volume
Storage pond	1 134,601
Transfer to third parties	9,91
Reused	70,894

## WASTE MANAGEMENT

The volume of waste formed in 2020 consists of the activities of ShalkiyaZinc Ltd JSC, Tau-Ken Altyn LLP and Tau-Ken Temir LLP.

The main volume of waste is empty rock formed during overburden operations at the Shalkiya deposit. The empty rock is reused for the construction of intra-barrier roads. Significant reduction in the formation of waste is related to the suspended production and reduced overburden operations at the Alaigy, Shalkiya and Aktas deposits.

Waste formation, ton



Total mass of waste by type and method of disposal

Type and method of placement	Total weight	
	2019	2020
Total mass of hazardous and non-hazardous waste, t	837 558	102 690
reuse, t	46 762	101 795
placement on the landfill, t	162	872
storage on the site of the enterprise, t	785 638	0
other removal method, t	4 996	23

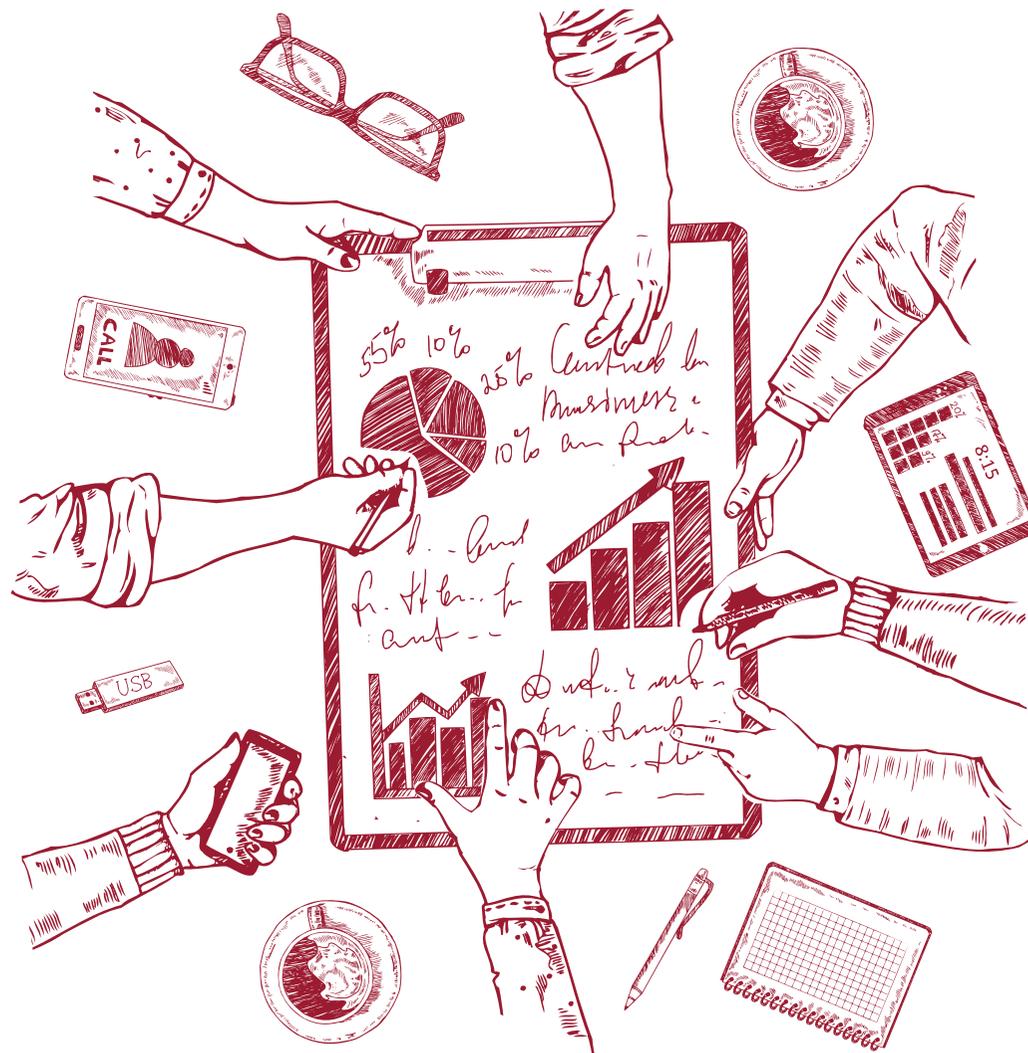
## MONETARY VALUE OF SIGNIFICANT FINES AND GENERAL NUMBER OF NON-FINANCIAL SANCTIONS

According to the environmental legislation of the Republic of Kazakhstan, the State provides for planned and unscheduled inspections, according to the results of which fines can be imposed for violating the requirements of the legislation.

In 2020, due to the coronavirus pandemic, as well as the temporary conservation of the Tau-Ken Temir LLP refinery, there were no inspections and penalties on the part of the authorized body

# 7

## Corporate governance



The Company's corporate governance system is a set of processes that ensure the management and control over the Company's activities, as well as a system of relationships between the Executive Body, the Board of Directors, the Sole Shareholder and stakeholders.

The principles of corporate governance are defined in the Corporate Governance Code of the Group of JSC NMC Tau-Ken Samruk companies (hereinafter - Code). The Company adheres to the provisions of the Code in accordance with the following sections:

- ◆ The Government as a Shareholder
- ◆ Interaction of the Sole Shareholder and organizations
- ◆ Sustainable development
- ◆ Shareholders' rights and fair treatment of shareholders
- ◆ Effectiveness of the Board of Directors and the Executive Body
- ◆ Risk management, internal control and audit
- ◆ Transparency

The Board of Directors by the decision of March 26, 2019, Minutes No.02/19, approved the Action Plan for improving the corporate governance of JSC NMC Tau-Ken Samruk for 2019-2020 based on the results of the independent assessment. The Board of Directors by the decision of July 26, 2019, Minutes No.06/19, introduced amendments and supplements to this Plan. Following results of 2020, the Plan is implemented for 85 %, 12 measures are being implemented.

In 2021, it is scheduled to conduct an independent diagnosis of the corporate governance of Portfolio Companies.

Annex 2 to the Report provides for information on the key criteria for following the principles of the Code.

**In compliance with the Company's Charter approved by the Sole Shareholder, the Company's bodies are:**

- ◆ the Supreme Body is the Sole Shareholder
- ◆ the Management Body is the Board of Directors
- ◆ the Executive Body is the Company's Management Board.

**Ownership structure**

Basic information about the shares of JSC NMC Tau-Ken Samruk:

- ◆ Number of issued shares: 400 981;
- ◆ Number of outstanding shares: 292 887;
- ◆ Number of voting shares: 292 887.

**Procedure for the disposal of property rights**

- ◆ Samruk-Kazyna JSC is the Sole Shareholder of the Company, which directly owns 100 % of the shares;
- ◆ Shares (interest in the authorized capital) in subsidiaries and affiliates of JSC NMC Tau-Ken Samruk are not owned by the members of the Management Board and members of the Board of Directors of JSC NMC Tau-Ken Samruk;
- ◆ all shares of the Company are ordinary, the rights of shareholders comply with the requirements of Article 14 of the Law of the Republic of Kazakhstan "On Joint Stock Companies" of May 13, 2003, No.415. Shareholders have a priority ownership right in relation to the Company's property;
- ◆ members of the Board of Directors and the Management Board, as well as key executives, do not own shares of the Company.

**According to the results of 2020**

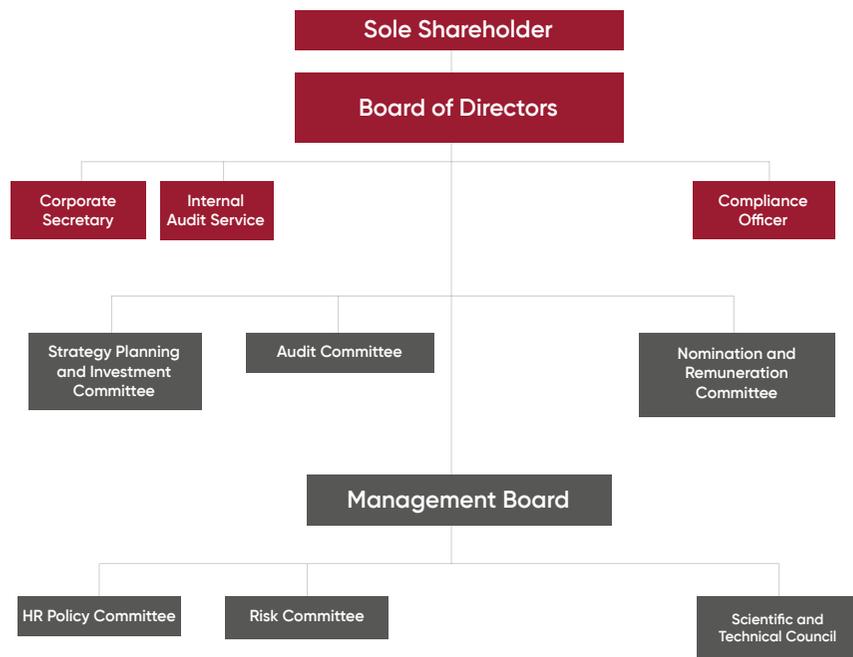
The authorized capital of the Company amounted to



The equity capital is



## Corporate Governance Structure



## Sole Shareholder

The Company is a vertically integrated company and was established in accordance with the Government Decree of the Republic of Kazakhstan of January 15, 2009.

Samruk-Kazyna JSC (hereinafter – Fund) is the Sole Shareholder of the Company

The Fund was founded in 2008 by the Decree of the President of the Republic of Kazakhstan and is a commercial structure – an investment holding, whose mission is to increase the national welfare of the Republic of Kazakhstan and support the modernization of the national economy.

The Government of the Republic of Kazakhstan is the Sole Shareholder of the Fund.

## Board of Directors

The Board of Directors exercises general management of the Company's activities, except for resolving issues referred by the Law of the Republic of Kazakhstan "On Joint Stock Companies" and the Company's Charter to the exclusive competence of the Sole Shareholder and the Executive Body of the Company.

The Board of Directors consists of five directors. The Sole Shareholder elects the members of the Board of Directors.

In compliance with best practices of corporate governance, the presence of Independent Directors is ensured, which are a guarantee of taking objective decisions that best meet the interests of the Company. The procedure on searching and nominating candidates to the Board of Directors, as well as the procedure on including issues to the Agenda are carried out in accordance with the Company's Corporate Governance Code and are posted on the corporate website [www.tks.kz](http://www.tks.kz).

### Information on the composition of the Board of Directors:

As of the date of issue of the Company's Annual Report for 2020, the Management Board of Samruk-Kazyna JSC by decision of April 26, 2021, No.17/21, of June 10, 2021, No.25/21, prematurely terminated the authorities of Ye.B. Tutkushev from April 23, I.A. Adyrbek from April 26, A.Zh. Narbaeva from May 21.

The Management Board of Samruk-Kazyna JSC by the same decisions elected the following persons to the Board of Directors of JSC NMC Tau-Ken Samruk:

1. **Yernar Beisenuly Zhanadil** – as the Chairman of the Board of Directors;
2. **Yernat Kudaibergenovich Berdigulov** – as the member of the Board of Directors;
3. **Assel Anuarovna Khairova** – as the Independent Director.

## Yernar Beisenuly Zhanadil

Chairman of the Board of Directors

**Date of the first election to the Board of Directors:** April 26, 2021  
(decision of the Management Board of Samruk-Kazyna JSC No.17/21)

**Citizenship** – the Republic of Kazakhstan

**Date of birth:** December 15, 1984

**Education:**

- Manchester Business School, Master's in finance and Accounting
- University of Manchester, United Kingdom

**International professional certificates:**

- Institute of Management Accountants (SMA), USA;
- International Project Management Association (IPMA), Switzerland;
- Association of Chartered Certified Accountants (ACCA), United Kingdom;
- He has the State Audit License of the Republic of Kazakhstan.

**Labor activity:**

Over the years, he worked in PhilipMorrisKazakhstan, ElitStroi LLP, PricewaterhouseCoopers, the international audit firm. After joining Samruk-Kazyna JSC, he was responsible for the activities of the Internal Audit Service, and served as the Secretary of the Audit Committee and the Transformation Program Oversight Committee under the Board of Directors of the Fund and was a member of the Audit Committees under the Board of Directors of a number of Fund's subsidiaries. In 2016, he was appointed to the position of Financial Controller of Samruk-Kazyna JSC and since November 2016, he has been acting as Managing Director for Finance and Operations.

Since 2021 - he holds the position of the Managing Director for Investment, Privatization and International

Cooperation of Samruk-Kazyna JSC.

**Part-time work and membership on the Board of Directors:**

He is the member of the Boards of Directors/Supervisory Board of other subsidiaries of Samruk-Kazyna JSC: JSC NAC Kazatomprom, JSC National Company "Kazakhstan Temir Zholy", Samruk-Kazyna Invest LLP.

**Ownership of the company's shares:** he does not own.

He does not own shares of suppliers and competitors.

## Yernat Kudaibergenovich Berdigulov

Member of the Board of Directors,  
Representative of the Sole Shareholder

**Date of the first election to the Board of Directors:** April 26, 2021  
(decision of the Management Board of JSC Sovereign Wealth Fund "Samruk - Kazyna" No.17/21)

**Citizenship** – the Republic of Kazakhstan

**Date of birth:** September 03, 1987

**Education:**

2015-2018, University of Warwick,  
Master of Business Administration

2011-2012, CIMA Diploma:  
Operations Efficiency Management and  
Business Efficiency Management

2007-2010, University of Toronto,  
specialty Public Policy and International  
Relations (direction - International  
Economics)

**Labor activity:**

□ From April 2011 to December 2012  
– the Project Manager, Project Office for  
the Implementation of the Management  
Reporting System (MRS) of Samruk-  
Kazyna JSC

□ From January 2013 to May 2018,  
Adviser to the Chief Executive Officer of  
Samruk-Energy JSC (on financial and  
economic issues). Also, over the years,



he was the Director of the Analytical Support Department, the Director of the Strategic Development Department, the Director of the Project Management Department

- From August 2018 to April 2019 - the Analyst of the Asset Management Directorate of Samruk-Kazyna JSC
- From May 2019 to April 2021 - the Project Manager in Whiteshield Partners, the international consulting company (over the years he was a Senior Analyst, Consultant)
- From April 2021 to the present - the Co-Managing Director for Strategy, Sustainable Development and Digital Transformation of Samruk-Kazyna JSC

**Work and membership in the Board of Directors of other organizations:**

He is the member of the Boards of Directors/Supervisory Board in other subsidiaries of Samruk-Kazyna JSC: Samruk-Kazyna Construction JSC, United Chemical Company LLP, Kazakhstan Nuclear Power Plants LLP.

**Ownership of the company's shares:** he does not own.

He does not own shares of suppliers and competitors.

## Assel Anuarovna Khairova

Independent Director, member of the Board of Directors

**Date of the first election to the Board of Directors:** June 10, 2021 (decision of the Management Board of JSC Sovereign Wealth Fund "Samruk - Kazyna" No.25/21)

**Citizenship** – the Republic of Kazakhstan

**Date of birth:** February 04, 1972

**Education:**

- 1994-1996, Master's degree, Kazakhstan Institute of Management, Economics and Forecasting, specialization: Master of Public Administration (MPA)
- 1989-1994, Kazakh Political Institute, Faculty of Automation and Control Systems, Diploma with Honours: Electrical Engineer
- Since 2001 - the Certified Public Auditor of the State of Maine, USA (US CPA)

- Since 2008 - the Certified Auditor and member of the Chamber of Auditors of the Republic of Kazakhstan

**Labor activity:**

- 1997-2019: KPMG in Kazakhstan and Central Asia - the Managing Partner, CEO
- August 2019 - to the present: Century Integration LLP - the Founder, CEO

**Part-time work and membership on the Board of Directors:**

Since May 2019, she has been the member of the Board of Directors of Kazakhmys Corporation, Chairman of the Audit Committee.

**Ownership of the company's shares:** she does not own.

She does not own shares of suppliers and competitors.



## COMPOSITION OF THE BOARD OF DIRECTORS AS OF THE END OF 2020

### Yerzhan Beksultanovich Tutkushev

Chairman of the Board of Directors

**Date of the first election to the Board of Directors, date of the current election to the Board of Directors:** decision of the Management Board of Samruk-Kazyna JSC of September 26, 2016, December 26, 2018, May 20, 2019.

**Citizenship:** the Republic of Kazakhstan

**Date of birth:** December 10, 1981

**Education:**

In 2004, he graduated from the St. Petersburg State University of Economics and Finance with a degree in Financial Analysis and Accounting, in 2007 he graduated from the University of Illinois at Urbana - Champaign, USA, with a Master's degree in Finance.

**Work experience:**

- In 2007-2008 – the Head of the Mergers and Acquisitions Department of Astana-Finance JSC.
- From 2008 to 2011 – the Senior Consultant of Ernst & Young – Consulting Services LLP.
- In 2011-2012 – the Director of the Fuel & Energy Investment Projects Department of Samruk-Kazyna Invest LLP.
  - In 2012-2014 - the Manager of the Consulting Services Department of PricewaterhouseCoopers Tax and Advisory LLP;
  - Since 2014 - the Deputy Chief Director for Business Development of Samruk-Kazyna JSC;

From January 2018 to April 2021 - the Co-Managing Director of the Asset Development Department - Member of the Management Board of Samruk-Kazyna JSC, Managing Director for Logistics and International Cooperation of Samruk-Kazyna JSC

**Work and membership in the Board of Directors of other organizations in 2020:** the member of the Supervisory Board of Samruk-Kazyna Invest LLP, member of the Board of Directors of Samruk-Kazyna Construction JSC; member of the Supervisory Board of United Chemical Company LLP.

**Ownership of the company's shares:** he does not own.

### Ikram Adyrbekuly Adyrbek

Representative of the Sole Shareholder, member of the Board of Directors

**Date of the first election to the Board of Directors, date of the current election to the Board of Directors:** decisions of the Management Board of JSC SWF Samruk-Kazyna of August 14, 2018, May 20, 2019.

**Citizenship:** the Republic of Kazakhstan

**Date of birth:** July 08, 1950

**Education:**

In 1972, he graduated from the Alma-Ata Veterinary Institute with a degree of livestock Specialist, in 1994 – Management and Marketing Institute, in 1999 – the Russian Academy of Public Administration under the President of the Russian Federation (1999). Doctor of Economics, dissertation topic: "Entrepreneurship in the conditions of the formation of a market economy and strategic directions of its development (based on the materials of the Republic of Kazakhstan)" (1994), Academician of the Academy of Natural Sciences of the Republic of Kazakhstan (1995).

**Work experience:**

- From 2004 to January 2007 - the Akim of Kyzylorda region of the Republic of Kazakhstan.
- From 2007 to 2011 – the Ambassador Extraordinary and Plenipotentiary of the Republic of Kazakhstan to the People's Republic of China, Ambassador Extraordinary and Plenipotentiary of the Republic of Kazakhstan to the Socialist Republic of Vietnam and the Democratic People's Republic of Korea concurrently.
- From 2011 to 2016 – the Chairman of the International Relations, Defense and Security Committee;
- From 2011 to 2017 - the Deputy of the Senate of the Parliament of the Republic of Kazakhstan.

**Work and membership in the Board of Directors of other organizations in 2020:** member of the Supervisory Board of United Chemical Company LLP (since May 31, 2018).



## Dimitri Nugzarovich Kalandadze

Senior Independent Director, member of the Board of Directors

**Date of the first election to the Board of Directors, date of the current election to the Board of Directors:** decisions of the Management Board of JSC SWF Samruk-Kazyna of April 23, 2018, May 20, 2019.

**Citizenship:** Georgia

**Date of birth:** January 28, 1969

**Education:**

In 1993, he graduated from the Georgian Technical University with a degree in hydrogeology and engineering geology. In 2004, he defended the degree of Candidate of Geological and Mineralogical Sciences at the Institute of Hydrogeology and Engineering Geology of the Academy of Sciences of Georgia.

**Work experience:**

- From 2001 to 2004, he worked in various positions at the World Bank, at the Center for Enterprise Restructuring and Management (CERMA).
- From 2004 to 2012 – the General Director, First Vice-President of Geopromining LLC.
- In 2012-2013 – the General Director of ReachMetalsGroup OJSC;
- From 2014 to the present – the Chief Operating Officer of Friona Commerce OJSC.

**Ownership of the company's shares:** he does not own.

**Ownership of shares of suppliers and competitors of the company, the number and interest owned in the affiliates:** he does not own.

## Aislu Zharmukhametovna Narbayeva

Independent Director, member of the Board of Directors

**Date of election to the Board of Directors:** Decision of the Board of Samruk-Kazyna JSC of November 16, 2018, May 20, 2019.

**Citizenship:** the Republic of Kazakhstan

**Date of birth:** September 05, 1966

**Education:**

- Certified Professional Accountant of the United States (USCPA), the Association of Professional Accountants of the United States.
- Qualification certificate of the auditor of the Republic of Kazakhstan, Qualification Commission for Certification of Auditors of the Republic of Kazakhstan.
- She graduated from the Kazakh State Agricultural Institute, on the specialty – Economics.

**Work experience:**

- Since 2003 – Ernst&Young, International Audit Company, Moscow, Senior Manager and Advisor to the Managing Partner for the CIS;
- In 2004-2014 – Ernst&Young, International Audit Company, Kazakhstan, Partner;
- In 2015-2016 – IntelTech Astana LLP, Chairman of the Board of Directors;
- From January 1, 2017 to the present – Baker Tilly Kazakhstan, International Audit and Consulting Company, Managing Partner.

Work and membership in the Board of Directors of other organizations in 2020: no.

**Ownership of the company's shares:** he does not own.

**Ownership of shares of suppliers and competitors of the company, the number and interest owned in the affiliates:** he does not own.



## Kanat Zhakypuly Kudaibergen

Chief Executive Officer, Member of the Board of Directors

**Date of the first election to the Board of Directors, date of the current election to the Board of Directors:** decisions of the Management Board of JSC SWF Samruk-Kazyna of April 23, 2018, May 20, 2019.

**Citizenship:** the Republic of Kazakhstan

**Date of birth:** June 03, 1979

**Education:**

In 2000, he graduated from the Al-Farabi Kazakh State National University, on the specialty - Jurisprudence. In 2012, he got a Bachelor's degree in the specialty - Organization of Transportation, Traffic and Operation of Transport, Kazakh University of Railways. In 2015, he graduated from the Russian Academy of National Economy and Public Administration under the President of the Russian Federation, with a Master's degree in Public and Municipal Administration. He got MBA in International Management, Geneva Business School (2016) and MBA in Mining Management, NUST Moscow Institute of Steel and Alloys (2017).

**Work experience:**

- Since 2001 - the Senior Assistant Prosecutor, Semirechenskaya Transport Prosecutor's Office.
- Since 2004 - the Deputy Director - Head of the Contract and Legal Division of the Legal Department, Kazakhtelecom JSC.
  - Since 2006 - the Head of the Organizational Support Division of the Administrative and Financial Department, the Agency of the Republic of Kazakhstan for Regulating the Activities of the RFCA.
  - From 2007 to 2008 - the Head of the Legal Department at the Representative Office of Mining and Processing Plant OJSC.
  - From 2009 to 2016, he held positions from the Leading Specialist in Legal Management to Chief Executive Officer - General Director in "Trade and Transport Company LLP, JSC NAC Kazatomprom.
  - Since 2016 - the General Director of

Karatau LLP, JSC NAC Kazatomprom.

- Since April 2018 - the Managing Director of the Uranium Mining Division of JSC NAC Kazatomprom;
- From April 23, 2018 to the present - the Chief Executive Officer of JSC NMC Tau-Ken Samruk.

**Work and membership in the Board of Directors of other organizations in 2020:** Representative of Samruk-Kazyna JSC on the Board of Directors of JSC NAC Kazatomprom, as well as a member of the Board of Directors in Kazzinholdings LLP, ShalkiyaZinc LTD JSC.

**Ownership of the company's shares:** he does not own.

**Ownership of shares of suppliers and competitors of the company, the number and interest owned in the affiliates:** he does not own.

## INFORMATION ABOUT THE WORK OF THE BOARD OF DIRECTORS

In 2020, 13 meetings were held, including 2 absentee meetings, at which 140 issues were considered and decisions were taken. Due to the pandemic and the closure of borders, the meetings of the Board of Directors were held online, and the participation of members of the Board of Directors is 100%.

The Board of Directors took key decisions on a number of the Company's main activities:

### Reports

- Monthly Report of the Management Board (CEO Report);
- Monthly Report on financial results of operations (CFO Report);
- Financial statements for M6/M9
- Annual financial statements for 2019
- Quarterly Implementation Reports of the Business Plan



<b>Strategic issues</b>	<ul style="list-style-type: none"> <li>□ Updating and monitoring the Company's Strategy</li> <li>□ Approval of the Business Plan;</li> <li>□ Approval of the Company's organizational structure;</li> <li>□ Approval of key performance indicators of the CEO and members of the Management Board.</li> </ul>
<b>Corporate governance issues</b>	<ul style="list-style-type: none"> <li>□ Approval of the Work Plan of the Board of Directors;</li> <li>□ Introducing amendments to the composition of the Committees under the Board of Directors;</li> <li>□ Monitoring of the Action Plan for improving the corporate governance system</li> <li>□ Approval of internal documents on sustainable development issues</li> </ul>
<b>Issues of subsidiaries and dependent organizations</b>	<ul style="list-style-type: none"> <li>□ Amendments to the Regulations on the Subsidiaries and Affiliates Management</li> <li>□ Election of members of the Supervisory Boards / Board of Directors;</li> </ul>
<b>Issues of the IAS, Compliance Officer, Risk Management Service</b>	<ul style="list-style-type: none"> <li>□ Consideration of Reports of the IAS, Compliance Officer, Risk Management Service</li> <li>□ Approval of the Risk Register</li> <li>□ Approval of the Compliance Officer's KPIs</li> </ul>
<b>Issues of concluding transactions</b>	<ul style="list-style-type: none"> <li>□ Consideration of issues related to the Company's investment projects</li> </ul>

In addition, in accordance with the best corporate governance practices, the members of the Board of Directors visited Tau-Ken Temir LLP on March 10, 2020, to assess the current situation at the production site and develop proposals for further plans.

### Information on the evaluation of the Board of Directors

As part of the comprehensive performance evaluation of the Board of Directors, the Company approved the Regulation on Performance Evaluation of the Board of Directors and its Committees, the Chairman, Members of the

Board of Directors and the Corporate Secretary of JSC NMC Tau-Ken Samruk for 2019–2020. The Regulations establish approaches and regulate the process of planning, conducting and using the results of performance evaluation of the Board of Directors and its Committees, the Chairman, Members of the Board of Directors and the Corporate Secretary of JSC NMC Tau-Ken Samruk. In 2021, it is scheduled to conduct an independent assessment of the Company's corporate governance system, including the performance of the Company's Board of Directors.

### Committees under the Board of Directors

To support the activities of the Board of Directors, the following Committees have been formed in the Company, whose duties include consideration of issues and elaborating recommendations on a particular issue within the framework of their functional duties:

- ◆ Audit Committee;
- ◆ Nomination and Remuneration Committee;
- ◆ Strategy Planning and Investment Committee.

### Audit Committee

The Audit Committee's activities are aimed at assisting the Board of Directors on financial reporting, internal control and risk management, external and internal audit, compliance with legislation, as well as other issues on behalf of the Board of Directors. The Audit Committee is accountable to the Board of Directors and acts within the authorities granted to it by the Board of Directors.

As of December 31, 2020, the composition of the Audit Committee is as follows:

- Aislu Zharmukhametovna Narbayeva- the Chairman of the Committee, Independent Director
- Dimitri Nugzarovich Kalandadze - the member of the Committee, Independent Director.

In 2020, the Audit Committee held 10 meetings in the in-presence format, 45 issues were considered and elaborated recommendations on them.

Date	28.02	17.04	28.05	15.07	24.07	06.08	25.08	29.09	25.12	28.12	%
Z. F. Arslanova <sup>4</sup>	✓	✓									100
D.N. Kalandadze	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100
A.Zh. Narbayeva	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100

#### Internal audit issues (at each meeting), including:

- ◆ annual and quarterly reports of the Internal Audit Service (hereinafter – Service);
- ◆ HR issues related to the hiring, dismissal and remuneration of employees of the Service;
- ◆ consulting tasks for the executive body, unscheduled inspections on behalf of the Fund and the Audit Committee.

#### External audit issues, including:

- ◆ results of the audit of the consolidated financial statements of the Company and its subsidiaries for 2019;
- ◆ letter to management on the results of the audit of the consolidated financial statements of Tau–Ken Samruk and its subsidiaries for 2019;
- ◆ results of the audit of the consolidated financial statements of the Company and its subsidiaries for H1 and M9 2020.

#### Risk management and internal control system:

- ◆ quarterly risk reports were discussed and evaluated;
- ◆ risk appetite statement, risk register and risk management action plan, risk map;
- ◆ risk tolerance levels and the register of key risk indicators for 2020.

#### The considered issues regulating the activities of the Compliance Officer:

- ◆ consideration of internal documents on the activities of the Compliance Officer (regulations, policies and procedures);
- ◆ approval of performance reports of the Compliance Officer..

## Nomination and Remuneration Committee

The Nomination and Remuneration Committee is an advisory body of the Board of Directors on HR Policy and motivation policy, considers issues on nomination and remuneration within the competence of the Board of Directors, and monitors the implementation of such decisions taken by the Board of Directors.

The Committee was established to consider and prepare recommendations to the Board of Directors on attracting qualified management of JSC NMC Tau–Ken Samruk, including to the Board of Directors, the Management Board and other positions in the Company that are appointed by the Board of Directors, as well as on remuneration of members of the Board of Directors, members of the Management Board and other employees of the Company that are appointed by the Board of Directors.

As of December 31, 2020, the composition of the Nomination and Remuneration Committee is as follows:

- ◆ **Aislu Zharmukhametovna Narbayeva** – the Chairman of the Committee
- ◆ **Dimitri Nugzarovich Kalandadze** – the member of the Committee, Senior Independent Director
- ◆ **Ikram Adyrbekuly Adyrbek** – the member of the Committee, representative of the Sole Shareholder.
- ◆ **Marzhan Bekturganovna Dukenova** – the non-voting expert of the Committee
- ◆ **Almira Sergeevna Mukhatova** – the non-voting expert of the Committee

During the reporting period, the Nominating and Remuneration Committee held 9 in–presence meetings, at which 51 issues were considered and relevant recommendations were provided for to the Board of Directors.

Дата	11.03	17.04	28.05	29.06	24.07	25.08	29.09	03.12	28.12	%
Z. F. Arslanova <sup>4</sup>	✓	✓								100
I.A. Adyrbek	✓	✓	✓	✓	✓	✓	✓	✓	✓	100
D.N. Kalandadze	✓	✓	✓	✓	✓	✓	✓	✓	✓	100
A.Zh. Narbayeva	✓	✓	✓	✓	✓	✓	✓	✓	✓	100

<sup>4</sup>The term of office as a member of the Board of Directors expired on May 20, 2020

Key issues considered by the Nomination and Remuneration Committee in 2020:

- ◆ Consideration of candidates for members of the Management Board of JSC NMC Tau-Ken Samruk, in connection with which a balanced composition of the Management Board has been formed.
- ◆ Performance evaluation of the members of the Management Board based on the performance of KPIs, the Internal Audit Service, the Compliance Officer, the Corporate Secretary.
- ◆ Consideration of motivational key performance indicators for members of the Management Board of JSC NMC Tau-Ken Samruk and their target values.
- ◆ Change and election of the Supervisory Boards of subsidiaries of JSC NMC Tau-Ken Samruk.

## Strategy Planning and Investment Committee

The Committee was established to develop and submit recommendations to the Board of Directors on the Company's strategic development, including the Company's strategic goals and tasks, as well as the implementation of investment activities and other issues within the competence of the Strategy Planning and Investment Committee. The Strategy Planning and Investment Committee is also responsible for developing and providing recommendations to the Board of Directors on issues related to the Company's sustainable development in the long term.

Composition of the Strategy Planning and Investment Committee as of December 31, 2020 is as follows:

- ◆ **Dimitri Nugzarovich Kalandadze** - the Chairman of the Committee, Independent Director
- ◆ **Aislu Zharmukhametovna Narbayeva** - the member of the Committee, Independent Director
- ◆ **Ikram Adyrbekuly Adyrbek** - the member of the Committee, representative of the Sole Shareholder
- ◆ **Marzhan Bekturganovna Dukenova** - the non-voting expert of the Committee.

- ◆ **Mirat Maratovich Utegov** - the non-voting expert of the Committee.
- ◆ **Sabigat Maratovich Rakhmetov** - the non-voting expert of the Committee.

During the reporting period, the Strategy Planning and Investment Committee held 11 in-presence meetings, at which 48 issues were considered and relevant recommendations were provided to the Board of Directors.

### The personal participation of members of the Strategy Planning and Investment Committee at the meetings in 2020

Date	11.03.20	17.04.20	19.05.20	28.05.20	04.06.20	29.06.20	24.07.20	25.08.20	29.09.20	03.12.20	28.12.20	%
<b>D.N. Kalandadze</b>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100
<b>I.A. Adyrbek</b>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100
<b>Z. F. Arslanova<sup>5</sup></b>	✓	✓	✓									
<b>A.Zh. Narbayeva</b>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100

During 2020, the Strategy Planning and Investment Committee provided appropriate recommendations to the Board of Directors, including on the following issues:

- ◆ Consideration and discussion of the key activities for updating the Development Strategy for 2018-2028.
- ◆ Consideration of the Implementation Reports of the Development Strategy.
- ◆ Approval of transactions on investment projects.

## ACTIVITIES OF THE MANAGEMENT BOARD

The Management Board is a collegial executive body of the Company, which has the right to take decisions on any issues of the Company's activities that are not referred by the legislation of the Republic of Kazakhstan and the Company's Charter to the competence of the Sole Shareholder and the Board of Directors, and is responsible to the Sole Shareholder and the Board of Directors for performing the tasks assigned to it.

The composition of the Company's Management Board as of December 31, 2020 is as follows<sup>7</sup>:

<b>Chief Executive Officer</b>	Kanat Zhakypuly Kudaibergen
<b>Chief Project Management Director - Member of the Management Board</b>	Bakhytzhan Amirbekovich Orynbekov
<b>Chief Business Development Officer - Member of the Management Board</b>	Nariman Malisuly Absametov
<b>Chief Economics and Finance Officer - Member of the Management Board</b>	Bauyrzhan Seitghanovich Kuanshaliyev
<b>Chief Business Officer - Member of the Management Board</b>	Nurlan Gaisanovich Itemgenov

<sup>7</sup> Until June 2020, Nurlan Batyrgaliyevich Saurambayev was a member of the Management Board

## Kanat Zhakypuly Kudaibergen

Chief Executive Officer, Member of the Board of Directors

He performs general management of the activities of JSC NMC Tau-Ken Samruk.

**Date of election:** Decision of the Board of Directors of JSC NMC Tau-Ken Samruk of April 23, 2018, Extract No.02/18.

**Citizenship:** the Republic of Kazakhstan

**Date of birth:** June 03, 1979

**Education:** In 2000, he graduated from the Al-Farabi Kazakh State National University, on the specialty - Jurisprudence. In 2012, he got a Bachelor's degree in the specialty - Organization of Transportation, Traffic and Operation of Transport, Kazakh University of Railways. In 2015, he graduated from the Russian Academy of National Economy and Public Administration under the President of the Russian Federation, with a Master's degree in Public and Municipal Administration. He got MBA in International Management, Geneva Business School (2016) and MBA in Mining Management, NUST Moscow Institute of Steel and Alloys (2017).

### Professional activity:

- Since 2006 - the Head of the Organizational Support Division of the Administrative and Financial Department, the Agency of the Republic of Kazakhstan for Regulating the Activities of the RFCA;
- Since 2007 - the Leading Specialist of the Legal Department of Trade and Transport Company LLP, JSC NAC Kazatomprom. Since 2010 - the Chief Manager - Head of the Legal Support Department. Since 2011 - the Deputy General Director for Supply;
- Since 2012 - the First Deputy General Director. Since 2014 - the CEO - General Director. Since 2015 - the First Deputy General Director;
- Since 2016 - the General Director of Karatau LLP, JSC NAC Kazatomprom;
- Since April 2018 - the Managing Director of the Uranium Mining Division of JSC NAC Kazatomprom;
- From April 23, 2018 - the Chief Executive Officer of JSC NMC Tau-Ken Samruk.



**Ownership of the company's shares:** he does not own.

**Ownership of shares of suppliers and competitors of the company, the number and interest owned in the affiliates:** he does not own.

## Bakhytzhhan Amirbekovich Orynbekov

Chief Project Management Director

He ensures the implementation of the Company's investment projects and the development of the resource base for priority solid minerals through the implementation of exploration and production projects, the development of new processing areas, the construction of production facilities.

**Date of election:** the decision of the Board of Directors of JSC NMC Tau-Ken Samruk of May 29, 2020, Minutes No.05/20

**Citizenship:** Republic of Kazakhstan

**Date of birth:** February 20, 1971

**Education:** he graduated from Taraz State University named after M. Dulati, on the specialty Cars and Automotive Industry, Mechanical Engineer, Taraz State University named after M. Dulati, on the speciality Engineering and Technologies, Mining (2016)

**Professional activity:**

- Since 2000 - the President of Taraz Kolik Zholy LLP
- Since 2004 - the Head of the Department of the State Enterprise "Department of Highways of Local Significance of the Akimat of Zhambyl region"
  - Since 2005 - the Director of the Department of the State Enterprise "Department of Passenger Transport and Highways of the Akimat of Zhambyl region"
  - Since 2008 - the Head of the Department of the State Enterprise "Construction Department of the Akimat of Zhambyl region"
  - Since 2011 - the CEO of Trade and Transport Company LLP
  - Since 2015 - the Deputy CEO of

Volkovgeologiya JSC

- Since 2016 - the Deputy General Director of the RSE on REM "Reserve" of the SMRC MFAI RoK
- Since 2017 - the Deputy Chairman of the State Material Reserves Committee (SMRC) of the Ministry of Defense and Aerospace Industry (MDAI)
- Since 2018 - the Director of the Production Department of JSC NMC Tau-Ken Samruk
- Since 2019 - the Managing Director - Head of the Project Office of JSC NMC Tau-Ken Samruk
- Since 2020 - the Chief Project Management Officer of JSC NMC Tau-Ken Samruk.

**Ownership of the company's shares:** he does not own.

**Ownership of shares of suppliers and competitors of the company, the number and interest owned in the affiliates:** he does not own

## Nariman Malisuly Absametov

Chief Business Development Officer

He organizes activities for the introduction of innovative approaches to doing business, oversees investment activities, the assets acquisition and restructuring.

**Date of election:** the decision of the Board of Directors of JSC NMC Tau-Ken Samruk of June 20, 2020, Minutes No.07/20

**Citizenship:** the Republic of Kazakhstan

**Date of birth:** June 18, 1988

**Education:** he graduated from the Kazakh Institute of Management, Economics and Forecasting - Business Administration and Accounting, Australian National University - Master of Applied Finance

**Professional activity:**

- Since 2009 - the Chief Specialist - Leading Manager of the Economics and Finance Department of APPAK LLP



- Since 2011 – the Expert of the Mining and Metallurgical Assets Directorate of Samruk-Kazyna JSC
- Since 2013 – the Corporate Secretary of KATKO Joint Venture LLP
- Since 2017 – the Manager of the Business Development Directorate of Eurasian Group LLP (ERG)
- Since 2017 – the Director of the Investment Department of JSC NMC Tau-Ken Samruk
- Since June 2020 – the Chief Business Development Officer of JSC NMC Tau-Ken Samruk

**Ownership of the company's shares:** he does not own.

**Ownership of shares of suppliers and competitors of the company, the number and interest owned in the affiliates:** he does not own.

## Bauyrzhan Seitzhanovich Kuanshaliyev

Chief Economics and Finance Officer

He manages all financial, economic and control activities. He is responsible for the economic performance of the Company, medium-term financial and economic planning, analysis of the Company's economic activities, organization and coordination of work on automation of the Company's business processes.

**Date of election:** the decision of the Board of Directors of JSC NMC Tau-Ken Samruk of April 18, 2019, Minutes No.03-19.

**Citizenship:** the Republic of Kazakhstan

**Date of birth:** November 10, 1985

**Education:** he graduated from the Kazakhstan Institute of Management, Economics and Forecasting (KIMEP), on the specialty Finance (2007).

**Professional activity:**

- In 2007-2010 – the Specialist, Senior Auditor of the Audit Department of Deloitte LLP;
- Since 2011 – the Auditor of SAT & Company LLP;
- Since 2012 – the Managing Director, Member of the Management Board of IC Standard JSC;
- Since 2013 – the Managing Director of AF Bank OJSC;



- Since 2014 – the Financial Director of Taraz Metallurgical Plant LLP;
- Since 2015 – the Managing Director of the Budgeting and Investment Projects Department of SAT & Company JSC;
- Since 2016 – the General Director of Taraz Metallurgical Plant LLP;
- Since 2018 – the President of Ecoton+ JSC;
- Since April 08, 2019 – the Chief Director for Economics and Finance of JSC NMC Tau-Ken Samruk.

**Ownership of the company's shares:** he does not own.

**Ownership of shares of suppliers and competitors of the company, the number and interest owned in the affiliates:** he does not own.

## Nurlan Gaisanovich Itemgenov

Chief Business Officer

He ensures the organization of corporate governance, legal support for the Company's activities, human resource management processes, interaction with public authorities, ensures the continuity of administrative and economic activities for the long-term, balanced and sustainable development of the Company.

**Date of election:** the decision of the Board of Directors of JSC NMC Tau-Ken Samruk of July 26, 2019, Minutes No.06/19.

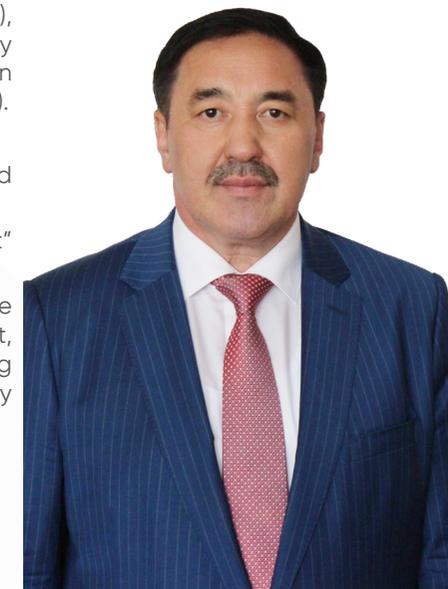
**Citizenship:** the Republic of Kazakhstan

**Date of birth:** February 14, 1968

**Education:** He graduated from Karaganda State Medical Institute, on the specialty Dentist (1992), Rudnenski State Industrial Institute, on the specialty Economist – Manager (2004), Kazakh Humanitarian Law University, on the specialty Jurisprudence (2005).

**Professional activity:**

- Since 1992 – Dentist of the Medical and Preventive Department, Rudny city;
- Since 1998 – the Chief Physician of "Rassvet" health center, Rudny city;
- From 1999 to 2002 – the Director of the medical and wellness center, Acting Vice-President, Vice-President of Sokolovsko-Sarbayskoye Mining and Processing Production Association OJSC, Rudny



city;

- Since 2004 - the Deputy of the Mazhilis of the Parliament of the Republic of Kazakhstan, Astana;
- Since 2007 - the Deputy Director of the Center for Forensic Examination of the Ministry of Justice of the Republic of Kazakhstan, Astana;
- Since 2010 - the Director of the Center for Forensic Examination of the Ministry of Justice of the Republic of Kazakhstan, Astana;
- Since 2012 - the Head of the HR Department of the Agency of the Republic of Kazakhstan for Combating Economic and Corruption Crime (Financial Police), Astana;
- Since 2014 - the Head of the Administrative and HR Department of Trade and Transport Company LLP, JSC National Atomic Company "Kazatomprom", Astana;
- Since 2016 - the Deputy Director of the Center for Forensic Examination of the Ministry of Justice of the Republic of Kazakhstan, Astana;
- In 2017 - the Adviser to the Minister of Justice of the Republic of Kazakhstan, Astana; Deputy Director for Scientific Work, Director of the Center for Forensic Examinations of the Ministry of Justice of the Republic of Kazakhstan, Astana;
- Since July 26, 2019 - the Chief Business Director of JSC NMC Tau-Ken Samruk.

**Ownership of the company's shares:** he does not own.

**Ownership of shares of suppliers and competitors of the company, the number and interest owned in the affiliates:** he does not own.

### Information about the work of the Management Board

Indicator	2018	2019	2020
Number of meetings	60	36	39
Number of issues considered	344	307	278

### Remuneration Policy

The Remuneration Policy of the Company's Management Board members is implemented in compliance with the Rules for Remuneration and Bonuses Payment to Employees of JSC NMC Tau-Ken Samruk, developed in accordance with the legislation of the Republic of Kazakhstan, the Corporate Standard for Human Resource Management of the Samruk-Kazyna JSC group

These Rules define the conditions and procedure for performance evaluation and paying remuneration to the Company's senior and managerial employees.

The performance of the members of the Management Board is evaluated based on the motivational key performance indicators (hereinafter - KPIs) that characterize the effectiveness of the Company's financial and economic activities and the degree to which a member of the Management Board has achieved the level of high results of his/her activities.

Based on the results of the performance evaluation of the members of the Management Board, they are paid remuneration based on the results of the reporting year, subject to the implementation of the KPIs approved in accordance with the established procedure, calculated given the planned amount for the payment of remuneration.

### Procedures on decision-making on determining the amount of remuneration and its payment to members of the Management Board

Remuneration following results of work is paid based on the results of the performance evaluation for the purpose of material incentives for the success achieved and improving the performance.

The main condition for the payment of remuneration based on the

results of work is the availability of consolidated total income for the reporting period, calculated given the planned amount for the payment of remuneration.

The Nomination and Remuneration Committee (hereinafter - NRC) evaluates the performance of executives and prepares recommendations for subsequent decision-making by the Board of Directors on the payment/non-payment of remuneration.

The NRC has the right to take a decision on non-payment of remuneration to executives based on the results of their activities when:

- 1) not meeting the threshold values of individual corporate KPIs;
- 2) final effectiveness of the performance of functional KPIs is less than 50% (inclusive).

The Board of Directors, at its discretion, considering the recommendations of the NRC, may take a decision on the issue of payment and the amount of remuneration to executives. At that, the specific amount of remuneration for executives is set forth based on the individual approach to evaluating the performance of each of them based on the results of work within the established maximum remuneration amounts.

### Remuneration

In 2020, the members of the Management Board and Directors of the Board of Directors of the Company received remuneration, the total amount of remuneration to key management personnel included in general and administrative expenses in the consolidated income and loss statement amounted to KZT164 643 thousand.

### Организационная структура



The Company's Board of Directors by the decision of August 27, 2020 (Minutes No.09/20) approved the organizational structure.

# 8

## Risk management and internal control

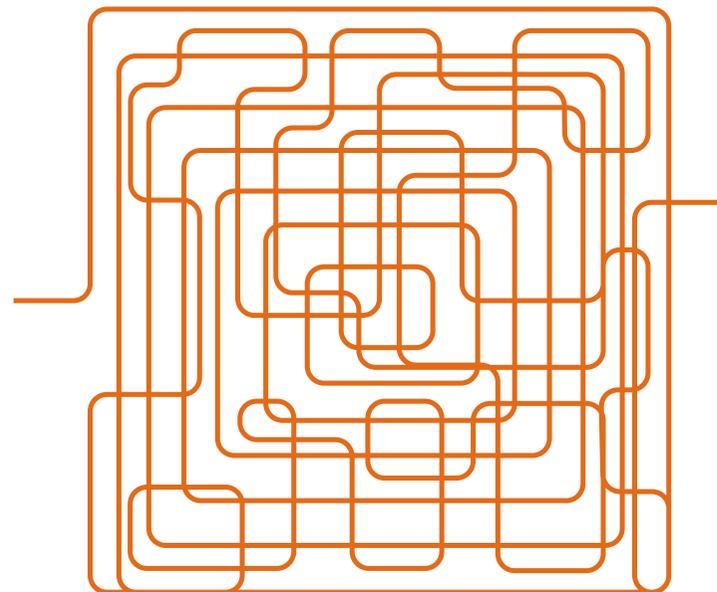
To reduce the uncertainty of the risks impact on the achievement of goals and minimize the possible consequences from the implementation of risks, the Company operates a corporate risk management system (hereinafter - CRMS), which is integrated into business processes and taken into account when taking decisions at all levels.

CRMS is a set of interrelated elements combined into a single process in which the Company's Board of Directors, management and employees, each at their own level, participate in identifying potential events that may affect the activities of the Company and its group, as well as in managing these events within the acceptable risk level for the shareholder.

The CRMS is based on a continuous cyclical process of identifying, assessing and managing risks that may affect performance in the short and long term and the implementation of the strategy, considering the economic, environmental and social aspects.

The CRMS is designed to provide reasonable confidence in achieving the following goals:

- ◇ strategic goals;
- ◇ operational goals – effective and efficient use of resources, asset safety;
- ◇ objectives for the preparation of reliable reporting;
- ◇ objectives in the field of compliance with applicable legislation and internal requirements.





### Structure of the risk management system

The CRMS structure is based on the “Three Lines of Defense” Model – an approach to the organization of CRMS based on the fact that for effective risk management under the leadership of the Company’s Board of Directors, it is necessary to divide roles and responsibilities between three individual groups (lines of defense): business functions (each structural subdivision of the Company), risk monitoring and control function (Internal Control and Risk Management Service and Compliance Service), function of the independent assessment of the effectiveness of risk management and internal control (Internal Audit Service).



**Board of Directors of the Company** oversees the effectiveness of risk management and internal control by performing functions in the field of risk management, such as:

- ◇ defining goals and tasks;
- ◇ approval of the principles and approaches to the organization of CRMS, requirements for the organization of internal control and control procedures, distribution of the roles of CRMS participants in the field of risk management and internal control;
- ◇ approval of the Risk Appetite, Key Risk Indicators, Risk Register and Risk Map, Risk Response Plan, consolidated risk reports of the Company;
- ◇ ensures proper consideration of issues within the competence of the Company's Board of Directors, given the associated risks when taking decisions.

**The Audit Committee under the Company's Board of Directors** assists the Company's Board of Directors on issues of control over the reliability and effectiveness of the CRMS and internal control.

**The Management Board of the Company** ensures the creation and maintenance of the effectiveness of the risk management and internal control system, ensures the implementation of the rules and regulations prescribed in the regulatory documents on risk management and Internal control, executes the decisions of the Board of Directors and the recommendations of the Audit Committee under the Board of Directors, approves the organizational structure and distributes authorities and areas of responsibility.

**The Risk Committee under the Company's Management Board** provides assistance to the Company's Management Board in the field of corporate risk management, improvement and strengthening of the risk management system, immediate response to critical risks of the Company.

**Risk coordinators play** a key role in the process of identifying, evaluating and developing risk management measures. These are employees who are responsible for the organization of operational risk management of a specific department, functionally subordinate to these departments.

**Risk owners** are each and every employee of the Company.

The Company annually calculates risk appetite, forms a Risk Register and a Risk Map for the upcoming year, which are approved by the Board of Directors. The identified risks are systematized in the form of a Risk Register, assessed by the degree of impact, the probability of occurrence and the time of impact, with their further display on the Risk Map.

## Risk appetite

The risk appetite is formed in parallel with the strategic planning process. The risk appetite takes into account the mission, vision and strategic goals, is determined in relation to investment, financial and operational activities in the context of creating, preserving and realizing the value of the Company's assets. Compliance with the Risk Appetite is mandatory for the Company's employees when conducting transactions, initiating transactions, analyzing projects and for the Company's officials when taking management decisions.

### Key risks of the Company: factors and management practices

Within the framework of the CRMS functioning, the Company has defined a list of critical risks in four areas (strategic, investment, financial, operational and compliance), the risk owners are identified, risks are assessed, measures to manage them are developed and implemented, the dynamics of key risks and the implementation of measures to reduce them is constantly monitored.

The Risk Reports with an updated risk map and plans for managing them are submitted for consideration of the Company's Board of Directors, Boards of Directors/Supervisory Boards of subsidiaries on a quarterly basis.

Within the framework of CRMS, the Company analyzes business processes to identify risks and mitigate them through the formation of risk matrices and controls and their application in practice. An action plan for the formation of a risk culture has been approved and is being implemented, training of risk coordinators and risk owners is being conducted.

Control over the implementation of the Roadmaps of subsidiaries and project implementation schedules, as well as recommendations based on the results of audits of the Internal Audit Service is carried out on a weekly basis.

## KEY RISKS

<p><b>Employees' infection risk</b></p> <p>This risk is associated with the COVID-19 outbreak.</p>	<p>The Company has taken all possible measures to reduce the negative risk factors associated with the COVID-19 pandemic, such as:</p> <ul style="list-style-type: none"> <li>◆ Informing the staff about the measures taken, the status of the spread of infection through the creation of groups in WhatsApp mobile application (in the Company and Subsidiaries);</li> <li>◆ General testing of personnel for COVID-19 was carried out;</li> <li>◆ Transfer of most of the employees to remote operation mode;</li> <li>◆ Disinfection of office premises;</li> <li>◆ Providing the staff with the necessary PPE, and disinfectants;</li> <li>◆ Restriction of visits to enterprises by third parties;</li> <li>◆ Holding of meetings in an online format;</li> <li>◆ Creation of a round-the-clock Headquarters, daily monitoring of the implementation of events by the Company and Subsidiaries, a report to the headquarters, daily Summary Data in the Company</li> </ul>		<p>foreign currency (natural hedging) by managing the timing of payments and proceeds. The Company also carries out daily monitoring of indicators that affect the exchange rate.</p>
<p><b>The risk of deterioration of the project profitability indicators when calculating the FEM</b></p> <p>This risk is caused by the volatility of prices for base metals, falling demand, as well as the lack of sources of financing from potential investors for joint implementation of projects</p>	<p>To manage this risk, the Company conducts weekly monitoring of prices for base metals. As necessary, the FEM is recalculated given the current metal prices. Measures are taken to find a source of financing on an ongoing basis (a strategic partner or for the independent implementation of the project).</p>		<p>To prevent accidents at work, the Company carries out organizational and technical measures to ensure:</p> <ul style="list-style-type: none"> <li>◆ Implementation of measures to ensure safety and labor protection, life insurance of employees from accidents;</li> <li>◆ Providing of personnel with certified personal protective equipment and tools, insurance of employees against accidents when executing their labor (official) duties;</li> <li>◆ Implementation of measures to prevent occupational injuries and improve working conditions;</li> <li>◆ Control and monitoring of compliance with the requirements of the technological process, accounting and statistics of industrial injuries;</li> <li>◆ Training of personnel in labor techniques.</li> </ul>
<p><b>The risk of not finding promising investment-attractive projects</b></p> <p>The occurrence of this risk is associated with the lack of reliable geological information about promising areas of subsoil use</p>	<p>As part of the integration of risk management into the main key business processes, the Company updated the current rules for entering projects, supporting their implementation, as well as exiting projects, considering the lessons learned and using an assessment of potential risks. Close cooperation is carried out with state institutions for timely access to geological funds, the study of geological data for finding promising objects and timely geological and economic assessment. In addition, there is a systematic search for investors (participation in forums, conferences, meetings, sending out information teasers), conducting additional technological research.</p>	<p><b>The risk of industrial accidents causing damage to health</b></p> <p>Non-compliance by employees with the established rules in the field of labor protection, violation of industrial discipline is a source of threat to the life and causing damage to the health of employees</p>	<p>To avoid the realization of this risk, the Company has taken the following measures:</p> <ul style="list-style-type: none"> <li>◆ The KPIs of CEOs of the Subsidiaries include items on the execution of Work Programs, and timely changes to them, if necessary;</li> <li>◆ A recommendation has been developed for filling out LCC reports;</li> <li>◆ The job descriptions of responsible persons enshrine the responsibility for the completeness and correctness of filling out LCC reports;</li> <li>◆ The Risk &amp; Control Matrix for the "Subsoil Use" process has been developed, which includes a sub-process for monitoring and controlling the LCC implementation;</li> <li>◆ The Company constantly monitors the LCC implementation by the Subsidiaries.</li> </ul>
<p><b>Credit risk</b></p> <p>The risk caused by the lack of stability in the banking system</p>	<p>To manage credit risks, the Company monitors the financial condition of second-tier banks, including settlement limits, controls over the placement of temporarily available funds in the most financially stable banks of the Republic of Kazakhstan. Monitoring the status of accounts receivable, the financial condition of counterparties, as well as the introduction of a system of internal ratings of the counterparties solvency are also one of the tools for reducing credit risk. Currency risk management measures include maintaining a balance of requirements and liabilities in</p>	<p><b>Risk of LCC non-fulfillment</b></p> <p>This risk can be realized through poor-quality planning of measures for the LCC implementation, the lack of personal responsibility for the completeness and correctness of filling out LCC reports, as well as the lack of control over the LCC implementation contract holders.</p>	

## Internal control

The Company's internal control system is an integral part of the corporate governance system, covers all levels of management, all internal processes and operations of the Company and is able to quickly respond to risks, exercise control over the main and auxiliary business processes and daily operations of the Company, as well as immediately inform management of any significant shortcomings and areas for improvement. The reliable and effective functioning of the internal control system requires the involvement and constant interaction within the framework of internal control of executives and employees at all levels of the Company.

Internal control in the Company is regulated by the Regulation on the internal Control System, which defines the concept, goals and tasks of the internal control system, the principles of its functioning, procedures, key areas and main components, as well as the competence and responsibility of internal control subjects for the implementation of procedures and evaluation of the internal control system in the Company.

While the CRMS is focused on achieving the goals in the four above-mentioned categories, the internal control is focused on achieving operational goals, objectives in the field of preparing reliable reports and compliance with applicable legislation and internal requirements.

The objectives of the CRMS and Internal Control are:

- 1) increase the risk culture and integrate risk management and internal control into all aspects of the Company's activities;
- 2) reduce the volatility of performance results by increasing the Company's ability to prevent situations that threaten goals, effectively respond to negative "surprises" and reduce the consequences of such situations, if they occur, to an acceptable level;
- 3) usage of opportunities to increase the value of assets and profitability of the Company in the long term.

## Internal Audit

The Internal Audit Service (hereinafter - Service) is a body of the Company that is organizationally subordinate to the Chief Executive Officer and functionally accountable to the Board of Directors. The Audit Committee oversees the activities of the Service. The mission of the Service is to provide the necessary assistance to the Board of Directors and the Management Board in carrying out their duties to achieve the Company's strategic goals.

The main purpose of the Service is to provide the Board of Directors with independent and objective guarantees and consultations aimed at improving

the risk management systems, internal control and corporate governance in the Company.

When developing the annual audit plan, the Service uses a risk-based approach. The audits are carried out on the basis of the annual audit plan approved by the Audit Committee and approved by the Board of Directors. Guided by the main goals and objectives set by the Board of Directors for the Service, in 2020, audit assignments were completed in the Corporate Center and its Subsidiaries:

1. Evaluation of the activities of exploration projects;
2. Verification of KPI calculations and calculations of remuneration amounts for executives and managerial employees of the Company based on the results of 2019, availability of supporting documents;
3. Audit of Tau Ken Altyn LLP. Assessment of the internal control and risk management system for the process of accounting for the movement and balances of precious metals;
4. Evaluation of the project management process;
5. Assessment of the risk management process in the HR management process;
6. Assessment of the investment risk management process;
7. Assessment of the risk management process in the field of occupational health and safety, environmental risks.

Based on the results of the audits, the Service presents recommendations aimed at improving internal control and risk management in various processes. Consulting tasks for the Executive Body have been completed. The Audit Committee and the Board of Directors considered the results of the completed tasks took appropriate decisions.

In 2020, the implementation of recommendations issued by both the Service and the external auditor was monitored on a quarterly basis. To coordinate activities to ensure proper coverage and minimize double work, the Service provides information about the Company's internal control system to the external auditor.

To ensure continuous professional development, regular improvement of knowledge, skills and competencies, the participation of Service employees in training events was ensured during the reporting period.

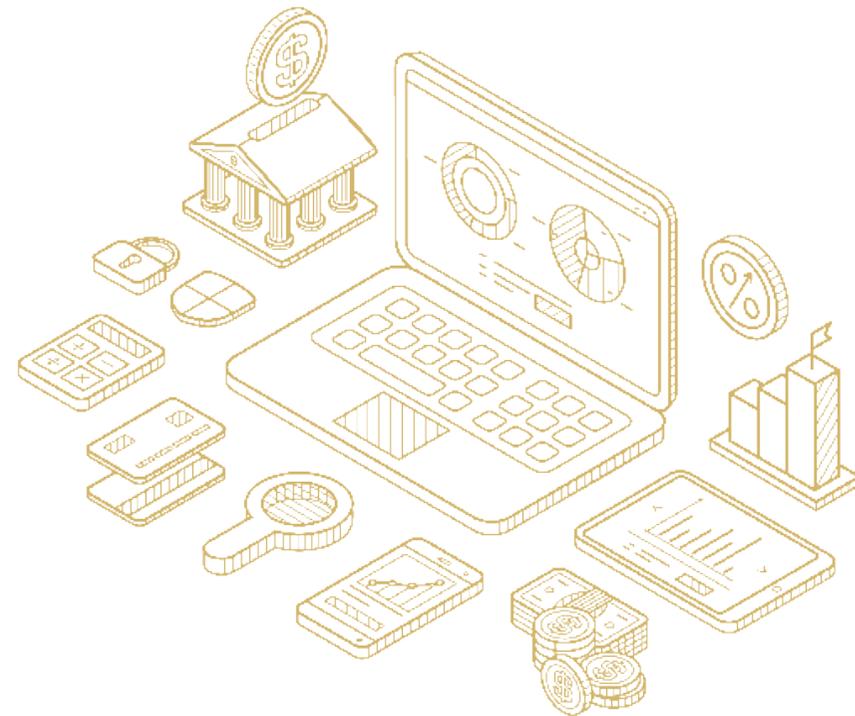
In 2020, the Audit Committee and the Board of Directors conducted a quarterly performance evaluation of the Service. The activity of the Service is recognized as effective.

# 9

## Information about the external auditor

### External Audit Policy

When attracting the services of audit organizations, the Company is guided by the Rules for Selecting the Audit Organization for Samruk-Kazyna JSC and organizations at least fifty percent of the voting shares (equity interests) of which are directly or indirectly owned by Samruk-Kazyna JSC on the right of property or trust management, approved by the decision of the Management Board of Samruk-Kazyna JSC of December 27, 2016 (Minutes No.46/16). The main provisions provided for in the Rules give the Company with the opportunity to attract auditors to provide certain audit and non-audit services without compromising the objectivity or independence of the auditor and avoiding conflicts of interest.



### Auditor selection

The audit organization is selected in accordance with the legislation of the Republic of Kazakhstan, the Rules for Selection of the Audit Organizations developed by Samruk-Kazyna JSC, and internal documents of the Company. The main criteria determining the selection of the auditor are:

- 1) the quality of the auditor's services, which is determined by the following factors:
  - ◆ approach to the services providing;
  - ◆ professional qualification of the audit team;
  - ◆ quality of service;
  - ◆ seriousness of intentions and reputations;
  - ◆ compliance with the code of professional and ethical conduct;
  - ◆ knowledge of the sectorial business;
- 2) compliance of working hours and the cost of services;
- 3) independence;
- 4) objectivity in the performance of duties;
- 5) timely exchange of information about the audit results with management.

### Rotation of the project partner

The Company periodically changes the external auditor and/or the project partner responsible for preparing the audit report. The rotation period of the Company's external auditor (i.e. the period of time after which the Company must change the external auditor) is no more than 3 consecutive years. A succession plan to achieve this result should be prepared by the auditor and submitted to the Audit Committee for consideration no later than one year before the rotation. In the reporting period, the audit organization did not provide non-audit services. Grant Thornton LLP has been providing audit services to the Company since 2016.

Period	Service name	Remuneration amount, including VAT, KZT
2020 r.	Audit of annual and review of semi-annual separate and consolidated financial statements	22 204 000

# Annex 1

## Interaction with stakeholders

Stakeholders	Interaction level	Interaction methods	Key topics and interests raised
<b>Area of responsibility/authority</b>			
Sole Shareholder	Vesting with authority	<ul style="list-style-type: none"> <li>• meetings, hearing reports</li> <li>• annual report</li> <li>• meetings and negotiations</li> <li>• Internet website</li> <li>• correspondence and requests</li> <li>• exhibitions, forums and presentations</li> </ul>	<ul style="list-style-type: none"> <li>• Financial, production indicators</li> <li>• Dividends</li> <li>• Sustainable Development, Sustainable Development Report</li> </ul>
Management	Vesting with authority	<ul style="list-style-type: none"> <li>• integration of interaction issues in management, strategy and operational activities</li> <li>• Management Board meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Interaction with the Sole Shareholder and the Board of Directors</li> <li>• Implementation of the Strategy</li> </ul>
Staff	Cooperation	<ul style="list-style-type: none"> <li>• questionnaires and surveys</li> <li>• correspondence and requests</li> <li>• appraisal</li> <li>• training</li> </ul>	<ul style="list-style-type: none"> <li>• Professional development, education and training</li> <li>• Equal opportunities</li> </ul>
<b>Direct interaction area</b>			
Public authorities	Cooperation	<ul style="list-style-type: none"> <li>• joint projects</li> <li>• joint ventures</li> <li>• partnership</li> <li>• correspondence and requests</li> <li>• joint initiatives</li> <li>• non-financial reports</li> <li>• Internet website</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with regulatory requirements</li> <li>• Taxes</li> <li>• Environmental responsibility</li> <li>• Occupational health and industrial safety</li> </ul>
National companies	Cooperation	<ul style="list-style-type: none"> <li>• joint projects</li> <li>• joint initiatives</li> <li>• correspondence and requests</li> <li>• Internet website</li> </ul>	<ul style="list-style-type: none"> <li>• Long-term cooperation</li> <li>• Participation in working groups, forums</li> </ul>

Auditors, Consulting companies	Consultations, Involvement	<ul style="list-style-type: none"> <li>• entering into agreements</li> <li>• consultation panels, meetings</li> <li>• feedback delivery schemes</li> <li>• correspondence and requests</li> </ul>	<ul style="list-style-type: none"> <li>• Long-term cooperation</li> </ul>
Subsidiaries, joint ventures	Cooperation	<ul style="list-style-type: none"> <li>• joint decision-making process</li> <li>• meetings and conferences</li> <li>• consultations</li> <li>• procurements</li> <li>• non-financial reports</li> <li>• working visits</li> </ul>	<ul style="list-style-type: none"> <li>• Equal opportunities</li> <li>• Environmental responsibility</li> <li>• Occupational health and industrial safety</li> <li>• Professional development, education and training</li> </ul>
Strategic partners-investors		<ul style="list-style-type: none"> <li>• joint projects</li> <li>• joint ventures, partnership</li> <li>• joint initiatives</li> <li>• non-financial reports</li> <li>• working visits</li> <li>• business meetings</li> <li>• Internet website</li> </ul>	<ul style="list-style-type: none"> <li>• Entering into agreements and Minutes on long-term cooperation to implement projects</li> </ul>
Suppliers of goods, works and services	Cooperation	<ul style="list-style-type: none"> <li>• concluded agreements and memoranda</li> <li>• partnership</li> <li>• working visits</li> <li>• business meetings</li> <li>• correspondence and requests</li> <li>• disclosure of information through various communication channels</li> <li>• conducting negotiations with potential suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Full compliance with the legislation</li> <li>• Occupational health and industrial safety</li> <li>• Environmental impact</li> </ul>
Customers, consumers	Cooperation	<ul style="list-style-type: none"> <li>• concluded agreements</li> <li>• partnership</li> <li>• procurements</li> <li>• meetings</li> <li>• correspondence and requests</li> </ul>	<ul style="list-style-type: none"> <li>• Long-term cooperation</li> <li>• Goods sales/service rendering</li> </ul>
Financial institutions	Cooperation	<ul style="list-style-type: none"> <li>• concluded agreements</li> <li>• Internet website</li> <li>• correspondence and requests</li> <li>• financial accounts</li> <li>• partnership</li> </ul>	<ul style="list-style-type: none"> <li>• Long-term cooperation</li> <li>• Financial activities</li> </ul>

## Indirect impact area

Local communities	Negotiations	<ul style="list-style-type: none"> <li>• non-financial reports</li> <li>• collective negotiations based on the principles of social partnership</li> <li>• Internet website</li> <li>• corporate events</li> </ul>	<ul style="list-style-type: none"> <li>• Population employment</li> <li>• Environmental impact and population</li> </ul>
Mass media	Involvement	<ul style="list-style-type: none"> <li>• Internet website</li> <li>• non-financial reports</li> <li>• press releases</li> <li>• corporate events</li> <li>• press conferences</li> </ul>	<ul style="list-style-type: none"> <li>• Ensuring transparency</li> <li>• Openness policy</li> </ul>
Transport and logistics companies	Cooperation	<ul style="list-style-type: none"> <li>• concluded agreements and memoranda</li> <li>• partnership</li> <li>• joint initiatives</li> <li>• Internet website</li> </ul>	<ul style="list-style-type: none"> <li>• Transportation and sale of products</li> </ul>
Scientific and research institutes, universities	Consultations	<ul style="list-style-type: none"> <li>• questionnaires</li> <li>• concluded agreements and memoranda</li> <li>• meetings</li> <li>• public meetings, seminars</li> <li>• advisory boards</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in research</li> <li>• Methodological support</li> <li>• HR development</li> </ul>
Trading and sales companies (commodity exchanges)	Involvement	<ul style="list-style-type: none"> <li>• multilateral forums</li> <li>• consultation panels</li> <li>• focus groups</li> <li>• Internet website</li> </ul>	<ul style="list-style-type: none"> <li>• Sales of commercial products</li> </ul>
Public organizations	Negotiations	<ul style="list-style-type: none"> <li>• collective negotiations based on the principles of social partnership</li> <li>• questionnaires</li> <li>• concluded agreements and memoranda</li> <li>• meetings</li> <li>• public meetings, seminars</li> <li>• advisory boards</li> </ul>	<ul style="list-style-type: none"> <li>• Joint participation in international and sectorial events</li> </ul>

Population of the Republic of Kazakhstan	Negotiations	<ul style="list-style-type: none"> <li>• collective negotiations based on the principles of social partnership</li> <li>• questionnaires</li> <li>• concluded agreements and memoranda</li> <li>• meetings</li> <li>• public meetings, seminars</li> <li>• advisory boards</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental responsibility</li> <li>• Creating jobs</li> </ul>
Competitors	Negotiations	<ul style="list-style-type: none"> <li>• interaction through sectorial organizations</li> </ul>	<ul style="list-style-type: none"> <li>• Fair competition</li> <li>• Industry development</li> </ul>

## The Corporate Governance Code Compliance Report

Nº	Provisions of the Corporate Governance Code	Compliance level: comply/ partially comply/ do not comply	Information on compliance/ non-compliance with the provisions of the Code
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### Chapter 1. The Government as the Shareholder of the Fund

1	<p>The main strategic task of the Organisations is the long-term growth in their value and their sustainable development of the Organizations, as reflected in the Development Strategy. All decisions and actions should be consistent with the Development Strategy.</p> <p>Bodies, officials and employees of organizations should act and take decisions in accordance with the Development Strategy and the Charter. The Development Strategy is a long-term document that defines the vision, mission, goals, objectives, strategic directions and key performance indicators for a ten-year period. Companies on the basis of the Fund's Development Strategy approve the Development Strategy for a 10-year period.</p>	Comply	<p>In 2020, the Board of Directors by the decision updated the Development Strategy of JSC NMC Tau-Ken Samruk for 2018–2028, considering tasks of long-term value growth and sustainable development of the Company.</p> <p>Bodies, officials and employees of organizations in practice act and take decisions in accordance with the Development Strategy and the Charter. The Strategy contains the mission, vision, goals, objectives, strategic directions and key performance indicators.</p> <p>The Development Strategy is focused on promising projects, the goals, objectives and directions of the development are the same for the entire Group.</p>
1.2	<p>As part of the Development Strategy, the Board of Directors determines long-term goals that should meet the following criteria: be specific, measurable, achievable, relevant, and with clear deadlines for their achievement. Assessment of the achievement of strategic goals should be performed through long-term KPIs. It is recommended that individual areas of activities (e.g. investments, innovations, IT and HR</p>	Comply	<p>According to the approved Development Strategy, the Board of Directors defined long-term goals that are specific, measurable, achievable, relevant and with specified deadlines for achieving:</p> <p>1. Formation of a high-quality asset portfolio</p> <p>Withdrawal from non-key investment projects with low investment attractiveness.</p> <p>Timely completion of the construction and achievement of design</p>

management) be incorporated in the Development Strategy.

parameters for key investment projects.  
 Search, evaluation and implementation of new exploration projects and within the framework of the junior program  
 2. Attract strategic partners to implement key projects  
 2.1. Improving the operational efficiency of assets  
 2.2. Improving investment efficiency  
 2.3. Digitalization Program  
 2.4. Creating flexible conditions for investors on the basis of equality and mutual benefit  
 2.5. Improving the level of corporate governance  
 2.6. Human capital development  
 2.7. Sustainable development initiatives  
 Long-term strategic KPIs are indicated in the Company's Business Plan, which is approved by the Board of Directors for a 5-year period. The approved Development Strategy defines tasks in certain areas of the development, including investment, innovation, information technology, and human resource management.

<b>1.3</b>	It is recommended to ensure an optimal asset structure for organizations. The parent company of the Holding Company can be created in the form of a joint stock company. It is recommended to create other organizations in the form of a limited liability partnership. In organizations already established in the form of a joint stock company, it is recommended to consider the possibility of reorganizing into a limited liability partnership, taking into account economic, legal and other aspects and ensuring the interests of the Fund group.	Comply	In the Company, the creation of subsidiaries and dependent organizations is carried out in the form of a limited liability partnership. The acquisition by the Company in 2014 of 100% of the shares in ShalkiyaZinc LTD JSC is the exception.
<b>1.4</b>	The Government provides Organizations with full operational independence and does not permit interference by the Government and public authorities in the operational (current) and investment activities of Organizations, except in cases provided for by laws, acts and instructions of the President of the Republic of Kazakhstan.	Comply	The company is granted operational independence, there are no cases of interference by the Government and public authorities in operational and investment activities for 2020. The influence is carried out through the implementation of the functions of state regulation provided for by law.
<b>1.5</b>	Members of the Government and other civil servants (representatives of public authorities) are not members of the Boards of Directors of organizations.	Comply	Currently, the Company's Board of Directors does not include members of the Government and other civil servants.
<b>1.6</b>	The general meeting of shareholders (Sole Shareholder) of the organizations elects the Board of Directors of organizations.	Comply	The Sole Shareholder elects the members of the Company's Board of Directors.

1.7	The investment activity of the organization is carried out on market principles in accordance with the strategy of the organization and is aimed at increasing the value and optimal asset structure.	Comply	The Company's investment activities are carried out on market principles in accordance with the Development Strategy of JSC NMC Tau-Ken Samruk, approved by the Board of Directors and aimed at increasing the value and optimizing the asset structure. The strategy contains a portfolio of investment projects implemented to fulfill the Company's mission. Information about the Company's investment activities is presented in detail in the Annual Reports and on the corporate website.
1.8	Cases of implementation of low-profit and socially significant projects by the organization should be disclosed in the annual report of the organization indicating the sources of financing of such projects.	Comply	There are no low-profit and socially significant projects in the Company's investment portfolio. The Company independently implements projects initiated by the Fund or the Government of the Republic of Kazakhstan, provided that they ensure the required return. In the case of the implementation of these projects, the Information Disclosure Regulations of JSC NMC Tau-Ken Samruk regarding the preparation of the Annual Report provide for the disclosure of facts of the implementation of low-profit and socially significant projects, indicating the sources of funding in the Annual Report.
1.9	Organizations should adhere to high ethical standards and implement the necessary procedures to ensure that these standards are constantly applied by all employees and partners of organizations.	Comply	The Company has approved the Code of Business Ethics, which is developed in accordance with the provisions of the legislation of the Republic of Kazakhstan, given the requirements of the International Labor Organization, the Charter, the Corporate Governance Code and other internal documents of the Company and is a set of rules and principles that guide all employees. There were no cases of violations of standards of the Code of Business Ethics in 2019 in the Company.
1.10	Notifications of assumed violations should be sent directly to the IAS or the Board of Directors of the organization. The Executive Body and all its structural subdivisions, including the Security Service, should not prevent the transmission of notifications of assumed violations to the IAS or the Board of Directors.	Comply	<p>The Board of Directors of JSC NMC Tau-Ken Samruk approved the Proactive Information Policy, and also created the Compliance Function, which involves ensuring compliance with mandatory regulatory requirements and best international practices on anti-corruption issues among all employees and creates conditions for doing business in accordance with international standards, internal policies and the legislation of the Republic of Kazakhstan. Within the framework of the Proactive Information Policy, in addition to internal channels for expressing concerns about anti-corruption issues, violations of the legislation of the Republic of Kazakhstan, unethical behavior or discrimination, an external centralized proactive information line has been introduced, administered by an independent operator (Deloitte LLP) whose responsibilities include:</p> <ul style="list-style-type: none"> <li>- receive and process all incoming messages by phone, website or email;</li> <li>- communicate with persons expressing concern, where possible, and contribute to the providing of the most relevant information;</li> <li>- classify all reports and send them to persons who investigate violations;</li> </ul>

			<p>- prepare reports on received requests for submission to the Audit Committee under the Board of Directors in the future.</p> <p>The Management Board does not prevent the transfer of notifications of assumed violations to the Compliance Officer or the Board of Directors.</p>
1.11	The Ombudsman should be appointed to comply with the principles of business ethics and resolve effectively social and labour disputes that may arise in the Organisations.	Comply	<p>As part of the approved Code of Business Ethics, the Ombudsman Institution is provided. Rights and duties of the Ombudsman:</p> <p>1) The Board of Directors of the Company appoints the Ombudsman once every two years;</p> <p>2) the key functions of the Ombudsman are to collect information on compliance with provisions of the Code, consult employees and officials on the provisions of the Code, initiate consideration of disputes on violation of the provisions of the Code and participate in it.</p> <p>The Board of Directors of JSC NMC Tau-Ken Samruk by decision of May 03, 2018, No.03/18, terminated the authorities of Zh.S. Nuralina as the Ombudsman. Appeals regarding non-compliance with labor legislation are submitted to the Compliance Officer. Ehe Ombudsman by decision of the Board of Directors of 09.12.2020, №12/20 appointed the COMPLIANCE OFFICER.</p>
1.12	The Board of Directors of the organization evaluates the performance of the Ombudsman and decides on the extension or termination of the authorities of the person holding the position of the Ombudsman.	Comply	<p>According to the Charter of JSC NMC Tau-Ken Samruk, the election and early termination of the Ombudsman's authorities refers to the competence of the Company's Board of Directors.</p>

## Chapter 2. Interaction of the Fund and Organizations. The Role of the Fund as the National Managing Holding Company

2.1	The corporate governance systems in the Fund and the Organisations should provide governance of and control over the operations of the Fund and the Organisations in order to ensure growth in their long-term value and their sustainable development. The Fund, as the National Managing Holding Company, plays a strategic role in respect to its Companies. Effectiveness, efficiency and transparency should be at the core of corporate governance.	Соответствует	<p>The Sole Shareholder sends letters of expectation to the Chairman of the Company's Board of Directors, which are communicated to the Board of Directors. In accordance with the Company's Charter, the Board of Directors determines the Company's activities, approves the 5-year Development Strategy and 5-year Development Plan (Business Plan), including given the expectations of the Sole Shareholder. The Management Board of the Company ensures the implementation of the Development Strategy, Development Plans (Business Plans) and the achievement of approved strategic KPIs, regularly reporting to the Board of Directors.</p>
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2.2	The organizations' corporate governance system is a set of processes that ensure the management and control over the organizations' activities, as well as a system of relationships between the Executive Body, the Board of Directors, shareholders and Stakeholders. The competence of the bodies and the procedure on decision-making should be clearly defined and enshrined in the Charter.	Comply	The Company's Charter contains a clear division of the rights, duties and competencies of the Sole Shareholder, the Board of Directors, the Executive Body, the Internal Audit Service, branches and representative offices of the Company, and Company executives. The Charters of the Company subsidiaries contain a division of the rights, duties and competencies of the Sole Participant, the Executive Body, the Chief Executive Officer of a Subsidiary, etc. The hierarchy of the issue consideration procedure and decision-making of the Company's bodies, division of authorities and responsibilities between the bodies and executives of the Company comply with the requirements of the Corporate Governance Code. The Regulations on Structural Subdivisions and job descriptions have been approved for all employees and subdivisions. There are also regulations on various bodies (the Board of Directors, the Management Board, Committees under the Board of Directors, Advisory Bodies under the Management Board).
2.3	The Fund participates in the management of Companies through the implementation of functions of the Shareholder/ Participant, as well as through the Board of Directors, in accordance with the procedure established by the Charter of Companies and this Code.	Comply	The Company is managed by the Fund through the implementation of functions of the Shareholder and through the Board of Directors. The Charter of JSC NMC Tau-Ken Samruk specifies the duties and authorities of the Sole Shareholder, the Board of Directors and the Executive Body.
2.4	The Fund annually sends the shareholder's expectations for the upcoming financial year to the Chairman of the Board of Directors and representatives of the Fund on the Board of Directors of organizations.	Comply	The practice of submitting the Expectations of the Sole Shareholder has been discontinued since 2020.
2.5	The Board of Directors of organizations have full independence in decision-making within their competence established by the Charter of Companies.	Comply	In accordance with the Company's Charter, the Board of Directors has full independence in decision-making on issues referred to its exclusive competence.
2.6	Taking into account the discussions held with organizations, the Fund forms uniform policies for companies, approves methodological recommendations and corporate standards for organizations.	Comply	The Company develops its documents and carries out its activities in accordance with the methodological recommendations and corporate standards of the Fund. For example: - The Company's Development Strategy was developed in accordance with the Fund's recommendations on strategic planning - Regulations on the Company's Subsidiaries Management - Rules for Development, Coordination, Approval, Adjustment, Execution and Monitoring of the Development Plan and Budget Implementation. The Company has the Regulations on the Internal Control System (developed on the basis of the Regulation on the ICS of the Fund). The Board of Directors approved the Guidelines for Organization of the

Internal Audit, the Regulations on the Internal Audit, individual Audit Methodologies that regulate objectives on the basis of corporate standards and methodological recommendations of the Fund.

2.7	The Executive Bodies of the Fund and organizations should cooperate in a spirit of cooperation to ensure that the Development Plans of the Companies submitted for approval of the Boards of Directors of the Companies are sufficiently ambitious and realistic, as well as their compliance with the Development Strategy and Development Plan of the Fund.	Comply	The Management Board of the Company and the Management Board of the Fund interact in a spirit of cooperation and conduct informal consultations to ensure the ambition, realism of the Development Plan and its compliance with the planning documents of the Fund. The Company's Board of Directors by decision of April 07, 2021, No. 03/21, has approved the Implementation Report of the Company's Development Plan for 2020. The Management Board of JSC NMC Tau-Ken Samruk and the Management Board of the Fund maintain an informal dialogue on the development plan and strategy, this interaction is of a consultative nature. The Company's Management Board is responsible for operational management.
2.8	Net income in favor of the Fund as the Shareholder is distributed in the form of dividends based on the formalized and transparent dividend policy.	Comply	The Sole Shareholder takes a decision to pay dividends on ordinary shares based on the results of the quarter, half-year or a year, in accordance with the Dividend Policy of Samruk-Kazyna JSC in relation to subsidiaries. The amount of dividends is calculated based on the amount of the Company's net income reflected in the annual audited financial statements. The procedure on decision-making on the payment of dividends complies with the requirements of the Company's Charter. Dividends are paid within the period established by the decision of the Sole Shareholder.
2.9	Organizations and their executives are responsible for growth of the long-term value and Sustainable Development of organizations, respectively, and decisions and actions/inaction taken, in accordance with the procedure established by the legislation of the Republic of Kazakhstan and internal documents. The KPI system is the main element of the performance evaluation of organizations and the Executive Body. To achieve KPIs, Companies develop appropriate Development Plans, which are approved by the decision of the Board of Directors.	Comply	The Company and its executives are responsible for carrying out activities in the interests of the Company and the Shareholder in accordance with the legislation, the Charter, the Regulations on the bodies. The Board of Directors approved the KPIs as part of the Development Plan. The Fund's representatives on the Board of Directors actively participate in the discussion and setting of the KPIs and target values, considering the expectations of the Shareholder. When considering the Implementation Report of the Development Plan, the Company's KPIs are assessed on an annual basis. In accordance with the approved Rules for Executives' Performance Evaluation, the achievement of KPIs of the members of the Management Board is assessed on an annual basis. Achieving KPIs directly affects remuneration and can be the basis for taking HR decisions.

<b>2.10</b>	The Board of Directors of a Holding company should ensure effective management, long-term value growth and sustainable development in all legal entities that are part of its group. The results of effective management in the Holding Company's group should be increased operational efficiency, improved reporting quality, improved standards of corporate culture and ethics, greater openness and transparency, reduced risks, and an appropriate internal control system.	Comply	JSC NMC Tau-Ken Samruk as a holding company implements, supports and improves the management system of subsidiaries. Thus, in 2020, adjustments were introduced to the Regulations on the Subsidiaries and Dependent Organizations Management of JSC NMC Tau-Ken Samruk in terms of the electing members of the Supervisory Board. The competence of the Company's Board of Directors for the management of subsidiaries is provided for in the Charter of JSC NMC Tau-Ken Samruk. Issues related to subsidiaries are regularly considered at meetings of the Company's Board of Directors.
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### Chapter 3. Sustainable development

<b>3.1</b>	Organizations should strive to increase long-term value, while ensuring their Sustainable Development, and maintain a balance of interests of Stakeholders. Activities in the field of the sustainable development should meet the best international standards. Organizations, in the course of carrying out their activities, influence or experience the influence of Stakeholders. Stakeholders can have both a positive and negative impact on the organization's activities, namely, on the growth of value, sustainable development, reputation and image, create or reduce risks. Organizations need to attach great importance to proper interaction with Stakeholders. When identifying Stakeholders and interacting with them, organizations are recommended to use international standards for identifying and interacting with Stakeholders.	Comply	The Company has developed and approved a Consolidated Map of Stakeholders, which contains a list of stakeholders and interaction with them, given the international standards for determining and interacting with stakeholders, GRI (Global Reporting Initiative) and others. The Stakeholder Map provides tools and areas of interaction, and the corresponding establishment of cooperation is carried out in practice. Thus, the following interactions were carried out within the framework of the Stakeholder Map: <ul style="list-style-type: none"> <li>- information is disclosed and reports on the Company's activities are posted on the corporate website, a "Question-answer" section is maintained for all stakeholders on an ongoing basis;</li> <li>- Interviews were conducted with the Company's employees as part of the personnel assessment;</li> <li>- Business meetings were held with potential partners, investors, contractors to carry out joint work;</li> <li>- Working visits of the management to the production facilities;</li> <li>- Participation in the Capital Markets Forum online conference</li> <li>- Participation in the Kazakhstan Global Investment Forum 2020</li> </ul> In addition, the Consolidated Plan and Methods of Interaction with Stakeholders and the main groups of risks significant for interaction with stakeholders have been developed (considering the relevant risks and classifying them according to the degree of impact (direct or indirect).
<b>3.2</b>	Organizations should ensure the consistency of their economic, environmental and social goals for the Sustainable Development in the long term, which includes, among other things, the growth of long-term value for shareholders and investors. Sustainable development in organizations consists of three components: economic, environmental and social.	Comply	The Company's Board of Directors approved the Development Strategy of JSC NMC Tau-Ken Samruk for 2018-2028, the Company's Corporate Social Responsibility Policy, the Company's Occupational Safety and Health Policy, the Company's Environmental Policy, and the Company's HR Policy for 2018-2028; The Company's Development Strategy for 2018-2028, which defines the principles, strategic goals and tasks aimed at achieving strategic

goals;

The Company's Corporate Social Responsibility Policy, which defines the principles, strategic goals, and performance evaluation in the field of corporate social responsibility;

The Company's Environmental Policy expresses the official position of the Company regarding its role and its obligations in preserving a favorable environment in the regions where the Company and its subsidiaries and dependent organizations operate, is the basis for setting medium-term corporate environmental goals, and is taken into account when developing long-term development programs for the Company;

The Company's Occupational Safety and Health Policy expresses the official position of the Company regarding its role and its obligations in ensuring the health and safety of employees of the Company and its subsidiaries and dependent organizations, is the basis for setting medium-term corporate goals to ensure occupational health and safety, is considered when developing long-term development programs for the Company.

The HR Policy of the Company which defines the principles, goals and approaches in the field of human resource management, its development and social support.

**3.3** Organizations should analyze their activities and risks in these three aspects, and strive to prevent or reduce the negative impact of the results of their activities on Stakeholders.

Partially comply

JSC NMC Tau-Ken Samruk has approved the Risk Management Rules, within the framework of which the Company performs risk identification, the results of which are reflected in the Risk Register. The risk register consists of strategic risks, operational, investment, legal, financial and compliance risks. The Board of Directors Company's approved the Risk Register for 2020. The risk assessment within the framework of the Risk Register is carried out on a quarterly basis. The Critical Risk Management Plan for the upcoming reporting year is developed on an annual basis. The purpose of developing this plan is to manage critical risks. The Company takes measures for regular internal verification of compliance with the environmental legislation of the Republic of Kazakhstan and comparison of the results of industrial environmental control with the conditions of environmental and other permits. There is no evidence that the Company regularly assesses environmental risks when planning activities, developing investment projects.

- 3.4** The principles of the Sustainable Development are openness, accountability, transparency, ethical behavior, respect for the interests of Stakeholders, legality, respect for human rights, intolerance to corruption, inadmissibility of conflicts of interest, personal example.

Comply

1) To ensure the management system in the field of the sustainable development, the Company's Board of Directors approved the Corporate Social Responsibility Policy of JSC NMC Tau-Ken Samruk, which sets out the principles observed by the Company in the following areas:

- respect for human rights;
- labor relations;
- environmental protection;
- social support;
- interaction with the society;
- transparency, protection of the rights of investors and clients.

The main directions of the Company's activities in the field of corporate social responsibility are defined:

- labor relations;
- occupational health and safety;
- environment;
- honest conduct of business.

2) The Company and its management have a significant impact on the development of not only the industry, but also on the economy as a whole, as well as the social sphere of the regions. Among the aspects of influence, the following can be distinguished:

- creation of jobs;
- replenishment of the country's budget through tax deductions;
- contribution to the development of the MMC industry by increasing the operating activities and production capacities of existing enterprises;
- taking care of the environment through environmental payments and a smart waste management system;
- procurement with high local content to support Kazakhstani producers;
- attracting strategic investors and credit institutions (banks);
- providing support to educational institutions;
- holding forums and meetings with investors and experts to develop the MMC industry through the exchange of information and the best current industry practices;
- deductions for the social and economic development of the region;
- social package is provided (financial assistance, medical insurance).

3) The Company strives for the sustainable development given the principles of social responsibility. There is a transparent competitive three-stage selection based on the Rules for Competitive Selection for Vacant Positions. There is a system of development and training based on the Rules for Professional Development and Vocational Training, a talent pool is operating.

The Compliance Officer is operating in the Company, who ensures compliance with mandatory regulatory requirements and best international practices on anti-corruption issues among all employees and creates conditions for doing business in accordance with international standards, internal policies and the legislation of the

Republic of Kazakhstan.  
The Sustainability Report is issued on an annual basis in accordance with the GRI requirements.

The Organization should have a management system in the field of sustainable development, which includes, but is not limited to, the following elements:

1) commitment to the principles of the Sustainable Development at the level of the Board of Directors, the Executive Body and employees;

Comply

The Management Board of the Sole Shareholder approved the Corporate Governance Code.  
The Board of Directors approved internal regulatory documents that govern the principles of the sustainable development:  
The Company's Development Strategy for 2018–2028, the Company's Corporate Social Responsibility Policy, the Company's Environmental Policy, the Company's Occupational Safety and Health Policy, the Company's HR Policy.  
The Company's Charter provides for the duties of the Board of Directors and the Executive Body on ensuring and monitoring the sustainable development of the Company, agreed with the Code.  
The Board of Directors approves the Report on Compliance/Non-compliance with the Principles and Provisions of the Company's Corporate Governance Code.

2) analysis of the internal and external situation in three components (economy, ecology, and social issues);

Partially comply

At the moment, the relevant types of analysis are carried out within the framework of the Implementation Reports of the Development Strategy, the Development Plan (business plan). The internal situation is also analyzed during the preparation of the Sustainability Report.

3) identification of risks in the field of the sustainable development in the social, economic and environmental spheres;

Comply

The Company has developed the Risk Management Rules, within the framework of this document, the Company performs risk identification, the results of which are reflected in the Risk Register. The risk register consists of strategic risks, operational, investment, legal and financial risks. The risk register contains, among other things, risks of economic performance, social risks, and environmental risks.

4) building a Stakeholders Map;

Comply

The Company has developed and approved the Consolidated Stakeholder Map.

5) definition of goals and KPIs in the field of the sustainable development, development of an action plan and identification of responsible persons; regular monitoring and evaluation of activities in the field of the Sustainable Development, assessment of the achievement of goals and KPIs, adoption of corrective measures, introduction of the continuous improvement culture.

Comply

The Board of Directors considers the Sustainability Report of the Company as part of the Consolidated Annual Report. In 2020, the sustainable development indicators were included in the KPIs of the CEOs of JSC NMC Tau-Ken Samruk subsidiaries. The Sustainable Development Action Plan for 2021-2022 has been developed. The Board of Directors annually analyzes the Performance Reports of the Company and the members of the Management Board, which reflect information on the KPIs achievement in the field of the sustainable development. The Board of Directors pays special attention to deviations from the target indicators. If necessary, the Board of Directors requires the executive body to clarify the main reasons for negative deviations and suggests actions to bring the indicators back to normal.

6) integration of the sustainable development into key processes, including risk management, planning, human resource management, investment, reporting, operational activities and others, as well as into the development strategy and decision-making processes;

Comply

The Company's Development Strategy for 2018-2028 and the Roadmap for the Strategy Implementation include initiatives for the elaboration of the sustainable development. The sustainable development principles are included in key processes, including risk management, planning, reporting, human resource management, investment and operational activities. The Company understands that the occupational safety and the preservation of the employee health is the absolute priority of its activities. Environmental protection and rational use of resources play an important role in the activities of the Company and its subsidiaries and dependent organizations. When implementing projects, the Company strives to choose the most environmentally friendly, energy- and material-saving technologies.

7) professional development of executives and employees in the field of the sustainable development;

Comply

The Company also organizes training for employees in the field of the sustainable development (trainings and seminars in the field of ecology and safety, finance, HR management, and sustainable development). The Company provides methodological support to its structural subdivisions and employees in the sustainable development.

### 3.5

Organizations provide clarity and transparency of their activities for Stakeholders. Methods of information disclosure to Stakeholders can include meetings with Stakeholders, usage of mass media (publications, interviews), Internet resource, feedback through communication tools, advisory committees and councils, answers to requests, and others.

Comply

The Company ensures transparency of its activities for Stakeholders by, among other things, regularly updating information on the website, issuing annual reports, sustainability reports, interacting with the media, providing answers to requests. The report on transparency and efficiency of information disclosure by the Company to Stakeholders on the website, the Financial Statements Depository, and in the media is formed on a semi-annual basis for consideration of the members of the Board of Directors, in

accordance with the requirements of the Laws of the Republic of Kazakhstan, the CGC and the Information Policy. The information materials submitted for disclosure were published in three languages. Following the results of the reporting period, work was carried out with representatives of the mass media. The Company receives and considers feedback from Stakeholders regarding the annual report on the Company's activities by posting a corresponding questionnaire on the Company's corporate website.

To comply with international standards, the Board of Directors annually approves and issues the Consolidated Annual Report on the activities of JSC NMC Tau-Ken Samruk, including the Sustainability Report in accordance with the requirements of international GRI standards.

3.6

Organizations should discuss the inclusion and compliance with the principles and standards of the Sustainable Development in the relevant contracts (agreements, treaties) with partners. It is recommended to take comprehensive measures with partners to implement the principles and standards of the Sustainable development.

If a partner does not accept or improperly implements the principles and standards of the Sustainable Development, it should be taken into account how important this partner is for the organization and whether there are measures to influence it and the possibility of replacing it.

Not comply

Weaknesses:

1. There is no evidence that the Company identifies risks arising from the potentially negative impact of its partners on the economic, environmental and social spheres.

2. There is no evidence that the Company takes measures to mitigate or prevent this negative impact, if the partner does not comply with the principles and standards of the sustainable development.

3. There is no evidence that the Company evaluates the significance of such a partner for its commercial activities and either determines ways to encourage such a partner to comply with these principles or considers the possibility of replacing it.

To eliminate the discrepancy, the Action Plan for Improving Corporate Governance provides for appropriate measures.

#### Chapter 4. Shareholders' rights and fair treatment of shareholders

4.1

Compliance with the rights of shareholders (participants) is a key condition for attracting investments in organizations. The organization should ensure the implementation of the rights of shareholders (participants). If there are several shareholders (participants) in the organization, fair treatment of each of them should be ensured. The Shareholder (Participant) should be able to obtain information about the organization necessary for taking an appropriate decision, given the requirements of confidentiality and information disclosure of the organization.

Comply

Samruk -Kazyna JSC is the Sole Shareholder of the Company. The Sole Shareholder has the right to receive information about the Company necessary for taking a decision within 10 days from the date of the request. The corresponding right is enshrined in the Charter. In practice, within the framework of decision-making by the Management Board of Samruk-Kazyna JSC, requests for additional information are executed as soon as possible. When preparing for the meetings of the Fund's Management Board and the Company's Board of Directors, the Company is guided by the requirements for materials established by the Regulations on the Management of the Fund's Subsidiaries and the Instructions for Ensuring the Safety of Official and Commercial Secrets.

4.2	<p>The Organization brings to the attention of its Shareholders (Participants) information about its activities affecting the interests of Shareholders (Participants) in accordance with the procedure provided for by the legislation of the Republic of Kazakhstan, the Charter, as well as other internal documents of the organization. The procedure and channels for disclosing information to Shareholders (Participants) should be defined in the information policy or other document regulating the information disclosure about the organization. Organizations whose shares are listed on the stock exchange additionally disclose information in accordance with the Listing Rules.</p>	Comply	<p>The Company informs the Sole Shareholder about its activities in accordance with the legislation, the Charter, the Information Policy, the Information Disclosure Policy. The Company's Information Policy sets out the goals, principles, list, procedure, terms and forms of information disclosure about the Company to the Sole Shareholder and other Stakeholders. The Report on transparency and information disclosure efficiency is formed on a semi-annual basis.</p>
4.3	<p>The procedure on holding the general meeting of Shareholders (Participants) provides all Shareholders (Participants) with an equal opportunity to exercise their rights to participate in the general meeting of Shareholders (Participants). A Shareholder (Participant) may vote at the general meeting of Shareholders (Participants) held in the in-presence format, personally or without personal presence (through the power of attorney issued personally by the Shareholder (Participant) to his/her representative). The power of attorney is not required to participate in the general meeting of Shareholders (Participants) and vote on the issues under consideration for a person who, in accordance with the legislation of the Republic of Kazakhstan or the contract, has the right to act without a power of attorney on behalf of a shareholder or to represent his/her interests.</p>	Not applicable	<p>Samruk -Kazyna JSC is the Sole Shareholder of the Company.</p>
4.4	<p>Organizations should have a transparent procedure on selecting and determining the remuneration of the Board of Directors (Supervisory Board and/or Executive Body), approved by the General Meeting of Shareholders (the Sole Shareholder)/Participant (the Sole Participant). The composition of the Board of Directors (Supervisory Board and/or Executive Body) is selected in accordance with the procedure established by the legislation of the Republic of Kazakhstan, the Charter and internal documents of the organization and this Code.</p>	Comply	<p>The Company has approved the Policy for Selecting Candidates for the Board of Directors of JSC NMC Tau-Ken Samruk. The composition of the Board of Directors (Supervisory Board and/or Executive Body) is selected in accordance with the procedure established by the legislation of the Republic of Kazakhstan, the Charter and internal documents of the Company. The Rules for Forming the Composition of the Portfolio Company Board of Directors, approved by decision of the Fund's Management Board of September 26, 2016, No. 35/16, are also applied in practice.</p>

<p><b>4.5</b> If there are several Shareholders (Participants) in the organization, including Minority Shareholders (Participants), the corporate governance system should ensure fair treatment of all Shareholders (Participants) and the exercise of their rights, which should be enshrined in the Charter of the organization.</p>	Not applicable	Samruk -Kazyna JSC is the Sole Shareholder of the Company.
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### Chapter 5. Effectiveness of the Board of Directors and the Executive Body

<p><b>5.1</b> The Board of Directors should have sufficient authorities to manage the organization and control over the activities of the Executive Body. The Board of Directors performs its functions in accordance with the Charter and pays special attention to the following issues:</p> <ol style="list-style-type: none"> <li>1) determination of the Development Strategy (directions and results);</li> <li>2) setting and monitoring the key performance indicators of the Development Plan;</li> <li>3) organization and supervision of the effective functioning of the risk management and internal control system;</li> <li>4) approval and monitoring of the effective implementation of major investment projects and other key strategic projects within the competence of the Board of Directors;</li> <li>5) election, remuneration, succession planning and supervision of the activities of the Head and members of the Executive Body;</li> <li>6) corporate governance and ethics;</li> <li>7) compliance in the organization with the provisions of this Code and the corporate standards of the Fund in the field of business ethics (Code of Business Ethics).</li> </ol>	Comply	These functions of the Board of Directors are enshrined in the Charter of JSC NMC Tau-Ken Samruk, the Regulations on the Board of Directors and are performed in practice.
<p><b>5.2</b> The members of the Board of Directors should properly perform their duties and ensure growth of the long-term value and Sustainable Development of the organization. The Board of Directors of the organization is accountable to the shareholders. This accountability is implemented through the mechanism of the general meeting of shareholders. Members of the Board of Directors should perform their functional duties and adhere to the following principles in their activities:</p>	Comply	The Company's Board of Directors performs its duties to ensure growth of long-term value and sustainable development, which is provided for by the Company's Development Strategy. The members of the Board of Directors take decisions and act within the limits of their authorities stipulated in the Charter. The Performance Report of the Company's Board of Directors is prepared annually, which is included in the Consolidated Annual Performance Report of the Company.

5.3	The Board of Directors and its Committees should maintain a balance of skills, experience and knowledge that ensures the adoption of independent, objective and effective decisions in the interests of the organization and given fair treatment of all shareholders and the principles of the Sustainable Development.	Comply	This function is enshrined in the Regulations on the Board of Directors. In 2020, the Company's Board of Directors consisted of three representatives of the Sole Shareholder and 2 Independent Directors, which is 40% of the total number of members of the Board of Directors.
5.4	It is necessary to ensure diversity in the composition of the Board of Directors in terms of experience, personal characteristics and gender composition. The Board of Directors should include Independent Directors, in the amount sufficient to ensure the independence of decisions taken and fair treatment of all shareholders. The recommended number of Independent Directors on the Company's Board of Directors is up to fifty percent of the total number of members of the Board of Directors.	Comply	The Management Board of JSC Sovereign Wealth Fund Samruk-Kazyna by the decision of May 20, 2019 (Minutes No.17/19) determined the composition of the Company's Board of Directors in the amount of 6 (six) people. Based on decision of the Management Board of JSC Sovereign Wealth Fund "Samruk -Kazyna" of November 16, 2020, No. 43/20, the actual number is 5 (five) people. Yerzhan Beksultanovich Tutkushev - the Chairman of the Company's Board of Directors, representative of the Sole Shareholder. Ikram Adyrbekuly Adyrbek - the member of the Board of Directors, representative of the Sole Shareholder. Kanat Zhakypuly Kudaibergen - the Member of the Company's Board of Directors, Chief Executive Officer of the Company. Dimitri Nugzarovich Kalandadze - the member the Company's Board of Directors, Senior Independent Director. Aislu Zharmukhametovna Narbayeva The composition of the Board of Directors is balanced in terms of sectorial experience, skills, international relations and independence.
5.5	The General Meeting of Shareholders elects the members of the Board of Directors based on the clear and transparent procedures, considering the competencies, skills, achievements, business reputation and professional experience of the candidates. When re-electing individual members of the Board of Directors or its full composition for a new term, their contribution to the effectiveness of the Board of Directors of the organization is taken into account.	Comply	The Sole Shareholder elects the members of the Board of Directors based on the clear and transparent procedures, considering the competencies, skills, achievements, business reputation and professional experience of the candidates.
5.6	The Board of Directors approves the Induction Program for Newly Elected Members of the Board of Directors and the professional development program for each member of the Board of Directors. The Corporate Secretary ensures the implementation of this Program.	Comply	The Company has set the Induction Policy for Newly Elected Members of the Board of Directors of JSC NMC Tau-Ken Samruk, approved by the decision of the Board of Directors. At that, the Corporate Secretary carries out the process of familiarizing the newly elected members of the Board of Directors with the key aspects of the activities and documents of the Fund and the Organization, including those related to the greatest risks.

**5.7** The Chairman of the Board of Directors is responsible for the overall management of the Board of Directors, ensures the full and effective implementation of key functions by the Board of Directors and establishing a constructive dialogue between the members of the Board of Directors, major shareholders and the Executive Body. The role and functions of the Chairman of the Board of Directors and the Head of the Executive Body should be clearly distinguished and enshrined in the Charter of the organization, the Regulations on the Board of Directors and the Executive Body.

Comply

These requirements are met in accordance with the Charter, the Regulations on the Board of Directors and the Regulations on the Management Board of JSC NMC Tau-Ken Samruk. In practice, the Chairman of the Board of Directors strives to create a unified team of professionals who are determined to increase the long-term value and sustainable development of the Company. The Chairman of the Board of Directors has a number of special skills, including leadership, ability to motivate, understanding of different views and approaches, and conflict settlement skills. The distribution of authorities between the Board of Directors and the Management Board, the Chairman of the Board of Directors and the Chief Executive Officer is determined by the Company's Charter. The necessary amendments have been introduced to the Regulations on the Company's Board of Directors for key functions, and they are being implemented in practice.

**5.8** The level of remuneration of the members of the Board of Directors should be sufficient to attract, retain and motivate each member of the Board of Directors at the level required for the successful management of the organization. The remuneration of the member of the Board of Directors of the organization is determined in accordance with the methodology developed by the Fund, while the expected positive effect for the Organization from the participation of this person in the Board of Directors should be taken into account. In organizations with several shareholders, the relevant Rules for Remuneration of the Members of the Board of Directors are developed on the basis of the Fund's methodology and approved by the general meeting of shareholders.

Comply

Remuneration to Independent Directors is set forth by the Fund, in accordance with the Rules for Remuneration and Reimbursement of Expenses of Independent Directors of the Fund's Companies, approved by the decision of the Fund's Management Board of September 26, 2016, remuneration to representatives of the Fund is determined based on the decision of the Fund's Management Board. When determining the amount of remuneration, the duties of members of the Board of Directors, scope of the Organization's activities, long-term goals and objectives determined by the Development Strategy, complexity of issues considered by the Board of Directors, level of remuneration in peer companies are taken into account. The members of the Board of Directors are provided with a fixed annual remuneration and additional remuneration for participation and chairmanship in the Committees under the Board of Directors.

The Nomination and Remuneration Committee under the Board of Directors of the organization makes proposals on the amount of remuneration for candidates for Independent Directors. Комитет по назначениям и вознаграждениям Совета директоров организации вносит предложения по размеру вознаграждения кандидатов в независимые директора.

5.9	<p>The Committees under the Board of Directors contribute to the in-depth and thorough consideration of issues referred to the competence of the Board of Directors and improvement of the quality of decisions taken, especially in such areas as audit, risk management, proper and effective application of the Procurement Rules for Goods, Works and Services of organizations, appointment and remuneration of members of the Board of Directors and the Executive Body, Sustainable Development, including occupational health and safety and the environment. The existence of Committees does not release the members of the Board of Directors from responsibility for the decisions taken within the competence of the Board of Directors. The Board of Directors decides on the creation of Committees, determines the composition of Committees, terms and authorities.</p>	Comply	<p>The Board of Directors, in accordance with the competencies stipulated in the Charter of JSC NMC Tau-Ken Samruk, decides on the establishment of Committees, determines the composition of Committees, terms and authorities. The Audit Committee, Strategy Planning and Investment Committee, Nomination and Remuneration Committee are established to conduct a detailed analysis and make recommendations on a range of the most important issues before they are considered at a meeting of the Board of Directors. The Board of Directors shall take a final decision on the issues considered by the Committees.</p>
5.10	<p>The preparation and holding of meetings of the Board of Directors should contribute to the maximum effectiveness of its activities. To perform their duties, members of the Board of Directors should have access to complete, up-to-date and timely information.</p>	Comply	<p>These requirements are enshrined in the Regulations on the Board of Directors. The Board of Directors holds regular meetings in accordance with the approved Work Plan. In 2020, 12 meetings of the Board of Directors were held, including 2 absentee meetings; meetings of the Committees were held only in the in-presence format. Due to the pandemic and the closure of borders, meetings were held in the online format. In compliance with the Regulations on the Board of Directors of JSC NMC Tau-Ken Samruk, consideration and decision-making on particularly important, key, strategic issues are taken only at meetings with the in-presence voting form, and are also recorded with the results of discussions and decisions taken. Meetings are held in accordance with the Work Plan, which includes a list of issues under consideration and a schedule of meetings. The Board of Directors follows the procedures on preparing and holding meetings established by the Charter, the Regulations on the Company's Board of Directors, and the Regulations on Committees.</p>
5.11	<p>The Board of Directors, Committees and members of the Board of Directors should be evaluated on an annual basis within the framework of a structured process approved by the Board of Directors of the organization. This process should be consistent with the Fund's methodology. At that, at least once every three years, the evaluation is carried out with the involvement of an independent professional organization. The evaluation should help determining the contribution of the Board of Directors and each of its members to growth of the long-term value and Sustainable Development of the organization, as well as identifying areas and recommending</p>	Partially comply	<p>The Board of Directors of JSC NMC Tau-Ken Samruk by its decision (of November 27, 2019, No.11/19) approved the Action Plan for Performance Evaluation of the Board of Directors and its Committees, the Chairman, members of the Board of Directors, and the Corporate Secretary. To date, the evaluation of the Board of Directors has not been completed.</p>

measures for improvement. The results of the evaluation are taken into account when re-electing or early termination of the authorities of members of the Board of Directors.

<b>5.12</b>	The Board of Directors appoints the Corporate Secretary to effectively organize the activities of the Board of Directors and the interaction of the Board of Directors, the Executive Body with shareholders.	Comply	<p>In compliance with the Charter of JSC NMC Tau-Ken Samruk, the competence of the Board of Directors includes the appointment of the Corporate Secretary. The Company's Board of Directors by decision of March 12, 2012, No.5/12, appointed Zhanara Serikzhanovna Nuralina as the Corporate Secretary of JSC NMC Tau-Ken Samruk, and the Board of Directors by the decision of March 12, 2020, Minutes No.02/20, extended the authorities of the Corporate Secretary for 1 year. The Corporate Secretary is accountable to the Company's Board of Directors and is independent of the Company's Executive Body.</p> <p>In compliance with the Regulations on the Corporate Secretary, the main duties of the Corporate Secretary include assistance in timely and high-quality corporate decision-making by the Board of Directors, the Sole Shareholder, acting as an adviser to the members of the Board of Directors on all issues of their activities and the application of the provisions of this Code, as well as monitoring the implementation of this Code and participation in improving corporate governance in the Fund and Organizations.</p> <p>In compliance with the Code, the Corporate Secretary annually prepares reporting information on compliance with the principles of the Corporate Governance Code for inclusion in the Company's Annual Report. The Performance Reports of the Corporate Secretary are considered at meetings of the Board of Directors on a quarterly basis.</p>
<b>5.13</b>	The collegial Executive Body is established in Companies, in other organizations, as well as in the case of a joint venture company, it can be a collegial or sole, depending on the discretion of shareholders (participants). The Head and members of the Executive Body should have high professional and personal characteristics, as well as have an impeccable business reputation and adhere to high ethical standards. The Executive Body is accountable to the Board of Directors and manages the daily activities of the organization, is responsible for the implementation of the strategy, Development Plan and decisions taken by the Board of Directors and the General Meeting of Shareholders.	Comply	<p>The Management Board – a collegial body of the Company was established based on the Charter of JSC NMC Tau-Ken Samruk. The Management Board of the Company manages the current activities, is responsible to the Board of Directors for performing the tasks assigned to it, implements the Company's Development Strategy and Development Plan.</p>

**5.14** The Board of Directors elects the Head and members of the Executive Body, determines the terms of office, the amount of the official salary, and the terms of payment for their work. The Nomination and Remuneration Committee of the Board of Directors of the organization plays a key role in the process of searching and selecting candidates for the Executive Body, determining their remuneration.

Comply

The Board of Directors, in accordance with the Charter, elects the members of the Management Board, determines the terms of office, the amount of the official salary, and the terms of payment for their work. According to the Regulations on the Nomination and Remuneration Committee, the competence of the Nomination and Remuneration Committee includes the preparation of proposals and recommendations for the search and selection of candidates to the Management Board, determining their remuneration.

In Companies, whose 100% of the shares (equity shares) are owned by the Fund, the candidate for the position of the Head of the Executive Body is previously agreed with the Management Board of the Fund.

In compliance with the Regulations on the Nomination and Remuneration Committee, the Committee evaluates and prepares recommendations for candidates to the Company's Management Board. In compliance with the Charter, the Fund approves a candidate for the position of Chief Executive Officer. The Nomination and Remuneration Committee and the Board of Directors by decision of April 23, 2018 approved the candidacy of Kanat Zhakypuly Kudaibergen for appointment to the position of the Chief Executive Officer of the Company. In compliance with the Charter, approval of the appointment and early termination of the authorities of the Chief Executive Officer refers to the competence of the Sole Shareholder. The Sole Shareholder by decision of November 16, 2018, No.34/18, introduced amendments to the Company's Charter in terms of including the appointment and termination of the authorities of the Chief Executive Officer of the Company in the exclusive competence of the Sole Shareholder.

**5.15** The Executive Body ensures the management of the organization on a daily basis (operational management) to increase the long-term value and Sustainable Development of the organization.

Comply

In compliance with the Charter of JSC NMC Tau-Ken Samruk, the Company's Management Board manages current activities, is responsible to the Board of Directors and the Shareholder for performing the tasks assigned to it, approves and submits the Development Strategy for consideration of the Board of Directors. The Board of Directors by decision of November 08, 2016, No.09/16, approved the Regulations on the Management Board of JSC NMC Tau-Ken Samruk, these Regulations were amended in terms of enshrining the following functions of the Management Board:

- proper risk management and internal control;
- allocation of resources to execute decisions of the General Meeting of Shareholders( the Sole Shareholder), the Board of Directors;
- occupational safety of employees of the Organization;
- creating an atmosphere of interest and loyalty of employees of the Organization, development of corporate culture.

The Executive Body is accountable to the Shareholders and the Board of Directors. The Executive Body, under the leadership of the Board of Directors, develops the organization's Development Strategy.

The Executive Body should ensure:

- implementation of activities in accordance with the standards of the legislation of the Republic of Kazakhstan, the Charter and internal documents of the Organization, decisions of the General Meeting of Shareholders, the Board of Directors;
- proper risk management and internal control;
- allocation of resources to execute decisions of the General Meeting of Shareholders( the Sole Shareholder), the Board of Directors;
- occupational safety of employees of the Organization;
- creating an atmosphere of interest and loyalty of employees of the Organization, development of corporate culture.

<p><b>5.16</b> The Board of Directors exercises control over the activities of the Executive Body of the organization. Control can be implemented by providing the Executive Body with regular reports to the Board of Directors and hearing the Executive Body on the implementation of medium-term development plans and achieved results at least once a quarter. In the case of unsatisfactory results of the work of the Executive Body, the Board of Directors may prematurely terminate the authorities of the Head of the Executive Body and/or its members.</p>	<p>Comply</p>	<p>The Board of Directors exercises control over the activities of the Management Board by receiving regular reports in various areas, including hearing the Management Board on the implementation of the business plan, risk reports, and monitoring reports on projects on a quarterly basis. The Board of Directors has the authority to early terminate authorities of the members of the Management Board. The report of the CEO and CFO is heard at each meeting of the Board of Directors.</p>
<p><b>5.17</b> The Head and members of the Executive Body should have sufficient knowledge, skills and experience necessary to perform their functions, as well as have an impeccable business and personal reputation. The Head of the Executive Body, in addition to the requirements established by this item, should have strong personal characteristics of a leader, create an atmosphere of interest and involvement, have high organizational skills, work in active interaction and constructively build a dialogue with shareholders, the Board of Directors, employees and other Stakeholders.</p>	<p>Comply</p>	<p>The members of the Company's Management Board have the necessary education, experience, qualifications and skills to meet the complexity and specifics of the Company's activities in the mining, energy, engineering, financial, and other spheres, as well as have an impeccable business and personal reputation. The Chief Executive Officer of the Company has strong personal characteristics of a leader, creates an atmosphere of interest and involvement, has organizational skills, builds an effective dialogue with the Sole Shareholder, the Board of Directors, the Company's employees, and Stakeholders.</p>
<p><b>5.18</b> To increase the transparency of the appointment and remuneration processes in the organization, the Board of Directors should approve and strictly comply with the Rules for Nomination, Remuneration, Evaluation and Succession.</p>	<p>Comply</p>	<p>The Rules for Remuneration and Bonuses Payment to Employees of the Company, approved by the decision of the Board of Directors of January 29, 2018 (Minutes No.01/18) with amendments and supplements of March 26, 2019 (Minutes No.02/19), set forth a general procedure on developing a remuneration system for the Company's employees, and includes the following principles:  internal justice and external competitiveness;  the terms of remuneration are established in such a way as to motivate employees to work effectively and should be competitive to attract highly qualified specialists;  the remuneration system should be transparent and understandable;  the level of remuneration should depend on the achievement of the Company as a whole and individual employees of goals and tasks;  dependence of the amount of bonuses/remuneration on the labor payment structure that takes into account the grade of the position, the level of remuneration in the salary market and the financial and economic capabilities of the Company.  Remuneration following results of work (short-term and long-term) is paid based on the results of the performance evaluation for the purpose of material incentives for the success achieved and improving the performance.  The main condition for the payment of remuneration based on the results of work is the availability of consolidated total income for</p>

the reporting period, calculated given the planned amount for the payment of remuneration.

The Company's Board of Directors approved the official salaries scheme for executives, the Head and employees of the IAS, the Corporate Secretary of the Company, and the Company's Management Board approves the official salaries scheme for managerial and administrative personnel.

<b>5.19</b>	The Board of Directors evaluates the Head and members of the Executive Body. The main evaluation criterion is the achievement of the set KPIs.	Comply	In compliance with the Rules for Performance Evaluation and Remuneration of Executives and Managerial Employees of JSC NMC Tau-Ken Samruk, remuneration consists of a constant and variable part, which is paid based on the results of KPIs achieving. When setting the official salary, the complexity of the tasks performed, the personal competencies of the employee and his/her competitiveness in the market, the contribution made by this person to the development of the Company, the level of official salaries in peer companies, the economic situation in the Company are taken into account. The Nomination and Remuneration Committee develops the draft KPIs and submit is for approval of the Company's Board of Directors. The results of the evaluation have an impact on the amount of remuneration, promotion, re-election (nomination) or early termination of the authorities.
<b>5.20</b>	The Head of the Executive Body should bring cases of violation of the standards of the Code of Business Ethics by members of the Executive Body to the attention of the Board of Directors. A member of the Executive Body who has committed a violation of the standards of the Code of Business Ethics may not be a member of the Executive Body of any other organization.	Comply	In compliance with the approved Code of Business Ethics, violations by executives of the provisions of the Code should be brought to the attention of the Board of Directors. In 2020, there were no cases of violations of the standards of the Code of Business Ethics by members of the Executive Body.
<b>5.21</b>	In the event of corporate conflicts, the participants seek ways to resolve them through negotiations to ensure effective protection of the interests of the organization and Stakeholders. The Chairman of the Board of Directors of the organization considers the corporate conflicts with the assistance of the Corporate Secretary. If the Chairman of the Board of Directors is involved in a corporate conflict, such cases are considered by the Nomination and Remuneration Committee.	Comply	Amendments were introduced to the Rules for Settlement of Corporate Conflicts regarding the competence of the Chairman of the Board of Directors and the role of the Nomination and Remuneration Committee (No. 09/16 of November 08, 2016).

## Chapter 6. Risk management, internal control and audit

<b>6.1</b>	<p>Organizations should have an effectively functioning risk management and internal control system aimed at providing reasonable confidence in the achievement of their strategic and operational goals by organizations, and representing a set of organizational policies, procedures, standards of conduct and actions, methods and management mechanisms created by the Board of Directors and the Executive Body of organizations to ensure:</p> <ul style="list-style-type: none"><li>- optimal balance between the growth of the organization's value, profitability and the risks associated with them;</li><li>- efficiency of financial and economic activity and achievement of financial stability of the company;</li><li>- soundness of assets and efficient use of the company's resources;</li><li>- completeness, reliability and truthfulness of financial and management reports;</li><li>- compliance with the requirements of the legislation of the Republic of Kazakhstan and internal documents;</li><li>- proper internal control to prevent fraud and ensure effective support for the functioning of the main and auxiliary business processes and analysis of the results of activities.</li></ul>	Comply	<p>In JSC NMC Tau-Ken Samruk, the Board of Directors is responsible for the organization of the corporate risk management system (CRMS). The process of organizing an effective risk management and internal control system is formalized in accordance with the Regulations on the Internal Control System and the Risk Management Rules. In addition, to minimize the implementation of a risk and increase the responsibility of risk owners, the goals for the reporting year are linked to the risk from the Company's Risk Register.</p>
<b>6.2</b>	<p>The Board of Directors of the Fund and Organizations should determine the principles and approaches to the organization of the risk management and internal control system, based on the objectives of this system and given best practices and methodology of the Fund in the field of risk management and internal control.</p>	Comply	<p>At the meetings of the Board of Directors and its Committees, attention is constantly paid to the consideration of risks that can affect the achievement of the Company's goals, options for finalizing/clarifying calculations, analyses, options for technological projects, refusing to implement the project, and other preventive measures are proposed. The Company has developed the Regulations on the Internal Control System, the Risk Management Rules that describe the principles and approaches to the organization of the risk management and internal control system. The documentation is based on the Fund's methodology. Within the framework of risk management, the goals of the Company and its Subsidiaries' activities are determined in accordance with the Integrated Risk Management Model developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO ERM) in four main categories:</p> <ul style="list-style-type: none"><li>strategic goals (strategic);</li><li>operational goals (operations)</li><li>objectives for the preparation of reporting (reporting);</li><li>goals in the field of compliance with the law (compliance).</li></ul>

6.3	The Executive Bodies of organizations should ensure the creation and maintenance of an effective risk management and internal control system. The risk management process should be integrated with the planning processes (strategy and Development Plans, annual budget) and evaluation of the organization's performance (management reporting).	Partially comply	<p>The Company has formalized the key risk management documents, approved critical risk management plans, and conducts quarterly monitoring of action plans based on the results of the ICS and CRMS assessment. The Company established the Risk Committee under the leadership of the Chief Executive Officer of the Company. Risk management-related issues are considered within the framework of the meetings.</p> <p>Work is underway, on an ongoing basis, to provide expert opinions on the Company's investment projects, annual budgets, adjustments to the Company and its Subsidiaries' budget. The database on realized risks is maintained and analyzed. Job descriptions of employees and the Company's Risk Management Rules (Corporate Standard) contain responsibilities to form proposals on methods and ways of risk management, provide periodic reporting on the progress and results of the implementation of the risk minimization action plan in the ICRMS, maintain a database of losses and incidents.</p> <p>The Regulations on the Risk Management and Internal Control are compiled given the 2017 COSO ERM model. In 2020, the Company continued the project of integrating risk management into the main processes of the Company.</p>
6.4	The risk management and internal control system of organizations should be based on a high culture of risk management conducted by the Executive Body, which provides for mandatory procedures for identifying, evaluating and monitoring all significant risks, as well as taking timely and adequate measures to reduce the level of risks that may negatively affect the achievement of strategic goals, the implementation of operational tasks and the reputation of the company.	Comply	<p>The Company has developed the Regulations on the Internal Control System, the Regulations of the Internal Control and Risk Management Service, and the Risk Management Rules.</p> <p>As part of the implementation of PWC's recommendations based on the results of an independent assessment, in 2020, ICRMS conducted a survey among the Company's employees to assess its risk culture, and developed and approved the Action Plan based on the results of the survey.</p> <p>As part of the implementation of the Action Plan based on the results of the corporate governance diagnostics, as well as with the aim of developing the Company's risk culture, an informational video about the risk management system was released. The video is currently available on the Company's website for review by employees and other Stakeholders.</p>
6.5	Organizations should develop, approve, formalize and document control procedures in three key areas: operational activities, preparation of financial statements and compliance with the requirements of the legislation of the Republic of Kazakhstan and internal documents.	Comply	<p>The Company has developed detailed procedures for all processes, including in the field of operational activities (accounting and tax accounting, procurement, compliance with the requirements of the legislation of the Republic of Kazakhstan and internal procedures).</p>

<p><b>6.6</b> Organizations should implement transparent principles and approaches in the field of risk management and internal control, the practice of training employees and officials about the risk management system, as well as the process of documenting and timely communicating the necessary information to executives.</p>	Comply	In 2020, a training session was held for risk owners of the Corporate Center and subsidiaries.
<p><b>6.7</b> The Board of Directors of organizations should take appropriate measures to ensure that the current risk management and internal control system complies with the principles and approaches to its organization defined by the Board of Directors and functions effectively. Risk Reports should be submitted to the meetings of the Board of Directors at least once a quarter and discussed properly in full.</p>	Comply	The Company has developed the Risk Management Rules, within the framework of these Rules, a Risk Report is submitted to the meeting of the Board of Directors on a quarterly basis. The Company's Board of Directors plays a key role in overseeing the corporate risk management system. The Company's Board of Directors takes measures to improve and regularly evaluates the performance of the Company's risk management and internal control system. All discussions on the identification, assessment and analysis of risks, including the most significant ones, are held within the framework of meetings of the Board of Directors and the Audit Committee, with the participation of all stakeholders.
<p><b>6.8</b> The IAS should be established in organizations for a systematic independent assessment of the reliability and effectiveness of the risk management and internal control system and corporate governance practices.</p>	Comply	The Company has established the separate structural subdivision – the Internal Audit Service (IAS) for a systematic independent assessment of the reliability and effectiveness of the risk management and internal control system and corporate governance practices.
<p>Internal audit in organizations should be carried out by creating a separate structural subdivision – the IAS (in organizations in the form of limited liability partnerships, the internal audit functions should be assigned to the audit commission/ auditor, functionally accountable to the Supervisory Board; at the same time, the goals, functions and tasks of the audit commission/auditor, the procedure for its interaction with the bodies of the Organization should be established given the principles set out in this Code in relation to the Internal Audit Service). The goals, authorities and responsibilities of the IAS, qualification requirements (requirements for the professionalism of internal auditors) should be defined in the internal document of the company (the IAS Regulations). The IAS Regulations should be developed and approved given the requirements of the International Professional Standards of Internal Audit and the Fund's corporate standards in the field of internal audit.</p>		<p>The IAS Regulations have been developed and approved given the requirements of the International Professional Standards of Internal Audit and the Fund's corporate standards in the field of internal audit. On September 27, 2019, the Company's Board of Directors considered and approved the IAS Regulations (Minutes No.08/19). The IAS Regulations define:</p> <ol style="list-style-type: none"> <li>1) goals;</li> <li>2) authorities;</li> <li>3) responsibility; and</li> <li>4) qualification requirements.</li> </ol>

6.9	To ensure the independence and objectivity of the internal audit, the IAS should be organizationally subordinate and functionally accountable to the Board of Directors. The Board of Directors takes decisions on approving the plans and strategy of the IAS activities, the IAS budget, determines the quantitative composition, size and conditions of remuneration and bonuses for IAS employees.	Comply	To ensure the independence and objectivity of the internal audit, the IAS is organizationally subordinate and functionally accountable to the Board of Directors. The Board of Directors takes decisions on approving the plans and strategy of the IAS activities, determines the quantitative composition, size and conditions of remuneration and bonuses for IAS employees.
6.10	The Head of the IAS in organizations should develop internal documents regulating the activities of the subdivision based on the Fund's corporate standards in the field of internal audit and ensure their consideration and approval by the Audit Committee and the Board of Directors.	Comply	The IAS has established the following policies and procedures: Guidelines for Internal Audit Organization, the Methodology for Performance Evaluation of the Corporate Risk Management System, the Methodology for Performance Evaluation of the Corporate Internal Control System, the Methodology for IT Audit, the Methodology for Performance Evaluation of the IAS and its Head. All procedures are consistent with the IAS Regulations, are applied when performing audits, and include determining the form of reporting to the Audit Committee and the Board of Directors. Internal documents regulating the activities of the IAS ensure the fulfillment of the goals and tasks of internal audit in full and in accordance with the requirements of the Standards. The IAS Regulations are based on the application of the Code of Ethics, quality standards and standards for the activities of internal auditors established by the International Institute of Internal Auditors in the organization of IAS activities.
6.11	If the Fund's corporate standards in the field of internal audit do not regulate certain issues of the IAS of organizations, the relevant policies and procedures should be developed in accordance with the requirements of the Standards, as well as based on the Fund's recommendations on the organization of internal audit.	Comply	New Rules for Remuneration and Bonuses Payment for Employees of JSC NMC Tau-Ken Samruk have been developed and approved, which take into account the procedure for labor payment and remuneration of IAS employees. The Audit Committee under the Board of Directors by the decision approved the Individual Development Plans for all IAS employees for 2020.
6.12	The IAS operates on the basis of a risk-based annual audit plan approved by the Board of Directors. The results of audit reports and key findings are submitted quarterly for consideration of the Board of Directors. The Head of the IAS takes into account the risk management concept adopted in the organization, and applies his/her own judgment on risks formed after consultations with the Executive Body and the Audit Committee.	Comply	The IAS operates on the basis of a risk-based annual audit plan approved by the Board of Directors. The results of audit reports and key findings are submitted for consideration of the Board of Directors at least once a year. The Head of the IAS takes into account the risk management concept adopted by the Company, and applies his/her own judgment on risks formed after consultations with the Executive Body and the Audit Committee of the Company.

<b>6.13</b>	In carrying out its activities, the IAS should evaluate the performance of the internal control system and the risk management system, assess corporate governance using generally accepted standards of activity in the field of internal audit and corporate standards and recommendations of the Fund in the field of corporate governance assessment, performance evaluation of the internal control and risk management system.	Comply	The Company's Internal Audit Service, within the framework of each audit assignment, conducts an assessment of risks and internal control of the processes being audited.
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<b>6.14</b>	The Head of the IAS should develop and maintain a quality assurance and improvement program covering all types of internal audit activities, and providing for mandatory internal and external evaluation of the IAS activities.	Comply	The IAS Regulations establish the responsibility of the IAS Head for the development and implementation of the Internal Audit Assurance and Quality Improvement Program, covering all types of the Service's activities and providing for internal and external evaluation of the IAS. The Company's Board of Directors by the decision of July 25, 2019, Minutes No.06/19, approved the IAS Assurance and Quality Improvement Program for 2019-2021.
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### Chapter 7. Transparency

<b>7.1</b>	Organizations promptly disclose information provided for by the legislation of the Republic of Kazakhstan and internal documents. Organizations should approve internal documents defining the principles and approaches to disclosure and protection of information, as well as a list of information disclosed to Stakeholders. Organizations determine the procedure on classifying information into access categories, conditions for storing and using information, including the circle of persons who have the right of free access to information that constitutes a commercial and official secret, and takes measures to protect its confidentiality.	Comply	Information disclosure about the Company's activities is carried out in a timely manner in accordance with the legislation, the Information Disclosure Rules of JSC NMC Tau-Ken Samruk. On a semi-annual basis, a report on the transparency and effectiveness of information disclosure by the Company to Stakeholders is formed on the website, the financial statements depository and in the media, in accordance with the requirements of the legislation of the Republic of Kazakhstan, the Corporate Governance Code and Information Policy.
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<b>7.2</b>	In organizations whose shares are listed on the stock exchange, it is recommended to create a structural subdivision (or assign functions to the structural subdivision) for relations with shareholders and investors, whose competence will include the collection, analysis, preparation of information that will be posted on the organization's Internet resource. It is recommended to appoint a person with practical experience in the financial sector, who understands the specifics of the industry in which the organization operates, as the Head of this subdivision.	Not applicable	All shares of the Company are owned by the Sole Shareholder.
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7.3	Organizations should conduct an annual audit of financial statements by engaging an independent and qualified auditor who, as a third party, provides an objective opinion to Stakeholders about the reliability of the financial statements and their compliance with the requirements of IFRS. The standards regarding the annual audit are applied if the audit of the annual financial statements is provided for by the legislation of the Republic of Kazakhstan and/or internal documents of the organization.	Comply	<p>The Company conducts an annual audit of the financial statements for compliance with the requirements of IFRS through the involvement of an independent and qualified auditor. The external auditor of the Company is Grant Thornton LLP, the international audit organization, which has the necessary experience and a good reputation. Grant Thornton LLP follows International Auditing Standards, the legislation of the Republic of Kazakhstan in the field of auditing, the Code of Ethics of Professional Accountants of the International Federation of Accountants.</p> <p>The selection of an external auditor is carried out in accordance with the approved Rules for the Selection of the Audit Organization for Samruk-Kazyna JSC and organizations, more than fifty percent of the voting shares (equity interests) of which are directly or indirectly owned by Samruk-Kazyna JSC on the right of property or trust management of December 27, 2016 (Minutes No.46/16).</p>
7.4	Organizations whose shares are traded on the stock exchange should prepare an annual report in accordance with the provisions of this Code and the best practices of information disclosure. The Board of Directors approves the Annual Report.	Comply	<p>The Annual Report of JSC NMC Tau-Ken Samruk is formed in accordance with the Information Disclosure Regulations of JSC NMC Tau-Ken Samruk of October 28, 2020 (Minutes No.30-20), is published on the corporate website in three languages, its design is carried out. Every year, the Company's Annual Report participates in the Annual Report Competition held by the Expert RA Kazakhstan rating agency.</p>
7.5	The Internet resource should be well structured, easy to navigate and contain information necessary for Stakeholders to understand the activities of organizations.	Comply	<p>The Corporate Website is functioning: <a href="http://www.tks.kz">www.tks.kz</a>, divided into thematic sections. The topics of the site sections comply with all the requirements of the Corporate Update Code and accepted standards. The materials are published in the state, Russian and English languages. The Company's Information Disclosure Regulations provide for responsibility for the completeness and relevance of the information posted on the website concerning the Company's activities. Information is updated on a regular basis, the assigned departments are monitored for actualizing and updating the content.</p>

# GRI Index

The table shows the numbers of the Standards and the year of their publication in brackets, as well as the location of the disclosure of specific indicators in this Annual Report.

GRI Standard	Nº	Content	Page	Section and Note
<b>GRI 102: General Information (2016)</b>				
	<b>102-1</b>	Name of the organization		Section "About the Company"
	<b>102-2</b>	Activities, brands, products and services		Section "About the Company"
	<b>102-3</b>	Headquarters location		Section "Contact Information"
	<b>102-4</b>	Geography of activity		Section "Geography of activity"
	<b>102-5</b>	Nature of the property and organizational and legal form		Section "About the Company"
	<b>102-6</b>	Markets where the organization operates		Section "Asset Overview"
	<b>102-7</b>	Scale of the organization		Section "About the Company"
	<b>102-8</b>	Information about employees		Section "Staff management"
	<b>102-9</b>	Supply Chain		Section "Business model"
	<b>102-10</b>	Significant changes in scale, structure and ownership		Section "Asset Overview"  The main activity of the Company is the construction and launch of production facilities, which affects the scale of the Company's work.
	<b>102-11</b>	Application of the precautionary principle		Section "Risk Management and Internal Control"

<b>102-12</b>	Support for external initiatives	Section "Commitment to the UN Sustainable Development Goals"
<b>102-13</b>	Participation in associations	Section "About the Company"
<b>102-14</b>	Address of the CEO on SD issues	Section "Analysis of the external environment"
<b>102-16</b>	Values, principles, standards and norms of the organization's behavior	Section "Business ethics in the Company"
<b>102-18</b>	Organization governance structure	Section "Corporate governance structure"
<b>102-23</b>	Supreme governing bodies	Section "Activities of the Board of Directors"
<b>102-24</b>	Procedure for nomination and selection of candidates for members of the supreme corporate governance body	Section "Activities of the Board of Directors"
<b>102-40</b>	List of stakeholder groups	Section "Interaction with stakeholders"
<b>102-41</b>	Percentage of all employees covered by the collective agreement	The Company has no practice of concluding collective agreements
<b>102-42</b>	Principles for identifying and selecting stakeholders	Section "Interaction with stakeholders"
<b>102-43</b>	The organization's approach to interacting with stakeholders	Section "Interaction with stakeholders"
<b>102-44</b>	Key topics and concerns raised by stakeholders	Section "Interaction with stakeholders"
<b>102-45</b>	Legal entities whose reporting was included in the reporting of the organization	Section "Approach to report preparation"
<b>102-46</b>	Methodology for defining report content and Topic Boundaries	Section "Approach to report preparation"
<b>102-47</b>	List of essential topics	Section "Essential aspects and boundaries"
<b>102-48</b>	Results of all reformulations of indicators published in previous reports	Section "Approach to report preparation"

<b>102-49</b>	Significant change in Scope and Topic Boundaries compared to previous reporting periods	Section "Essential aspects and boundaries"
<b>102-50</b>	Reporting period	Section "Approach to report preparation"
<b>102-51</b>	Date of publication of the previous report	Section "Approach to report preparation"
<b>102-52</b>	Reporting cycle	Section "Approach to report preparation"
<b>102-53</b>	Contact person for reporting the report	Section "Contact Information"
<b>102-54</b>	Option of preparing a report «in accordance» with GRI standards	Section "Approach to report preparation"
<b>102-55</b>	GRI table index	Section "GRI Index"
<b>102-56</b>	The organization's practice with regard to providing external certification of financial statements	Section "Approach to report preparation"

**Specific Elements**

**GRI 200: Economic topics**

**Economic performance**

GRI 103: Information about management approaches (2016)

<b>103-1</b>	Explanation of the significance of the topics and their boundaries	Section "Essential aspects and boundaries of the Report"
<b>103-2</b>	Management approach to essential topics	Section "Creating economic value for stakeholders"
<b>103-3</b>	Assessment of the management approach to material topics	Section "Information on the assessment of the Board of Directors"

GRI 201: Economic performance (2016)	<b>201-1</b>	Direct Economic Value Generated and Distributed	Section "Creating economic value for stakeholders"
<b>Market presence</b>			
GRI 103: Information on management approaches (2016)	<b>103-1</b>	Explanation of the significance of the topics and their boundaries	Section "Essential aspects and boundaries of the Report"
	<b>103-2</b>	Management approach to essential topics	Section "Labor practice"
	<b>103-3</b>	Assessment of the management approach to material topics	Section "Information on the policy of performance evaluation of the Board of Directors"
GRI 202: Market presence (2016)	<b>202-1</b>	The ratio of the standard salary of entry-level employees of different genders to the established minimum salary in significant regions of the organization	Section "Labor practice"
<b>Anti-corruption</b>			
GRI 103: Information on management approaches (2016)	<b>103-1</b>	Explanation of the significance of the topics and their boundaries	Section "Essential aspects and boundaries of the Report"
	<b>103-2</b>	Management approach to essential topics	Section "Business ethics in the Company"
	<b>103-3</b>	Assessment of the management approach to material topics	Section "Information on the assessment of the Board of Directors"
GRI 205: Anti-corruption (2016)	<b>205-1</b>	Communicating and training on anti-corruption policies and practices	Section "Business ethics in the Company"
	<b>205-3</b>	Confirmed incidents of corruption and actions taken	Section "Business ethics in the Company"
<b>GRI 300: Environmental Topics</b>			

GRI 103: Information on management approaches (2016)	<b>103-1</b>	Explanation of the significance of the topics and their boundaries	Section "Essential aspects and boundaries of the Report"
	<b>103-2</b>	Management approach to essential topics	Section "Environmental responsibility"
	<b>103-3</b>	Assessment of the management approach to material topics	Section "Information on the policy of performance evaluation of the Board of Directors"
<b>Power</b>			
GRI 302: Power (2016)	<b>302-1</b>	Energy consumption within the organization	Section "Use of energy resources"
<b>Water</b>			
GRI 303: Water (2018)	<b>303-1</b>	Interaction with water sources	Section "Use of water resources"
	<b>303-2</b>	Management of the impact of water discharges	Section "Use of water resources"
	<b>303-4</b>	Discharges Water	Section "Use of water resources"
	<b>303-5</b>	Water consumption	Section "Use of water resources"
<b>Emissions</b>			
GRI 305: Emissions (2016)	<b>305-1</b>	Direct emissions of greenhouse gases	Section "Emissions of greenhouse gases"
	<b>305-7</b>	Significant emissions to the atmosphere	Section "Atmospheric air protection"
<b>Waste</b>			
GRI 306: Discharges and waste (2016)	<b>306-2</b>	Total mass of waste by type and method of disposal	Section "Waste management"  "Non-hazardous" waste constitutes a minimal part of the total waste mass and therefore is not allocated into a separate category

## Compliance with environmental requirements

GRI 307: Compliance with environmental requirements (2016)	<b>307-1</b>	Monetary value of significant fines and total number of non-monetary sanctions imposed for non-compliance with environmental laws and regulations	Section "Monetary value of fines"
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## GRI 400: Social topics

GRI 103: Information on management approaches (2016)	<b>103-1</b>	Explanation of the significance of the topics and their boundaries	Section "Essential aspects and boundaries of the Report"
	<b>103-2</b>	Management approach to essential topics	Section "Staff management"
	<b>103-3</b>	Assessment of the management approach to material topics	Section "Information on the policy of performance evaluation of the Board of Directors"

## Employment

GRI 401: Employment (2016)	<b>401-1</b>	Total number and percentage of newly hired employees and employee turnover by age group, gender and region	Section "Labor practice"
	<b>401-3</b>	Maternity / paternity leave	Section "Labor practice"

## Relationship between employees and management

GRI 402: Relationship between employees and management (2016)	<b>402-1</b>	402-1 Minimum notice period for significant changes in the organization's operations	Section "Information on staff turnover for the Group of the Company"
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## Health and safety

GRI 403: Health and safety (2016)	<b>403-1</b>	HSE system	Section "HSE"
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**403-2** Hazard identification, risk assessment and incident investigation Section "HSE"

**403-3** Labor protection services Section "HSE"

**403-4** Employee participation, consultation Section "HSE"

**403-5** HSE training for workers Section "HSE"

**403-6** Improving worker health Section "HSE"

**403-7** Prevention of occupational health and safety risks in business relationships Section "HSE"

**403-9** Injury rates Section "HSE"

#### Training and education

**404-1** Average annual number of training hours per employee, disaggregated by gender and employee category Section "Training and professional development"

GRI 404:  
Training and education (2016)

**404-2** Skills development programs Section "Training and professional development"

**404-3** Percentage of employees subject to periodic performance and career development assessments, by gender and employee category Section "Training and professional development"

#### Diversity and Equal Opportunity

GRI 405:  
Diversity and Equal Opportunity (2016)

**405-1** Composition of governing bodies and main categories of personnel of the organization, with breakdown by Section "Staff management"

gender, age groups, minority groups  
and other indications of diversity

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**Non-discrimination**

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GRI 406:  
Non-discrimination (2016)

**406-1**

Total number of incidents of  
discrimination and corrective actions  
taken

Section "Staff management"

# Financial statements

## NATIONAL MINING COMPANY TAU-KEN SAMRUK JSC

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

Management of National Mining Company Tau-Ken Samruk JSC (hereinafter – “the Company”) and its subsidiaries (hereinafter jointly – “the Group”) is responsible for the preparation of the consolidated financial statements, that fairly present, in all material respects, consolidated financial position of the Group as at December 31, 2020, and the consolidated results of its operations, consolidated cash flows and changes in equity for the year then ended, in accordance with International Financial Reporting Standards (hereinafter – “IFRS”).

In preparing these consolidated financial statements, management is responsible for:

- ▶ selecting of proper accounting principles and its consistent application;
- ▶ presenting information, including accounting policies, in a manner that provides relevance, reliability, comparability and understandability of such information;
- ▶ using of reasonable and appropriate estimates and assumptions;
- ▶ providing additional disclosures when compliance with the requirements of IFRS is insufficient for users of the consolidated financial statements to understand the impact of particular transactions, as well as other events and conditions on the financial position and financial results of the Group's operation; and
- ▶ assessment of the Group's ability to continue as a going concern in the foreseeable future.

Management is also responsible for:

- ▶ designing, implementing and maintaining the effective and reliable functionality of the internal control system of the Group;
- ▶ maintaining adequate accounting system, allowing the preparation of information about the Group's financial position at any time with reasonable accuracy, and to ensure compliance of the consolidated financial statements with IFRS;
- ▶ maintaining accounting records in accordance with the legislation of the Republic of Kazakhstan;
- ▶ adopting measures within its competence to safeguard assets of the Group; and
- ▶ detecting and preventing fraud and other irregularities.

The consolidated financial statements of the Group for the year ended December 31, 2020 were approved by management on February 26, 2021.

Chief financial officer



Kuanshaliyev B.S.

## INDEPENDENT AUDITOR'S REPORT

To the shareholder and management of National Mining Company Tau-Ken Samruk JSC

### Opinion

We have audited the consolidated financial statements of National Mining Company Tau-Ken Samruk JSC (hereinafter – “the Company”) and its subsidiaries (hereinafter jointly – “the Group”), which comprise the consolidated statement of financial position as at December 31, 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information: Annual Report of the Group

Management is responsible for other information that is included in the Annual Report. Other information includes: the statement of the chairman of the management board, information about National Mining Company Tau-Ken Samruk JSC, the significant events after the reporting date, operations, financial and economic indicators, risks of uncertainties and internal control system, social responsibility and environmental protection, corporate governance, key tasks for 2021 and other information, but does not include the

consolidated financial statements and our opinion on it. The annual report is expected to be provided to us after the date of this audit report.

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

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

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

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

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

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

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

### Auditor's responsibilities for the audit of the consolidated financial statements

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

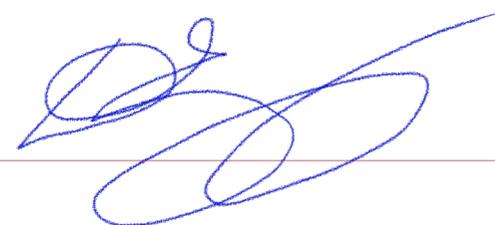
As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ◆ identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control system;
- ◆ obtain an understanding of internal control system relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control system;
- ◆ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ◆ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on National Mining Company Tau-Ken Samruk JSC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a

going concern;

- ◆ evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ◆ obtain sufficient appropriate audit evidence relating to the financial information of organizations or activities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the management, control and conducting of the audit of the Group. We remain fully responsible for our audit opinion.

We communicate with those charged with governance National Mining Company Tau-Ken Samruk JSC regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control system that we identify during our audit.



Yerzhan Dossymbekov

Engagement Partner/General Director  
Grant Thornton LLP

Certified Auditor of the Republic of Kazakhstan  
Certificate #MF-0000069 on January 20, 2012

State license #18015053 dated August 3, 2018 (primary issue July 27, 2011) for providing audit services on the territory of the Republic of Kazakhstan, issued by the Committee of Internal State Audit of the Ministry of Finance of the Republic of Kazakhstan

February 26, 2021  
Almaty, the Republic of Kazakhstan

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2020

In thousands of tenge	Notes	December 31, 2020	December 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	67,942,107	70,587,496
Intangible assets	7	46,904,136	46,912,737
Investments in an associate	9	531,590,820	459,090,814
Prepayment of corporate income tax	-	818,529	1,221,511
Deferred corporate income tax assets	24	1,552,765	1,604,928
Inventories	11	3,894,198	3,756,768
Investment securities	10	2,801,767	2,052,283
Long-term bank deposits	-	1,648,753	-
Other non-current assets	12	9,280,101	9,210,090
		<b>666,433,176</b>	<b>594,436,627</b>
<b>Current assets</b>			
Inventories	11	30,328,584	25,920,836
Loan issued to parent organization	8	18,306,918	-
Prepayment of corporate income tax	-	42,747	196,789
Other current assets	13	1,571,768	3,523,170
Short-term bank deposits	-	-	51,253
Cash and cash equivalents	14	5,015,449	7,365,979
		<b>55,265,466</b>	<b>37,058,027</b>
Assets held for sale		2,067,529	-

<b>TOTAL ASSETS</b>	-	<b>723,766,171</b>	<b>631,494,654</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	15	252,874,907	252,874,907
Retained earnings	-	110,607,169	68,244,943
Other components of equity	15	332,522,877	281,860,523
<b>Equity attributable to equity holder of the parent</b>		<b>696,004,953</b>	<b>602,980,373</b>
Non-controlling interest	15	35,069	66,015
<b>TOTAL EQUITY</b>		<b>696,040,022</b>	<b>603,046,388</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2020 (CONTINUED)**

In thousands of tenge	Notes	December 31, 2020	December 31, 2019
<b>Non-current liabilities</b>			
Loans received	17	1,488,241	1,150,311
Accounts payable for acquisition of subsidiary	16	5,877,606	5,910,535
Deferred corporate income tax liabilities	24	10,863,934	10,382,486
Lease liabilities	-	170,740	354,092
Non-current accounts payable	16	427,063	291,528
Other non-current liabilities	18	265,622	207,648
		<b>19,093,206</b>	<b>18,296,600</b>

**Current liabilities**

Contract liabilities	16	563,852	4,586,622
Advances received	16	1,532,465	-
Accounts payable	16	5,425,396	3,855,651
Loans received	17	108,165	471,100
Lease liabilities	-	97,228	83,447
Other current liabilities	18	904,612	1,154,846
		<b>8,631,718</b>	<b>10,151,666</b>
Liabilities directly associated with assets held for sale		1,225	-
<b>TOTAL LIABILITIES</b>		<b>27,726,149</b>	<b>28,448,266</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>723,766,171</b>	<b>631,494,654</b>

Notes on pages 7 to 52 are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2020**

In thousands of tenge	Notes	2020	2019
Revenue from contracts with customers	19	639,246,870	447,804,513
Cost of goods sold	20	(629,669,262)	(444,178,554)
<b>Gross profit</b>		<b>9,577,608</b>	<b>3,625,959</b>
General and administrative expenses	21	(3,212,272)	(3,993,981)

Selling expenses	-	(91,479)	(385,551)
<b>Operating income/(loss)</b>		<b>6,273,857</b>	<b>(753,573)</b>
Finance income	22	1,313,277	777,115
Finance costs	-	(523,857)	(501,128)
Share in profit of an associate	9	75,280,049	51,578,610
Gain on disposal of a subsidiary	-	-	765,569
Recovery/(accrual) of loss on impairment of financial assets	-	(189,755)	731,625
Loss on impairment of non-financial assets	23	(8,643,606)	(12,728,011)
Gain on disposal of exploration and evaluation assets	-	-	467,132
Loss from disposal of subsoil use contracts	-	(8,908)	-
Net foreign currency exchange gain	-	317,162	84,145
Other non-operating income	-	470,455	881,815
Other non-operating expenses	-	(1,137,198)	(774,043)
<b>Profit for the year before income tax</b>		<b>73,151,476</b>	<b>40,529,256</b>
Corporate income tax expense	24	(1,099,180)	(324,083)
<b>Profit for the year</b>		<b>72,052,296</b>	<b>40,205,173</b>
<b>Profit for the year attributable to:</b>			
Equity holders of the parent	-	72,083,242	40,206,668
Non-controlling interest	15	(30,946)	(1,495)
<b>Other comprehensive income</b>			
Gain/(loss) from foreign currency exchange differences on translation	9	50,662,354	(2,541,728)
<b>Total comprehensive income for the year</b>		<b>122,714,650</b>	<b>37,663,445</b>
<b>Total comprehensive income for the year attributable to:</b>			
Equity holders of the parent	-	122,745,596	37,664,940

Non-controlling interest	15	(30,946)	(1,495)
<b>Total comprehensive income for the year</b>		<b>122,714,650</b>	<b>37,663,445</b>

Notes on pages 7 to 52 are an integral part of these consolidated financial statements.

#### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2020

In thousands of tenge	Notes	2020	2019*
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash proceeds from customers	-	636,175,404	440,348,798
Other cash proceeds	-	1,678,936	1,192,823
Interest received	-	914,335	320,969
Interest paid	-	(105,826)	(115,400)
Cash payments to suppliers	-	(632,652,839)	(434,978,216)
Cash payments to employees	-	(2,462,492)	(3,450,671)
Corporate income tax paid	-	(98,027)	(245,900)
Other taxes and payments	-	(849,941)	(1,043,136)
Current lease payments	-	-	(195,882)
Other payments	-	(460,208)	(596,311)
<b>Cash used in operating activities</b>		<b>2,139,342</b>	<b>1,237,074</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	-	(8,604,620)	(13,627,864)
Proceeds from sale of subsidiaries	-	-	1,518,001

Advances received from sales of subsidiaries	-	1,286,040	-
Proceeds from sale of property, plant and equipment	-	15,000	30,206
Purchase of intangible assets	-	(17,499)	(22,042)
Purchase of exploration and evaluation assets	-	(331,585)	(294,972)
Dividends received from an associate	9	53,442,397	73,668,869
Placement of bank deposits	-	(1,714,931)	(1,380,429)
Withdrawal of bank deposits	-	41,989	4,819,672
Issuance of a loan to the parent organization	8	(18,442,396)	-
Other payments for investing activities	-	(8,192)	(15,591)
<b>Cash flows from investing activities</b>		<b>25,666,203</b>	<b>64,695,850</b>

\*During 2020 the Group changed the classification of some items in the consolidated statement of cash flows for the year ended December 31, 2019 (Note 4).

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020 (CONTINUED)**

In thousands of tenge	Notes	2020	2019*
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Repayment of loans received	-	(191,082)	(185,254)
Proceeds from loans	-	-	242,527
Payment of principal portion of lease liabilities	-	(140,837)	(132,256)
Dividends paid	15	(30,254,000)	(63,600,477)
<b>Cash used in financing activities</b>		<b>(30,585,919)</b>	<b>(63,675,460)</b>
<b>Net change in cash and cash equivalents</b>		<b>(2,780,374)</b>	<b>2,257,464</b>
Effect of change in foreign exchange rates on cash and cash equivalents	-	429,844	64,871
Cash and cash equivalents at the beginning of the year	14	7,365,979	5,043,644

Cash and cash equivalents at the end of the year

14

5,015,449

7,365,979

\*During 2020 the Group changed the classification of some items in the consolidated statement of cash flows for the year ended December 31, 2019 (Note 4).

Notes on pages 7 to 52 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2020

In thousands of tenge	Notes	Equity attributable to equity holder of the parent				Non-controlling interest	Total equity
		Share capital	Other equity components	Retained earnings	Total		
<b>As at January 1, 2019</b>	-	<b>252,874,907</b>	<b>284,402,251</b>	<b>91,177,956</b>	<b>628,455,114</b>	<b>127,770</b>	<b>628,582,884</b>
Profit for the year	-	-	-	40,206,668	40,206,668	(1,495)	40,205,173
Other comprehensive income	9	-	(2,541,728)	-	(2,541,728)	-	(2,541,728)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(2,541,728)</b>	<b>40,206,668</b>	<b>37,664,940</b>	<b>(1,495)</b>	<b>37,663,445</b>
Change in non-controlling interest	15	-	-	-	-	(60,260)	(60,260)
Discount on investment securities, net of tax effect	10	-	-	(3,139,681)	(3,139,681)	-	(3,139,681)
Dividends	15	-	-	(60,000,000)	(60,000,000)	-	(60,000,000)
<b>As at December 31, 2019</b>	<b>-</b>	<b>252,874,907</b>	<b>281,860,523</b>	<b>68,244,943</b>	<b>602,980,373</b>	<b>66,015</b>	<b>603,046,388</b>
Profit for the year	-	-	-	72,083,242	72,083,242	(30,946)	72,052,296
Other comprehensive income	9	-	50,662,354	-	50,662,354	-	50,662,354

Total comprehensive income for the year	-	-	50,662,354	72,083,242	122,745,596	(30,946)	122,714,650
Discount on investment securities, net of tax effect	10	-	-	532,984	532,984	-	532,984
Dividends	15	-	-	(30,254,000)	(30,254,000)	-	(30,254,000)
<b>As at December 31, 2020</b>	<b>-</b>	<b>252,874,907</b>	<b>332,522,877</b>	<b>110,607,169</b>	<b>696,004,953</b>	<b>35,069</b>	<b>696,040,022</b>

Notes on pages 7 to 52 are an integral part of these consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

### 1. GENERAL INFORMATION

National Mining Company Tau-Ken Samruk Joint Stock Company (hereinafter – “Tau-Ken Samruk” or the “Company” or together with subsidiaries – “the Group”) was established in accordance with the Resolution of the Government of the Republic of Kazakhstan #10 dated January 15, 2009 and was registered as a joint stock company on February 2, 2009.

As at December 31, 2020 and 2019 the sole shareholder of the Company is Sovereign Wealth Fund Samruk-Kazyna JSC (hereinafter – “Samruk-Kazyna”). The sole shareholder of Samruk-Kazyna is the Government of the Republic of Kazakhstan.

The Company's legal address is E-10 str., 17/10, Nur-Sultan, the Republic of Kazakhstan.

As at December 31, 2020 number of employees of the Group was 929 people (December 31, 2019: 1,316 people).

These consolidated financial statements include the financial statements of the Company and its subsidiaries.

Company	Type of operations	Region	December 31, 2020	December 31, 2019
ShalkiyaZinc LTD JSC	Exploration, mining and processing of mixed lead-zinc ore	Kyzylorda region	100.00%	100.00%
Tau-Ken Altyn LLP	The coordinator of the investment project “Set up of the refining plant and its provision by mineral resource base»	Nur-Sultan	100.00%	100.00%
Severnyi Katpar LLP	Extraction of tungsten	Karaganda region	100.00%	100.00%
Tau-Ken Mining LLP	Exploration of non-ferrous metals	Almaty region	100.00%	100.00%
Tau-Ken Temir LLP	Metallurgical silicon and by-products production	Karaganda region	100.00%	100.00%
JV Alaigyr LLP	Extraction of polymetallic ores	Karaganda region	100.00%	100.00%
TKS Geology LLP	Exploration of copper, gold and associated components	Karaganda region	100.00%	100.00%
Shokpar-Gagarinskoye LLP	Extraction of gold ore	Jambyl region	100.00%	100.00%
Masalskyi GOK LLP	Development and extraction of iron ore	Akmola region	99.19%	99.19%
Silicon mining LLP	Mining of quartz	Nur-Sultan	100.00%	100.00%

During 2020 the Group decided to approve the transaction for the disposal of 100% of shares in the charter capital of Shokpar-Gagarinskoye LLP to a third party. In this regard, the assets and liabilities of Shokpar-Gagarinskoye LLP were classified as assets held for sale.

According to the decision of the Board of Directors of the Company, it was decided to liquidate the subsidiaries Tau-Ken Mining LLP and TKS Geology LLP on July 1, 2020 and November 5, 2020, respectively. The Group plans to complete liquidation in 2021.

### Principal activities

The Group is a vertically integrated company and was established to ensure efficient subsoil use activities in the field of:

- ◆ exploration, development, extraction, processing activities and sale of solid minerals;
- ◆ effective management of subsidiaries and associates of the mining and metallurgical industry;
- ◆ development and implementation of new high-tech and efficient technologies in the mining and metallurgical industry;
- ◆ restoration of mineral resources of the Republic of Kazakhstan;
- ◆ development of off-balance reserves of deposits.

## 2. BASIS OF PREPARATION

### Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS")

### Basis of preparation

These consolidated financial statements have been prepared on the historical cost basis.

These consolidated financial statements of the Group are presented in Kazakhstani tenge (hereinafter – "tenge"). The functional and presentation currency of the consolidated financial statements of the Group is tenge, except for the consolidated financial statements of an associate, which functional

currency is US dollar. All amounts in these consolidated financial statements are rounded to thousand unless otherwise stated.

### Going concern basis

The consolidated financial statements have been prepared in accordance with IFRS based on the assumption that the Group will continue as a going concern. This assumes sale of assets and settlement of liabilities in the normal course of business in the foreseeable future. The management of the Group believes that the Group will be able to continue as a going concern. Management of the Group does not have any intention or necessity to liquidate or significantly reduce the size of its business.

### Accrual basis

These consolidated financial statements were prepared on the accrual basis. The accrual basis ensures recognition of the results of business operations, as well as events in fact they occurred, regardless of the time of payment. Transactions and events are recorded and included in the consolidated financial statements for the periods to which they apply.

### Recognition of the elements of consolidated financial statements

Current versus non-current classification of assets and liabilities

In the consolidated statement of financial position, the Group represents assets and liabilities based on current/non-current classification. An asset is current when it is:

- ◆ expected to be realized or intended to be sold or consumed in the normal operating cycle;
- ◆ held primarily for the purpose of trading;
- ◆ expected to be realized within twelve months after the reporting period; or
- ◆ cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- ◆ it is expected to be settled in the normal operating cycle;
  - ◆ it is held primarily for the purpose of trading;
  - ◆ it is due to be settled within twelve months after the reporting period;
- or
- ◆ there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies other liabilities as non-current.

Deferred corporate income tax assets and liabilities are classified as non-current assets and liabilities.

### Foreign currency translation

In preparing the consolidated financial statements, transactions in foreign currencies other than the functional currency (foreign currency) are carried at the exchange rates prevailing as at the transaction date. Monetary items denominated in foreign currencies are translated at the exchange rates prevailing as at the date of consolidated financial statements. Non-monetary items denominated in foreign currencies that are measured at fair value are translated at the exchange rates prevailing at the date of determination of fair value. Non-monetary items measured at historical cost, denominated in foreign currency, are not retranslated. Exchange differences on monetary items, which arise as a result of changes in the exchange rates, are recognized in profit or loss in the period when they arise.

Weighted average exchange rates resulted on the main session of the Kazakhstan Stock Exchange (hereinafter – “KASE”) are used as official exchange rates in the Republic of Kazakhstan.

Currency exchange rates of KASE used by the Group in preparing the consolidated financial statements are as follows:

In tenge	December 31, 2020	Average for 2020	December 31, 2019	Average for 2018
1 US dollar	420.91	412.95	382.59	382.87
1 Euro	516.79	471.44	429.0	428.61

### Principles of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries, controlled by the Company, which are listed in Note 1.

Control is exercised if the Group is exposed to risks of changes in revenue from participation in the investee, or has the right to receive such revenues, as well as the ability to influence these revenues through exercising its authority over the investee. In particular, the Group controls an investee only if the following conditions are met:

- ◆ the Group has authority over the investee (that is, the existing rights that provide the current ability to manage the significant activities of the investee);
- ◆ the Group’s exposure to the risk of changes in income from participation in the investee, or the right to receive such income;
- ◆ the ability of the Group to use its authority to influence the amount of income.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- ◆ agreement(s) with other holders of voting rights in the investee;
- ◆ rights stipulated by other agreements;
- ◆ voting rights and potential voting rights held by the Group.

The Group re-examines whether there is control over the investee if the facts and circumstances indicate a change in one or more of the three control components. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary, the acquisition or disposal of which occurred during the year, are included in the consolidated financial statements from the date the Group gains control and are recorded until the Group loses control over the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having

a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the relevant assets (including goodwill), liabilities, non-controlling interests and other components of equity and recognizes any resulting profit or loss in profit or loss. Remaining investments are recognized at fair value.

### **Non-controlling interest**

Non-controlling interest represents the interest in the equity of subsidiary, not attributable directly or indirectly to the parent company's shareholder. Non-controlling interest is presented separately in the consolidated statement of profit or loss and other comprehensive income and in the consolidated statement of financial position within equity separately from the parent's equity.

### **Investments in associates and joint ventures**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the

associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised profits and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and noncontrolling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

### **Non-current assets held for sale and discontinued operations**

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower

of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- ◆ represents a separate major line of business or geographical area of operations;
- ◆ is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- ◆ is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

### **Business combinations**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate consideration transferred measured at fair value at acquisition date and the amount of any non-controlling interests in the acquiree. For each business combination, the Group measures the non-controlling interests in the acquiree at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, fair value of any previously held equity interest in acquired organization is remeasured at its fair value at the acquisition date and any resulting difference is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments: Recognition and Measurement, is measured at fair value, changes in fair value recognized either in profit or loss or as a change in other comprehensive income. If the contingent consideration is not within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing of goodwill acquired in a business combination from the acquisition date, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated as a part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

### **Business combinations under common control**

Acquisitions of subsidiaries from parties under common control (entities controlled by the ultimate shareholder) are accounted for using the pooling of interest method.

The assets and liabilities of the subsidiary transferred under common control are recorded in these consolidated financial statements at their carrying amounts of the transferring entity (the predecessor) at the date of transfer. Related goodwill, inherent in the predecessor's original acquisition is also recorded in these consolidated financial statements. Difference between the total book value of net assets, including the predecessor's goodwill, and the consideration paid is accounted for in these consolidated financial statements as an adjustment to equity.

## **3. NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS**

### **New standards, interpretations and amendments to standards and interpretations, adopted by the Group this year**

The accounting policy adopted in the preparation of the consolidated financial statements is consistent with that applied in the preparation of the Group's financial statements for the year ended December 31, 2019, except for the newly adopted standards and interpretations effective as at January 1, 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

#### **Amendments to IFRS 3: Definition of a Business**

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

#### **Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform**

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark

reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

#### **Amendments to IAS 1 and IAS 8 Definition of Material**

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Group.

#### **Conceptual Framework for Financial Reporting issued on 29 March 2018**

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

#### **Amendments to IFRS 16 Covid-19 Related Rent Concessions**

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the

change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Group.

The Group has not adopted the following new and revised IFRSs, interpretations or amendments, issued but not yet effective:

#### **IFRS 17 Insurance Contracts**

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a new comprehensive financial reporting standard for insurance contracts that addresses recognition and measurement, presentation and disclosure. When IFRS 17 becomes effective, it will replace IFRS 4 Insurance Contracts, which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e. life and insurance other than life insurance, direct insurance and reinsurance), regardless of the type of entity that issues them, as well as certain guarantees and financial instruments with conditions discretionary participation. There are a few exceptions to the scope. The main objective of IFRS 17 is to provide an accounting model for insurance contracts that is more efficient and consistent for insurers. Unlike the requirements of IFRS 4, which are largely based on previous local accounting policies, IFRS 17 provides a comprehensive accounting model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative information required. This standard is not applicable to the Group.

#### **Amendments to IAS 1: Classification of Liabilities as Current or Non-current**

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- ◆ What is meant by a right to defer settlement;
- ◆ That a right to defer must exist at the end of the reporting period;
- ◆ That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- ◆ That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice

and whether existing loan agreements may require renegotiation.

#### **Amendments to IFRS 3 - "References to Conceptual Framework"**

In May 2020, the IASB issued amendments to IFRS 3 Business Combinations – Conceptual References. The purpose of these amendments is to replace the references to the Framework for the Preparation and Presentation of Financial Statements issued in 1989 with references to the Conceptual Framework for the Presentation of Financial Statements issued in March 2018, without significantly changing the requirements of the standard.

The Board also added an exemption from the recognition principle in IFRS 3 to avoid potential "Day 2" gains or losses for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC Interpretations) 21 «Mandatory payments», if they arise in the framework of separate transactions. At the same time, the Board decided to clarify the existing requirements in IFRS 3 for contingent assets, which would not be affected by the replacement of references to the Framework for the Preparation and Presentation of Financial Statements.

These amendments are effective for annual periods beginning on or after 1 January 2022 and are applied prospectively. These amendments are not expected to have a material impact on the Group's consolidated financial statements.

#### **Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use**

In May 2020, the IASB issued Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. These amendments are not expected to have a material impact on the consolidated financial statements of the Group.

#### **Amendments to IAS 37: Onerous Contracts – Costs of Fulfilling a Contract**

In May 2020, the IASB issued amendments to IAS 37 to specify which

costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. These amendments are not expected to have a material impact on the consolidated financial statements of the Group.

#### **IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter**

As part of its 2018–2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. These amendments are not expected to have a material impact on the consolidated financial statements of the Group.

#### **IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities**

As part of its 2018–2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after

1 January 2022 with earlier adoption permitted. These amendments are not expected to have a material impact on the consolidated financial statements of the Group.

#### **IAS 41 Agriculture – Taxation in fair value measurements**

As part of its 2018–2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted. The amendments are not applicable to the Group.

### **4. SIGNIFICANT ACCOUNTING POLICIES**

#### **Exploration and evaluation assets**

##### **Acquisition cost of subsoil use rights**

Acquisition cost of subsoil use rights (for exploration and production) includes signature bonuses, historical costs, and obligatory expenditures on environmental and social programs and are capitalized as rights on subsoil use of the field at the exploration and evaluation stage.

Acquisition cost of subsoil use rights are accounted for on a field-by-field basis. Each field is reviewed for impairment on annual basis confirm. If no future activity is planned on the field, the outstanding balance of acquisition costs of the subsoil use right is written off. Upon start of commercial production at the fields, the subsoil use rights are amortized on the basis of unit of production method in proportion of actual production to total proved reserves.

##### **Exploration and evaluation costs**

Exploration and evaluation costs include geological and geophysical expenditures; costs directly related to exploration drilling; stripping activities; administrative and other exploration expenses directly attributable to a particular field. These costs include employee remuneration, materials and fuel used, rig rental costs and payments made to the contractors. If no mineral reserves are found, this is an indicator of impairment. All capitalized costs are subject to technical, commercial and management review at least once a year, to confirm the intention of commercial exploitation, or otherwise extraction of benefits from discovery. When this is no longer the case, the costs are written off. When proved reserves of minerals are determined and the decision to

continue development is made, the relevant expenditures are transferred to the mining assets.

### Mining assets

#### Development and production arrangement costs

Development and production arrangement costs include previously capitalized (and reclassified at the start of development) acquisition costs of the subsoil use rights, exploration and evaluation costs; construction of landfills, installation of surface technological facilities required for production, gathering and preparation of mineral resources at the fields; other costs incurred during arrangement of commercial production at the fields; capitalized discounted costs on mine abandonment and site restoration. Development costs are capitalized as property, plant and equipment (mining assets) and accounted for on a field-by-field basis.

#### Depreciation of mining assets (as part of property, plant and equipment and intangible assets)

Mining assets are amortized using unit of production method based on the actual production from the start of commercial production at the field. Acquisition costs of the subsoil use rights, including discounted mine abandonment and site restoration costs, are amortized on the basis of total proved reserves. Other field development costs are amortized based on the proved developed reserves.

#### Property, plant and equipment

Property, plant and equipment are stated at cost less of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacement of equipment parts and borrowing costs for long-term construction projects if capitalization criteria are met. When significant parts of property, plant and equipment are required to be replaced in particular time intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates it appropriately. Similarly, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if all recognition criteria are met.

All other repair and maintenance costs are recognised in the profit or loss as incurred. The present value of the expected cost of asset retirement after its use is included in the cost of the respective asset if the recognition criteria for a provision for future expenses are met. Depreciation is calculated on a straight-line method based on the estimated useful lives of property, plant and equipment.

Estimated useful lives of certain assets are as follows:

Group of property, plant and equipment	Useful lives
Building and construction	8 – 100 years
Machinery and equipment, vehicles	2 – 50 years
Other	2 – 20 years

When an asset is sold or disposed, the cost and related accumulated depreciation are written off to expenses and any resulting gains or losses on the asset disposal are included in the consolidated statement of profit or loss and other comprehensive income.

Expenditures incurred after the property, plant and equipment have been placed into operation, such as repairs and maintenance and overhaul costs, are normally expensed in the period when such costs are incurred. The expenditures that have resulted in an increase in the future economic benefits expected to be obtained beyond asset's originally assessed standard performance (increase of useful life, capacity, etc.) are capitalized as an additional cost of property, plant and equipment.

The liquidation cost, useful lives and methods of depreciations are reviewed at the end of each financial year, and adjusted prospectively, if necessary.

#### Impairment of non-current assets

The Group assesses whether there are any indicators of impairment of the carrying amount of exploration and evaluation assets, property, plant and equipment, intangible assets, investments in subsidiaries and investments in associates and joint ventures (hereinafter – "non-current assets") at each reporting date. If such indicators identified, the recoverable amount of the respective asset is being calculated in order to determine the impairment loss amount (if any). The recoverable amount is determined as the higher of two values: an asset's fair value less costs to sell or value in use. When determining the value in use, the expected future cash flows are discounted to the present value using a discount rate before tax, which, in management's opinion, reflects the present market estimate of the time value of money and risks attributable to such asset.

If the recoverable amount of an asset is lower than its carrying amount, the carrying amount of the asset is reduced to the recoverable

amount. Impairment losses are recorded immediately in profit or loss. In case where impairment loss is subsequently reversed, the carrying amount of the asset is increased to the amount calculated as a result of new estimate of its recoverable amount, so that new carrying amount does not exceed the carrying amount that would have been determined if the impairment loss was not recognized for the asset in previous years. Reversal of impairment loss is recorded immediately in profit or loss.

### Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses. Amortization of intangible assets is calculated on a straight line basis and begins when the asset is ready for use. Intangible assets are identifiable if they result from contractual or other rights, or if they are separable, i.e. they can be sold separately or together with other assets.

Intangible assets include subsoil use rights and other intangible assets. Subsoil use rights are amortized using the production method of depreciation for actual production from the commencement of commercial production at the fields. Other intangible assets include a software license. Amortization is accrued on the basis of a straight-line method based on the estimated useful life of intangible assets of 1-10 years.

Estimated useful lives, residual values and amortization method are reviewed at the end of each year and corrected, if necessary.

### Leases

#### Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (ie the date on which the underlying asset becomes available for use). Right-of-use assets are measured at cost less accumulated amortization and accumulated impairment losses, adjusted for revaluation of lease liabilities, initial direct costs incurred and lease payments incurred at or prior to the commencement of the lease, less incentive payments received for rent. If the Group does not have sufficient assurance that it will obtain title to the leased asset at the end of the lease term, the recognized right-of-use asset is amortized on a straight-line basis over the shorter of the asset's estimated useful life or the lease term. Right-of-use assets are included in property, plant and equipment by the Group and are reviewed for impairment.

### Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

#### Significant judgements in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses

the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., change in business strategy).

### Dividends paid in cash

The Company recognizes a liability for dividend payments when the distribution is approved and no longer remains at the discretion of the Company. The corresponding amount is recognized directly in equity.

### Financial instruments

#### Key measurement terms

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- ◆ amortised cost;
- ◆ fair value through profit or loss (FVTPL);
- ◆ fair value through other comprehensive income (FVOCI).

Financial instruments of the Group include financial assets and financial liabilities which are carried at amortised cost as described below.

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

**The effective interest method** is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest

repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

#### Classification of financial assets

Financial assets of the Group include short-term and long-term bank deposits, loans given to the Parent (Note 8), cash and cash equivalents (Note 14), accounts receivable (Note 13) and investment securities (Note 10). The management determines the classification of the financial assets at initial recognition. Accounts receivable are recognized initially at fair value plus transaction costs. Subsequently, accounts receivable are stated at amortized cost using the effective interest method.

Accounts receivable are unquoted non-derivative financial assets with fixed or determinable payments other than those that the Group intends to sell in the near term. They are included in current assets, except for maturities greater than 12 months after the reporting date, that are classified as non-current assets.

#### Classification of financial liabilities

Financial liabilities of the Group include financial liabilities carried at amortised cost. The Group's financial liabilities comprise loans, accounts and other payables, and accounts payables, for acquisition of subsidiary, contract liabilities, lease liabilities.

#### Initial recognition of financial instruments

Financial instruments are initially recorded at fair value plus transaction costs. The transaction price is the prime confirmation of the fair value at initial recognition. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

#### Subsequent measurement of financial assets

Financial assets are measured at amortised cost if the assets meet the following conditions:

- ◆ they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- ◆ the contractual terms of the financial assets give rise to cash flows

that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

#### **Derecognition of financial assets**

The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

#### **Impairment of financial assets carried at amortised cost**

Expected credit losses are defined as the difference between all the contractual cash flows that are due to an entity and the cash flows that it actually expects to receive ("cash shortfalls"). This difference is discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The assessment of impairment for financial assets can either be individually or collectively and is based on how an entity manages its credit risk. If an entity has a small number of receivables with large value and these receivables are managed on an account basis (i.e. individually) it may not be appropriate in that case to base the impairment on a provision matrix as such a matrix would unlikely be in line with the expected credit loss of the individual receivable.

Recognition of credit losses is no longer dependent on the Group identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- ◆ financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1");
- ◆ financial instruments that have deteriorated significantly in credit

quality since initial recognition and whose credit risk is not low ("Stage 2");

- ◆ "Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date.

"12-month expected credit losses" are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

If the terms of an impaired financial asset held at amortized cost are renegotiated or otherwise modified because of financial difficulties of the counterparty, impairment is measured using the original effective interest rate before the modification of terms.

Uncollectible assets are written off against the related impairment loss provision after all the necessary procedures to recover the asset have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to impairment loss account within the profit or loss for the year.

#### **Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position include cash at banks and on hand and short-term deposits with a maturity of 3 months or less, which are subject to an insignificant risk of changes in value.

#### **Loans issued**

Loans issued are initially measured at fair value and subsequently at amortized cost using the effective interest method.

#### **Investment securities**

Investment securities are initially measured at fair value and subsequently at amortized cost using the effective interest method.

#### **Provisions**

Provisions are recognized when the Group has present obligations (legal or constructive) arising as a result of past events, which will need to be settled, and the amount of such obligations can be reliably measured.

The amount of provision for expected expenses recognized in accounting represents the best estimate of the amount required to settle the obligation determined at the reporting date, taking into account risks and uncertainties typical for such obligations. If the amount of provision for

expected expenses is determined based on expected cash flows to settle the obligation, the provision for expected expenses is determined as the discounted cost of such cash flows (if the effect of the time value of money is material).

## Recognition of revenues and expenses

### Recognition of revenue

Revenue from contracts with customers from the sale of gold bars is recognized when control over the goods is transferred to the buyer in an amount that reflects the compensation that the Group expects to receive in exchange for these goods or services.

Recognition of revenue requires the Group to perform the following steps:

- ◆ identification of the contract with the customer;
- ◆ identification of the obligations to be performed under the contract;
- ◆ determination of the transaction price;
- ◆ allocation of the transaction price among the individual duties to be performed under the contract;
- ◆ recognition of revenue at the time (or according to) the performance of the obligations to be fulfilled under the contract.

Revenue is recognized either at a specific point in time or during the time when (or how) the Group fulfills its performance obligations by transferring the promised goods to its customers.

Revenues are measured at the fair value of funds received or receivable. When the fair value of the consideration received cannot be reliably measured, the income is measured at the fair value of the goods delivered and services transferred.

### Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

### Interest income

Interest income is recognized as interest accrued, using the effective interest rate, i.e. the rate that discounts the approximate future cash flows through the expected life of the financial instrument to the net carrying amount of the financial asset. Interest income is included in finance income in the consolidated statement of profit or loss and other comprehensive income.

### Expenses

The expenses are taken into account at the time of actual receipt of the relevant goods or services, regardless of when cash or cash equivalents were paid, and are shown in the consolidated financial statements in the period to which they relate.

### Inventories

Inventories of the Group include materials, work in process, raw materials, intended for use in the production process of finished goods or rendering of services. The Group measures for inventories at the lower of cost or net realizable value.

Cost of inventories includes all actual expenses for purchase, processing costs and other costs incurred in order to bring the inventory to its existing condition and location. Inventories are accounted on the basis of weighted average cost method.

Inventories are measured at the lower of two values: cost or net realizable value. The Group recognizes corresponding provision, by reducing the cost of slow-moving and underutilized inventories to net realizable value. The actual sale amount on disposal of such inventories may differ from the net realizable value. Any such differences could have a material effect on future operating results.

### Current corporate income tax

Tax assets and liabilities attributable to the current corporate income tax for the current and previous periods are measured at the amount recoverable from tax authorities, or payable to tax authorities. Tax rates and tax laws used to calculate these amounts, are the rates and laws, which have been actually adopted as at the reporting date in the countries in which the Group operates and generates taxable income.

Current corporate income tax attributable to items recognized directly in equity is recognized in equity.

### Deferred corporate income tax

The deferred corporate income tax is calculated using the liability method by determining temporary differences as at the reporting date between the tax base of assets and liabilities and their carrying amount for the purposes of consolidated financial statements.

Deferred corporate income tax liabilities are recognized for all taxable temporary differences. Deferred corporate income tax assets are recognized for all deductible temporary differences, unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax credits and unused tax losses can be utilized. Tax assets and tax liabilities are not recognized in the consolidated financial statements when a temporary difference arises as a result of the initial recognition of asset or liability in a deal other than business combination, and, at the time of the transaction, does not affect neither accounting profit nor taxable profit or loss.

The carrying amount of deferred corporate income tax assets is reviewed at each reporting date and reduced to the extent that it is unlikely that sufficient taxable profit will be available to allow utilizing the entire or part of the deferred tax asset.

Unrecognized deferred corporate income tax assets are revised at each reporting date and recognized to the extent that it becomes probable that future taxable profit will allow utilizing the deferred corporate income tax assets.

Deferred corporate income tax assets and liabilities are calculated using tax rates (and also provisions of tax laws), which have been approved or practically approved by law at the reporting date and are expected to apply to the period when the tax asset is realized or the tax liability is settled. The measurement of deferred tax assets and liabilities reflects the tax consequences of the Group's intentions (at the reporting date) with respect to the future recovery or settlement of the carrying amount of the assets and liabilities.

### Deductions from employees' remuneration

In 2020 the Group pays a social tax to the state budget of the Republic of Kazakhstan in accordance with the tax laws of the Republic of Kazakhstan at flat rate of 9.5% of salaries and other payments to employees, including other benefits (2019: 9.5%). Part of the social tax in the amount of 3.5% is transferred to the Social Insurance State Fund JSC (2019: 3.5%).

In 2020 the Group pays compulsory medical insurance at the rate 2% of salaries and other payments to employees, including other benefits (2019: 1.5%).

The Group also withholds up to 10% in 2020 from the salaries of its employees as contributions to the Unified Accumulative Pension Fund JSC. The Group also pays mandatory professional pension contributions at a rate of 5% of salary in favor of workers employed in hazardous working conditions (2019: 5%).

In addition to the contributions to the Unified Accumulative Pension Fund, the Group withholds from salaries and other payments to employees, including other benefits, personal income tax at flat rate of 10% (2019: 10%).

### Value added tax

The tax authorities permit the accounting and settlement of VAT on sales and purchases on a net basis.

#### VAT payable

The VAT arising during the sale is payable to the tax authorities when the goods are shipped or services are rendered. VAT on purchases is subject to offset against VAT on sales upon receipt of a tax invoice from the supplier. The tax law allows to calculate and pay VAT payable on a net basis. Accordingly, VAT on sales and purchases that were not offset at the reporting date was recognized in the consolidated statement of financial position on a net basis.

In addition, VAT related to sales, which have not been collected at the reporting date, is also included in the amount of VAT payable. Where provision for doubtful debts has been made, impairment loss is recorded for the gross amount of receivable, including VAT. The related VAT liability is reported in the financial statements until the accounts receivable is written off for tax purposes. VAT payable is included into the taxes payable account in the consolidated statement of financial position.

#### VAT recoverable

VAT recoverable relates to purchases, which have not been settled at the reporting date. VAT recoverable is recovered by offset against the amount of VAT payable related to sales upon payment of purchases. VAT recoverable is included into the taxes recoverable account in the consolidated statement of financial position.

### Contingent assets and liabilities

Contingent assets are not recognized in the consolidated financial statements, but are disclosed if there is a probable inflow of economic benefits.

Contingent liabilities are recognized in the consolidated financial statements only if settlement of such liabilities will require an outflow of resources, which amount can be reliably measured.

### Events after reporting period

Events occurred after the end of the year, which provide additional information about the position of the Group as at the date of the consolidated statement of financial position (adjusting events) are reflected in the consolidated financial statements. Events occurred after the end of the year that are not adjusting events are disclosed in notes if they are significant.

### Related party transactions

According to IAS 24, "Related party disclosure", the Group discloses the nature of the related party relationships as well as information about those transactions and outstanding account balances necessary for an understanding of the potential effect of the relationships on the consolidated financial statements.

In these consolidated financial statements related parties are considered to be those that have the ability to control or exercise significant influence over operating and financial decisions of other party. When deciding whether the parties are related, a substance of the relationship is taken into account, and not merely its legal form.

### Reclassification

In the financial statements in cash flows as at December 31, 2019, the Group reclassified "Acquisition of other non-current assets" in the amount of 658,879 thousand tenge to "Acquisitions of property, plant and equipment" to reconcile the presentation for the year ended December 31, 2020.

## 5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Preparation of the consolidated financial statements in accordance with IFRS requires the preparation of judgments by management of the Group and use of subjective estimates and assumptions that affect recorded amounts of assets and liabilities and disclosure of information about potential assets and liabilities at the reporting date of the consolidated financial statements and recorded amounts of income and expenses during the reporting period. Despite of the fact that the estimates are based on historical knowledge and other significant factors, events or actions may arise in such a manner, so actual results may differ from these estimations.

Key assumptions for future and other key sources of estimation of uncertainty at the reporting date that have a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year are presented below:

### Impairment of non-current assets

The Group assesses whether there are any indicators of impairment of the carrying amount of non-current assets at each reporting date.

Impairment is based on a large number of factors such as: current competitive environment, changes in the expected growth of industry, changes in the availability of financing in the future, technological obsolescence, discontinuance of services, current replacement costs and other changes in conditions that indicate a significant impairment.

If any such indicators exist, the recoverable amount of asset is estimated and compared to its carrying amount. If the carrying amount exceeds the recoverable amount of assets, impairment is recognized. The recoverable amount is determined as the higher of two values: fair value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate before tax, which, in management's opinion, reflects current market assessments of time value of money and assets' inherent risks. The change in estimated recoverable amount can lead to impairment or its recovery in future periods.

The Group's non-financial assets mainly comprise property, plant and equipment, including mining assets, intangible assets and exploration and evaluation assets, investments in subsidiaries, joint ventures and associates.

During 2020, management of the Group identified indicators of impairment of some of subsidiaries' assets. As a result of detailed analysis, the impairment loss of non-current assets was recognised in the amount of 8,643,606 thousand tenge (2019: 12,728,011 thousand tenge) (Note 23).

### ShalkiyaZinc LTD JSC

In assessing value in use of net assets of ShalkiyaZinc LTD JSC the Group's management used the following key assumptions:

- ◆ discount rate (cost of equity) of 11.31%;
- ◆ the launch of the plant is planned in 2023, with an entry to the design capacity of 4,000 thousand tons in 2025;
- ◆ project implementation period until 2051;
- ◆ the forecasted zinc price is 2,562 US dollars per ton and is indexed by the US GDP deflator in the forecasted period.

### Tau-Ken Temir LLP

The carrying value of the net assets of the subsidiary of Tau-Ken Temir LLP as at December, 31 2020 does not exceed the recoverable of the asset, net of disposal costs, in accordance with IFRS 36. Taking into account external and internal factors that affect the impairment of assets, the management of the Group decided to impair the value of long-term assets in Tau-Ken Temir LLP in the amount of 7,115,606 thousand tenge.

### Useful lives of property, plant and equipment

The Group assesses useful lives of property, plant and equipment and intangible assets at the end of each reporting period. The assessment of the useful life depends on such factors as economic use, repairs and maintenance program, technological improvement and other business factors. Management's assessment of useful life of property, plant and equipment reflects the corresponding information that is available as at the reporting date of these consolidated financial statements.

### Reduction of cost of slow-moving and underutilized inventories

Inventories are measured at the lower of two values: cost or net realizable value. The Group recognizes corresponding provision, by reducing the cost of slow-moving and underutilized inventories to net realizable value. The actual sale amount on disposal of such inventories may differ from the net realizable value. Any such differences could have a material effect on future operating results.

### Taxation

Various Kazakhstani laws and regulations are not always clearly stated. There may be cases of divergence in opinion between local, regional and national tax authorities. Thus, in the case of accrual of additional charges

of taxes by tax authorities, the existing fines and penalties are set in large amount; fines comprise 50% of the amount of additional taxes and penalties are about at 1.25 times of the refinancing rate of the National Bank of the Republic of Kazakhstan from the amount of untimely paid tax. As a result, fines and penalties may significantly exceed the amount of additional taxes.

Because of the uncertainties mentioned above, potential amount of taxes, fines and penalties, if such charges arise, may significantly exceed the amount expensed to date and accrued at the reporting date. Differences between estimates and the amounts actually paid, if any, could have a material effect on future operating results. The Group's management believes that taxes were accrued and paid in full in accordance with the legislation of the Republic of Kazakhstan as of December 31, 2019 and 2020.

### Deferred corporate income tax assets

Deferred corporate income tax assets are recognized to the extent that it is probable that taxable profit will be available against which these assets can be utilized. To determine the amount of deferred tax assets that can be recognized in the consolidated financial statements.

The Group exercises considerable judgment in relation to the likely timing and the level of future taxable profits and tax planning strategies.

### Asset retirement obligations

The Group estimates future site restoration costs based on estimates derived from the internal or external specialists after taking into account the expected method of liquidation and the extent of land reclamation required by legislation and industry practice.

The amount of provision for the site restoration is the present value of the estimated costs that are expected to be required to settle the obligation, adjusted for expected inflation and discounted with the yield of long-term government bonds. Provision for site restoration are reviewed at each reporting date and adjusted to reflect the current best estimate in accordance with IFRIC 1 "Changes in Existing Decommissioning, Restoration of Natural Resources to deal with them and Similar Liabilities". Estimating the future closure costs involves significant estimates and judgments made by management. Significant judgments used in these assessments include an assessment of the discount rate and the timing of cash flows.

The Group's management believes that the yield of long-term government bonds, is the best estimate of the applicable discount rate. The discount rate to be applied to the nominal amount, which management expects to spend in the future to restore the site at the field. The Group

estimates future site restoration, using current year prices and the average long-term inflation.

The long-term rate of inflation in the Republic of Kazakhstan, defined by Global Insight, used in the calculation varies in the range from 3% to 6% per annum, and the discount rate used to determine the liabilities as at December 31, 2020 is equal to 8.94% (December 31, 2019: from 2.8% to 5.3% and 8.11%, respectively).

## 6. PROPERTY, PLANT AND EQUIPMENT

In thousands of tenge	Land	Mining assets	Buildings and constructions	Machinery and equipment	Vehicles	Right-of-use assets	Other	Construction in progress	Total
<b>Historical cost:</b>									
<b>As at December 31, 2018</b>	<b>607,858</b>	<b>18,017,881</b>	<b>11,043,348</b>	<b>11,927,341</b>	<b>4,967,924</b>	-	<b>1,537,342</b>	<b>19,223,018</b>	<b>67,324,712</b>
Additions	-	5,653,412	163,890	480,156	842,577	497,420	427,586	6,365,820	14,430,861
Changes in accounting estimates	-	71,258	-	-	-	-	-	-	71,258
Internal transfers	-	-	666,453	392,029	32,728	-	90,221	(1,181,431)	-
Transfers from exploration and evaluation assets	-	2,458,304	-	-	-	-	-	-	2,458,304
Transfers from inventories	-	-	-	-	-	-	-	35,512	35,512
Transfers to intangible assets (Note 7)	-	-	-	(3,322)	-	-	(7,586)	-	(10,908)
Transfer to assets held for sale	(8,887)	-	(71,418)	(96,169)	(8,998)	-	(667)	-	(186,139)
Impairment	-	(2,098,813)	(10,008)	-	-	-	(138,148)	(3,620,178)	(5,867,147)
Disposals	-	(5,025)	(31,463)	(19,044)	(3,366)	-	(12,258)	(685)	(71,841)
<b>As at December 31, 2019</b>	<b>598,971</b>	<b>24,097,017</b>	<b>11,760,802</b>	<b>12,680,991</b>	<b>5,830,865</b>	<b>497,420</b>	<b>1,896,490</b>	<b>20,822,056</b>	<b>78,184,612</b>
Additions	-	4,748,325	2,134	135,588	-	-	50,806	3,867,896	8,804,749
Changes in accounting estimates	-	-	-	-	-	(45,425)	-	-	(45,425)
Internal transfers	-	16,535	1,930,931	45,231	(16,039)	-	3,280	(1,979,938)	-
Transfers from inventories (Note 11)	-	-	-	-	-	-	-	29,712	29,712
Transfer to assets held for sale	-	(2,055,494)	-	-	-	-	(938)	-	(2,056,432)
Impairment	(369,316)	(375,710)	(1,658,763)	(4,372,367)	-	-	(23,777)	(78,747)	(6,878,680)
Disposals	(2)	(2,835)	(4,176)	(1,160)	-	(30,062)	(2,065)	(47)	(40,347)
<b>As at December 31, 2020</b>	<b>229,653</b>	<b>26,427,838</b>	<b>12,030,928</b>	<b>8,488,283</b>	<b>5,814,826</b>	<b>421,933</b>	<b>1,923,796</b>	<b>22,660,932</b>	<b>77,998,189</b>

**Accumulated depreciation:**

<b>As at December 31, 2018</b>	-	-	<b>(1,043,109)</b>	<b>(3,083,571)</b>	<b>(550,031)</b>	-	<b>(467,410)</b>	-	<b>(5,144,121)</b>
Charge for the year	-	-	(476,897)	(890,254)	(776,054)	(91,472)	(233,781)	-	(2,468,458)
Depreciation on disposals	-	-	2,618	4,002	-	-	8,843	-	15,463
<b>As at December 31, 2019</b>	-	-	<b>(1,517,388)</b>	<b>(3,969,823)</b>	<b>(1,326,085)</b>	<b>(91,472)</b>	<b>(692,348)</b>	-	<b>(7,597,116)</b>
Charge for the year	-	-	(520,112)	(828,707)	(786,293)	(81,829)	(250,662)	-	(2,467,603)
Depreciation on disposals	-	-	-	406	-	7,823	408	-	8,637
<b>As at December 31, 2020</b>	-	-	<b>(2,037,500)</b>	<b>(4,798,124)</b>	<b>(2,112,378)</b>	<b>(165,478)</b>	<b>(942,602)</b>	-	<b>(10,056,082)</b>
<b>Net book value:</b>									
<b>As at December 31, 2019</b>	<b>598,971</b>	<b>24,097,017</b>	<b>10,243,414</b>	<b>8,711,168</b>	<b>4,504,780</b>	<b>405,948</b>	<b>1,204,142</b>	<b>20,822,056</b>	<b>70,587,496</b>
<b>As at December 31, 2020</b>	<b>229,653</b>	<b>26,427,838</b>	<b>9,993,428</b>	<b>3,690,159</b>	<b>3,702,448</b>	<b>256,455</b>	<b>981,194</b>	<b>22,660,932</b>	<b>67,942,107</b>

Depreciation charge for the year ended December 31, 2020 includes 260,177 thousand tenge (2019: 797,514 thousand tenge) recognized in cost of goods sold (Note 20), 128,652 thousand tenge recognized in general and administrative expenses (2019: 129,106 thousand tenge) (Note 21).

The amount of borrowing costs that were capitalized during the year ended December 31, 2020 amounted to 106,863 thousand tenge (2019: 114,939 thousand tenge). The rate used to determine the amount of borrowing costs to be capitalized was 6.25% and represents the effective interest rate on a loan received from Eurasian Development Bank (hereinafter – “EDB”).

As at December 31, 2020, property, plant and equipment with a carrying value of 3,174,351 thousand tenge were pledged as collateral under a loan agreement with EDB (2019: 3,332,753 thousand tenge) (Note 17).

In 2020, the Group recognized an impairment loss of property, plant and equipment of Tau-Ken Temir LLP and NMC Tau-Ken Samruk JSC in the amount of 6,878,680 thousand tenge (2019: impairment of property, plant and equipment of Masalskyi GOK and JV Alaigyr LLP 5,867,147 thousand tenge) (Note 23).

## 7. INTANGIBLE ASSETS

In thousands of tenge	Subsoil use rights	Other	Total
<b>Historical cost:</b>			
<b>As at December 31, 2018</b>	<b>52,543,399</b>	<b>329,718</b>	<b>52,873,117</b>
Additions	-	22,042	<b>22,042</b>
Lost control over subsidiary	(38,946)	(12)	<b>(38,958)</b>
Disposals	-	(185)	<b>(185)</b>
Transfer from property, plant and equipment (Note 6)	-	10,908	<b>10,908</b>
Impairment (Note 23) (i)	(5,794,412)	-	<b>(5,794,412)</b>
<b>As at December 31, 2019</b>	<b>46,710,041</b>	<b>362,471</b>	<b>47,072,512</b>
Additions	-	51,904	<b>51,904</b>
Transfer to assets held for sale	-	(120)	<b>(120)</b>
Transfer to assets from discontinued operations	-	(436)	<b>(436)</b>
Disposals	-	(2,544)	<b>(2,544)</b>
<b>As at December 31, 2020</b>	<b>46,710,041</b>	<b>411,275</b>	<b>47,121,316</b>
<b>Accumulated amortization:</b>			
<b>As at December 31, 2018</b>	<b>-</b>	<b>(121,108)</b>	<b>(121,108)</b>
Amortization charge for year	-	(38,750)	<b>(38,750)</b>
Amortization of disposals	-	83	<b>83</b>
<b>As at December 31, 2019</b>	<b>-</b>	<b>(159,775)</b>	<b>(159,775)</b>
Amortization charge for year	-	(59,949)	<b>(59,949)</b>
Amortization of disposals	-	2,544	<b>2,544</b>
<b>As at December 31, 2020</b>	<b>-</b>	<b>(217,180)</b>	<b>(217,180)</b>

Net book value:

As at December 31, 2019	46,710,041	202,696	46,912,737
As at December 31, 2020	46,710,041	194,095	46,904,136

(i) In 2019 the Group recognized an impairment loss of intangible assets of Masalskyi GOK LLP and JV Alaigyr LLP 5,794,412 thousand tenge.

Amortization of intangible assets for 2020 includes nil tenge (2019: 333 thousand tenge) recognized in cost of goods sold (Note 20) and depreciation in general and administrative expenses 43,436 thousand tenge (2019: 12,492 thousand tenge) (Note 21).

Subsoil use rights are represented by recognised intangible assets acquired as a result of business combinations of ShalkiyaZinc LTD JSC and Severnyi Katpar LLP. As at December 31, 2020 and 2019 intangible assets of the Group were not pledged as collateral.

## 8. LOAN ISSUED TO THE PARENT ORGANIZATION

In thousands of tenge	Notes	December 31, 2020	December 31, 2019
Samruk Kazyna	27	18,442,396	-
Less: provision for expected credit losses	-	(135,478)	-
		18,306,918	-

On July 2, 2020 the Company provided its parent organization a temporary interest-free financial loan in the amount of 18,442,396 thousand tenge with maturity until December 31, 2020 with the purpose to replenish the working capital of Samruk-Kazyna. On January 21, 2021 the interest-free loan was extended to December 31, 2021. In case of violation of obligations to return the amount of financial assistance, the Company has the right to demand a penalty of 0.1% per day from overdue amount.

## 9. INVESTMENT IN AN ASSOCIATE

In thousands of tenge		December 31, 2020		December 31, 2019	
		Share	Amount	Share	Amount
Kazzinc LLP		29.8221%	531,590,820	29.8221%	459,090,814
Company	Primary activity	Country where the main activity is conducted and location	A description of the nature of the relationship between the Group and the organization and whether it is strategically important to the Group	The fair value of investments (if investments are accounted for using the equity method, if there is a quoted market price for the investment)	
Kazzinc LLP	Extraction and processing of metal ores, production of refined metals	The Republic of Kazakhstan	The organization is strategically important for the Group's Shareholder	Not quoted	

The movement in the provision for expected credit losses on the loan issued to the parent organization is presented as follows:

In thousands of tenge	2020	2019
As at January 1	459,090,814	483,722,801
Share in profit of an associate	75,280,049	51,578,610
Dividends	(53,442,397)	(73,668,869)
Foreign currency exchange differences on translation	50,662,354	(2,541,728)
На 31 декабря	531,590,820	459,090,814

As at January 1

Kazzinc LLP

In accordance with the decision of the general meeting of participants of Kazzinc LLP dated March 26, 2020, the procedure for the distribution of Kazzinc LLP's net income earned in 2019 was approved. The total amount of

declared and paid dividends to the participants of Kazzinc LLP during the year ended December 31, 2020 amounted to 400,000,000 US dollars, of which 119,288,400 US dollars (equivalent to 53,442,397 thousand tenge) were distributed to the Group and paid in cash.

The summarized financial information of the associate is provided below, as well as reconciling this information with the carrying amount of the investment in the consolidated financial statements:

In thousands of tenge	December 31, 2020	December 31, 2019
Current assets	491,115,007	422,595,329
Non-current assets	1,732,662,806	1,513,170,608
Current liabilities	(140,508,867)	(110,027,930)
Non-current liabilities	(300,729,085)	(286,301,304)
<b>Equity</b>	<b>1,782,539,861</b>	<b>1,539,436,703</b>
Carrying value of investment	531,590,820	459,090,814

In thousands of tenge	2020	2019
Revenue	1,243,588,526	1,099,241,022
Net profit	252,431,406	172,955,399
The Group's share in net profit for the year	75,280,049	51,578,610

## 10. INVESTMENT SECURITIES

In thousands of tenge	December 31, 2020	December 31, 2019
<b>Finished goods</b>		
Nominal value	10,604,910	10,604,910
Interest receivable	2,121	2,092
Discount	(8,155,285)	(8,424,394)
Adjustment of previous years discount	531,325	-
Less: provision for expected credit losses	(181,304)	(130,325)
	<b>2,801,767</b>	<b>2,052,283</b>

In November 2018 by decision of the Government of the Republic of Kazakhstan - the ultimate shareholder of the Group, the Group acquired coupon bonds of First Heartland Jýsan Bank JSC (earlier Tsesnabank JSC) in the amount of 10,604,910 thousand tenge with a maturity of 10 years, with a nominal interest rate of 4% per annum. This asset has been classified as a financial asset carried at amortised cost and measured at fair value at the date of recognition. The difference between the acquisition cost of these securities and the fair value of the investment at the acquisition date was recorded as a discount in retained earnings.

In January 2019 nominal interest rate was changed to 0.1% per annum, and maturity was prolonged till January 15, 2034. Due to this significant modification in the bond terms, the Group recognised new financial instrument at market rate of 10.97%. As a result, additional discount amounted to 3,816,754 thousand tenge was recognised in the consolidated statement of changes in equity in retained earnings less deferred corporate income tax in the amount of 677,073 thousand tenge. Amortisation of the discount for the year ended December, 31 2020 amounted to 269,109 thousand tenge (2019: 188,729 thousand tenge).

## 11. INVENTORIES

Inventories include the following:

In thousands of tenge	December 31, 2020	December 31, 2019
Finished goods	16,226,961	19,457,377
Work-in-progress	14,956,420	9,078,995
Raw materials and suppliers	3,868,844	1,404,487
Goods	9,890	260,691
Less: provision on adjustment of inventories to net realisable value	(839,333)	(523,946)
	<b>34,222,782</b>	<b>29,677,604</b>

The finished goods mainly include refined gold and silver bullions. Work-in-progress mainly includes semi-finished gold and silver, and electrolyte of gold and silver.

As at December 31, 2020 long-term assets include inventories in the amount of 3,894,198 thousand tenge, which were planned to be used by the Group to produce finished goods in the future after the commencement of production and processing (as at December 31, 2019: 3,756,768 thousand

tenge).

The change in the inventory reserve for the year ended December, 31 is as follows:

In thousands of tenge	2020	2019
As at January 1	523,946	33,856
Accrued	818,333	510,203
Recovered	(66,118)	(20,113)
Written off at the expense of the reserve	(436,828)	-
<b>As at December 31</b>	<b>839,333</b>	<b>523,946</b>

## 12. OTHER NON-CURRENT ASSETS

In thousands of tenge	December 31, 2020	December 31, 2019
Taxes recoverable, except corporate income tax	6,243,853	5,869,012
Prepaid expenses	3,774,388	2,942,553
Advances for non-current assets	15,855	194,468
Other non-current assets	432,071	373,885
Less: provision for impairment	(1,186,066)	(169,828)
	<b>9,280,101</b>	<b>9,210,090</b>

As at December 31, 2020 prepaid expenses include a commission and fee for reservation of a loan in the amount of 3,755,185 thousand tenge, paid to EBRD under a loan agreement (December 31, 2019: 2,942,553 thousand tenge) (Note 25).

The movement in provision for impairment on advances paid for the year ended December 31 is presented as follows:

In thousands of tenge	2020	2019
As at January 1	169,828	-
Accrued	1,092,495	169,828
Recovered	(76,257)	-
<b>As at December 31</b>	<b>1,186,066</b>	<b>169,828</b>

## 13. OTHER CURRENT ASSETS

In thousands of tenge	December 31, 2020	December 31, 2019
Advances paid	1,053,929	1,634,139
VAT recoverable	378,418	859,346
Accounts receivable from third parties	257,658	924,290
Accounts receivable from related parties	-	143,162
Other current assets	123,327	140,725
Less: provision for expected credit losses	(241,564)	(178,492)
	<b>1,571,768</b>	<b>3,523,170</b>

The movement in provision for expected credit losses for the year ended December 31 is presented as follows:

In thousands of tenge	2020	2019
As at January 1	178,492	64,888
Accrued	63,072	113,604
<b>As at December 31</b>	<b>241,564</b>	<b>178,492</b>

Advances paid include amounts given to related parties in the amount of 1,126 thousand tenge (2019: 3,076 thousand tenge) (Note 27).

## 14. CASH AND CASH EQUIVALENTS

In thousands of tenge	December 31, 2020	December 31, 2019
Short-term bank deposits in tenge with maturity less than 90 days	4,253,831	1,034,885
Current bank accounts in tenge	451,097	2,125,001
Current bank accounts in US dollars	337,375	3,286,681
Current bank accounts in other currencies	3,037	45,531
Current bank accounts in euro	42	899,478
Cash on hand	14	81
Less: provision for expected credit losses	(29,947)	(25,678)
<b>Total cash and cash equivalents</b>	<b>5,015,449</b>	<b>7,365,979</b>

Movement in the provision for expected credit losses in cash and cash equivalents is presented as follows:

In thousands of tenge	2020	2019
As at January 1	25,678	25
Accrued	4,269	25,653
<b>As at December 31</b>	<b>29,947</b>	<b>25,678</b>

## 15. EQUITY

In thousands of tenge	Ordinary shares	
	Quantity	Amount
As at January 1, 2019 and 2020	292,887	252,874,907
<b>As at December 31, 2019 and 2020</b>	<b>292,887</b>	<b>252,874,907</b>

The Company's share capital comprises of ordinary shares. Each ordinary share gives a right for one vote.

Other components of equity

Other components of equity in the Statement of changes in equity

represent a reserve on translation of the financial statements of the associate Kazzinc LLP into the presentation currency of the consolidated financial statements of the Group.

### Dividends

According to the decision of the management board of the sole shareholder of the Group dated May 18, 2020, dividends in the amount of 30,254,000 thousand tenge were declared and paid based on the results of 2019.

According to the decision of the management board of sole shareholder of the Group dated May 20, 2019, the dividends were declared and paid amounting to 44,086,006 thousand tenge based on the results of 2018 and 15,913,994 thousand tenge based on the results of 2016.

In 2019 the dividends were also paid, which were declared in 2018 based on the results of 2017 in the amount of 3,600,477 thousand tenge.

### Non-controlling interest

In thousands of tenge	2020	2019
As at January 1	66,015	127,770
Change in non-controlling interest	-	(60,260)
Total comprehensive loss for the period attributable to non-controlling interest	(30,946)	(1,495)
<b>As at December 31</b>	<b>35,069</b>	<b>66,015</b>

## 16. CONTRACT LIABILITIES AND ACCOUNTS PAYABLE

In thousands of tenge	December 31, 2020	December 31, 2019
Accounts payable for the acquisition of a subsidiary (Note 27)	5,877,606	5,910,535
Accounts payable to third parties	5,833,462	4,065,738
Advances received from third parties	1,532,465	-
Contract liabilities to related parties (Note 27)	563,852	4,586,622
Accounts payable to related parties (Note 27)	18,997	81,441
	<b>13,826,382</b>	<b>14,644,336</b>
Current portion	7,521,713	8,442,273
Non-current portion	6,304,669	6,202,063
	<b>13,826,382</b>	<b>14,644,336</b>

As at December 31, 2020 and 2019 accounts payable for the acquisition of a subsidiary are represented by debt to the Investment Fund of Kazakhstan JSC for the acquisition of a 100% ownership interest in the authorized capital of Kremnii Kazakhstan LLP, which transferred assets and liabilities to Tau-Ken Temir LLP in 2016 (Note 27).

As at December 31, 2020 and 2019 contract liabilities received in the amount of 563,852 thousand tenge and 4,586,622 thousand tenge, respectively, represent advances received from the National Bank of the Republic of Kazakhstan, entity under common control, for sale of finished goods as gold bullions (Note 27).

## 17. LOANS RECEIVED

As at December 31, 2020 and 2019 loans received are presented as follows:

In thousands of tenge	Repayment date	Currency	Rate, %	December 31, 2020	December 31, 2019
<b>Non-current</b>					
Eurasian Development Bank	December 30, 2023	US dollar	6.25%	1,507,883	1,181,621
Less: amortised loan origination fee				(19,642)	(31,310)
<b>Total non-current part</b>				<b>1,488,241</b>	<b>1,150,311</b>
<b>Current</b>					
Eurasian Development Bank	December 30, 2023	US dollar	6.25%	102,016	464,627
Short-term interest payable				6,149	6,473
<b>Total current part</b>				<b>108,165</b>	<b>471,100</b>

On December 30, 2016, JV Alaigyr LLP, a subsidiary, signed a loan agreement for 7 years with EDB for the amount of 56 million US dollars to finance a construction of an enrichment plant with interest expense paid semiannually (every 6 month). In accordance with the signed agreement, JV Alaigyr LLP should comply with certain financial and non-financial covenants. As at December 31, 2020 and 2019 JV Alaigyr LLP did not comply with the covenants.

As security for the loan, the Group provided the following to EDB for a period corresponding to the term of the loan agreement:

- ◆ the right to claim cash to be received under the contract with Kazzinc LLP;
- ◆ certain property, plant and equipment of the Group in the amount of 3,174,351 thousand tenge as at December 31, 2020 (2019: 3,332,753 thousand tenge) (Note 6);
- ◆ subsoil use right under the contract for the extraction of polymetallic ores at the Alaigyr field;

◆ long-term deposit in the amount of 3,825 thousand US dollars (equivalent in tenge in the amount of 1,646,617 thousand tenge);

◆ guarantee for the full amount of the loan from NMC Tau-Ken Samruk JSC.

According to the terms of the loan agreement, in 2020 the Group paid a fee for receiving a loan in the amount of 105,826 thousand tenge (2019: 115,400 thousand tenge). This commission is part of the effective interest rate and is amortized over the term of the loan agreement as part of interest expense in the consolidated statement of profit or loss. As at December 31, 2020 the unused amount of the EABD credit line available to the Group for receipt amounted to 21,558,586 thousand tenge (December 31, 2019: 15,595,874 thousand tenge).

Since April 2019, financing under the credit line from the EABD has been suspended pending the receipt of new key parameters of the project and additional guarantees from the Group. On March 11, 2020 the management of the Group approved the adjustment of the key parameters of the project with the postponement of the start date of the enrichment plant until 2022 and an increase in the cost of the project to 126.6 million US dollars or 50,895,180 thousand tenge. On October 29, 2020 the Group pledged 3,824,805 US dollars or 1,646,617 thousand tenge in a deposit account with EDB for the principal amount as collateral. EDB resumed issuing new tranches under the loan agreement and decided not to apply forfeits in the event of failure to meet financial targets as at December, 31 2020 and not to send a request to the Group for early repayment of the loan.

During the reporting year the Group did not receive additional funds on the loan and repaid the loan in the amount of 191,082 thousand tenge (2019: received 242,527 thousand tenge and repaid 185,254 thousand tenge).

## 18. OTHER CURRENT LIABILITIES

In thousands of tenge	December 31, 2020	December 31, 2019
Due to employees	423,414	538,209
Subsoil use contract obligations	159,048	114,770
Taxes payable, other than corporate income tax	111,767	248,192
Other current liabilities	210,383	253,675
<b>Total other current liabilities</b>	<b>904,612</b>	<b>1,154,846</b>
Provision for asset retirement obligation	265,622	207,648
<b>Total non-current other liabilities</b>	<b>265,622</b>	<b>207,648</b>
<b>Total other liabilities</b>	<b>1,170,234</b>	<b>1,362,494</b>

## 19. REVENUE FROM CONTRACTS WITH CUSTOMERS

In thousands of tenge	2020	2019
Sale of gold	637,757,933	435,835,485
Sale of silicon	1,043,466	9,029,411
Refining services	302,563	291,245
Sale of silver	142,908	2,648,372
	<b>639,246,870</b>	<b>447,804,513</b>

The Group mainly sells its finished products in the form of gold bullions with gold content of 99.99% to the single buyer, the National Bank of the Republic of Kazakhstan, a related party, entity under common control. During 2020 the Group sold gold bullions with total weight 26,859 kg (2019: 24,975 kg)

## 20. COST OF GOOD SOLD

In thousands of tenge	2020	2019
Raw materials and supplies	628,499,337	441,805,919
Payroll and related taxes	373,880	1,401,343
Depreciation and amortization (Notes 6 and 7)	260,177	797,847
Electricity	141,951	2,922,831
Inventories	-	7,049
Other	110,016	1,156,850
Change in finished goods and work-in-progress	283,901	(3,913,285)
	<b>629,669,262</b>	<b>444,178,554</b>

Raw materials and supplies mainly consist of gold ore, non-ferrous scrap purchased from third parties for processing.

## 21. GENERAL AND ADMINISTRATIVE EXPENSES

In thousands of tenge	2020	2019
Payroll and related taxes	1,915,377	2,442,185
Professional and consulting services	310,213	275,639
Depreciation and amortization (Notes 6 and 7)	172,088	141,598
Other services	131,220	192,767
Taxes other than corporate income tax	120,629	99,432
Rent expenses	109,982	190,009
Utilities	78,124	84,503
Provisions for expected credit losses on accounts receivable	63,072	82,858
Representative expenses	50,192	84,227
Business trip expenses	45,523	164,611
Communication services	14,676	31,028
Other	201,176	205,124
	<b>3,212,272</b>	<b>3,993,981</b>

## 22. FINANCE INCOME

In thousands of tenge	2020	2019
Interest income from bank deposits	977,412	550,668
Interest income from investment securities	279,735	226,447
Other finance income	56,130	-
	<b>1,313,277</b>	<b>777,115</b>

## 23. LOSS ON IMPAIRMENT OF NON-FINANCIAL ASSETS

In thousands of tenge	2020	2019
Loss on impairment of property, plant and equipment (Note 6)	(6,878,680)	(5,867,147)
Loss on impairment other non-financial assets	(1,764,926)	(1,066,452)
Loss on impairment of intangible assets (Note 7)	-	(5,794,412)
	<b>(8,643,606)</b>	<b>(12,728,011)</b>

## 24. CORPORATE INCOME TAX

In 2020 and 2019 the income of the Company and its subsidiaries was subject to corporate income tax at the current official rate of 20% in accordance with the general procedure in accordance with the tax legislation of the Republic of Kazakhstan.

In thousands of tenge	2020	2019
Current corporate income tax	(54,058)	(150,026)
Deferred corporate income tax	(535,270)	(174,057)
Adjustment of the current corporate income tax of prior periods	(509,852)	-
<b>Corporate income tax expense</b>	<b>(1,099,180)</b>	<b>(324,083)</b>

Reconciliation of corporate income tax expense calculated from the accounting profit before income tax at the statutory income tax rate to corporate income tax expense for the years ended December 31, 2020 and 2019 is presented below:

In thousands of tenge	2020	2019
Profit before income tax	73,151,476	40,529,256
Statutory tax rate	20%	20%
<b>Corporate income tax expense at the statutory rate</b>	<b>14,630,295</b>	<b>8,105,851</b>
Change in unrecognised deferred tax assets	3,917,512	2,176,828
Share in profit of an associate	(15,056,010)	(10,315,722)
Adjustments of prior periods	(2,657,083)	-
Other	264,466	357,126
<b>Corporate income tax expense</b>	<b>1,099,180</b>	<b>324,083</b>

## 24. CORPORATE INCOME TAX (CONTINUED)

As at December 31 components of deferred corporate income tax assets and liabilities are as follows:

In thousands of tenge	December 31, 2020	Changes recognized in the statement of changes in equity	Changes recognized in the statement of profit or loss and other comprehensive income	December 31, 2019	Changes recognized in the statement of changes in equity	Changes recognized in the statement of profit or loss and other comprehensive income	December 31, 2018
<b>Deferred corporate income tax assets</b>							
Tax loss carried forward	5,203,850	-	4,306,731	897,119	-	(485,229)	1,382,348
Discount on recognition of investment securities	1,552,765	1,659	(53,822)	1,604,928	677,073	(38,025)	965,880
Capitalized expenses in tax accounting	305,288	-	-	305,288	-	(253,691)	558,979
Provision for impairment of non-financial assets	1,894,387	-	(651,215)	2,545,602	-	2,545,602	-
Unused vacations reserve	133,744	-	40,522	93,222	-	(8,739)	101,961
Provision for expected credit losses	344,374	-	13,962	330,412	-	244,007	86,405
Accrued liabilities under subsoil use contracts	33,262	-	9,749	23,513	-	(663)	24,176
Provision for doubtful debts	63,083	-	20,041	43,042	-	30,065	12,977
Other	417,388	-	177,722	239,666	-	105,476	134,190
	9,948,141	1,659	3,863,690	6,082,792	677,073	2,138,803	3,266,916
Less: unrecognized deferred income tax assets	(8,395,376)	-	(3,917,512)	(4,477,864)	-	(2,176,828)	(2,301,036)
<b>Deferred corporate income tax liabilities</b>							
Property, plant and equipment	(1,492,749)	-	(1,130,941)	(361,808)	-	(108,554)	(253,254)
Assessment of intangible assets at fair value	(9,360,243)	-	660,435	(10,020,678)	-	(27,478)	(9,993,200)

Other liabilities	(10,942)	-	(10,942)	-	-	-	-
Deferred corporate income tax liabilities	(10,863,934)	-	(481,448)	(10,382,486)	-	(136,032)	(10,246,454)
<b>Net deferred corporate income tax liabilities</b>	<b>(9,311,169)</b>	<b>1,659</b>	<b>(535,270)</b>	<b>(8,777,558)</b>	<b>677,073</b>	<b>(174,057)</b>	<b>(9,280,574)</b>

#### Reconciliation of deferred income tax liabilities, net:

In thousands of tenge	2020	2019
As at January 1	8,777,558	9,280,574
Income tax expense for the period recognized in profit or loss	535,270	174,057
Changes recognized in the statement of changes in equity	(1,659)	(677,073)
<b>As at December 31</b>	<b>9,311,169</b>	<b>8,777,558</b>

Deferred corporate income tax liability related to assessment of intangible assets at fair value represents deferred income tax acquired within business combination of ShalkiyaZinc LTD JSC, Masalskiy GOK LLP and Severnyi Katpar LLP.

As at December 31, 2020 unrecognised deferred corporate income tax assets in the amount of 8,395,376 thousand tenge (as at December 31, 2019: 4,477,864 thousand tenge) and were mainly attributed to the tax loss carried forward and impairment of non-financial assets. These losses can be utilised within 10 (ten) years. Due to the uncertainty over the likelihood of availability of taxable profit in the future, against which these losses can be utilized, the corresponding deferred tax asset was not recognized.

## 25. CONTRACTUAL AND CONTINGENT LIABILITIES

### Environment where the Group carries out its financial and business activities

Kazakhstan continues economic reforms and development of its legal, tax and regulatory infrastructure which would meet requirements of a market economy. The stability of the Kazakhstani economy will be largely dependent upon these reforms and effectiveness of economic, financial and monetary

measures undertaken by the Government.

The Kazakhstani economy is vulnerable to market fluctuations and global economic slowdowns. The global financial crisis has resulted in capital markets instability, significant deterioration of liquidity in the banking sector, and tighter credit conditions within Kazakhstan. While the Kazakhstani Government has introduced a range of stabilization measures aimed at providing liquidity and supporting foreign debt refinancing for Kazakhstani banks and companies, there is an uncertainty regarding the access to sources of capital and cost of capital for the Group and its counterparties, which could affect the financial position, results of operations and business prospects of the Group.

Given that the economy of Kazakhstan largely depends on exports of oil and other mineral resources, the world prices for which have significantly fallen in recent years, especially for hydrocarbons, there is a currently observable decline in the economic development of the country. In addition, the currently ongoing economic sanctions against Russia indirectly affect the economy of Kazakhstan, given the large economic relations between these countries.

The management of the Group believes it is undertaking all necessary measures to support the economic sustainability of the Group in such circumstances.

### Seasonality

The principal activity of the Group is exploration, development, extraction, processing and sale of solid minerals; these areas are not subject to seasonality or cyclic recurrence of operations.

### Taxation

The provisions of various tax laws and regulations are not always clearly written and their interpretation depends on the opinion of tax inspectors

and the officials of the Ministry of Finance of the Republic of Kazakhstan. There are instances of a dissent between local, regional and national tax authorities.

The applied current system of fines and penalties for identified violations on the basis of existing tax laws in Kazakhstan is severe. Penalties include fines, usually amounting to 50% of the additionally imposed taxes and penalty which is assessed at the refinancing rate established by the National Bank of the Republic of Kazakhstan multiplied by 1.25. As a result, the amount of fines and penalties may significantly exceed the amount of additionally imposed taxes.

The Group believes that it has paid or accrued all applicable taxes. In uncertain cases, the Group has accrued tax liabilities based on management's estimates. Accrual of contingent liabilities in the reporting period, in which there is a possibility of additional costs, which can be determined with reasonable accuracy, is allowed by the policy of the Group.

The potential amount of taxes, fines and penalties may exceed the amount expensed to date and accrued as at December 31, 2020, because of the uncertainties associated with Kazakhstan's tax system. Despite the possibility of imposing such amounts, and their potentially significant nature, the management of the Group believes that it is either not probable, not reasonably determinable, or both simultaneously.

The development of the political situation in Kazakhstan can affect the activity and financial position of the Group, including the application of existing and future legislation and regulatory acts in taxation. The Group does not believe that these contingencies are any more significant in relation to its activities than those of similar enterprises in Kazakhstan.

The Management believes that as at December 31, 2020 its interpretation of the relevant legislation is appropriate and it is probable that the Group's tax position will be sustained.

### **Environmental protection**

The Group's management believes that the Group complies with the requirements of laws and regulations of the Republic of Kazakhstan in relation to environmental issues. However, in case of change of Kazakhstani laws and regulations on environmental protection, the Group cannot predict the timing and the degree of changes.

### **Legal issues**

The Group assesses the probability of material obligations arising

under specific circumstances and recognizes corresponding provision in the consolidated financial statements only when it is probable that an outflow of resources will be necessary to settle the obligations and the amount of the obligation can be reliably measured.

The Group's management believes that the actual liabilities, if any, will not materially impact the current financial position and financial results of the Company. Therefore, no provision has been recognized in these financial statements.

### **Insurance**

The insurance market in Kazakhstan is emerging and many types of insurance widespread in other countries are not yet available in Kazakhstan. Meanwhile, the Group has insurance coverage related to ongoing drilling and capital repair of mines, as well as civil liability against third parties at a level of generally accepted principles in mining industry. Management believes that as at December 31, 2020 the Group's insurance program was in compliance with the main terms of the subsoil use contracts.

### **Effect of COVID-19 pandemic**

Due to the rapid spread of COVID-19 pandemic in 2020 many governments, including the Kazakhstani Government, have introduced various measures to combat the outbreak, including travel restrictions, quarantines, closure of business and other venues and lockdown of certain areas. These measures have affected the global supply chain, demand for goods and services, as well as scale of business activity. It is expected that pandemic itself as well as the related public health and social measures may influence the business of the entities in a wide range of industries.

The Group continues to manage and respond to the COVID-19 pandemic and has implemented preventative measures to ensure the safety of its workforce, local communities and other key stakeholders. The Company take measures as decrease portion of not urgent expenses and increased isolation and limitation of people involvement in production processes. As a result of the ongoing global COVID-19 pandemic there are unknown but potentially significant impacts by increased levels of volatility, changes in oil prices, disruption in supply chains and decreased demand.

Given the global nature of the Company's operations, the Company may not be able to accurately predict which operations will be impacted. The Management of the Company believes that the impact as a result of COVID-19 have been minimal to the Company's operations.

### Obligations under subsoil use contracts and exploration licenses

As at December 31, 2020 the Group has the following obligations under long-term working programs of subsoil use contracts in regard to every deposit:

In thousands of tenge	Fulfillment of obligations for 2020	Obligations under long-term working program				
		2020	2021	2022-2026	2027-2037	2038-2047
Shalkiya deposit	7,484,665	49,707,295	115,583,285	479,154,184	988,418,919	743,886,907
Alaigyr deposit	2,415,228	2,163,200	12,305,000	127,574,200	246,722,100	-
Verhniye Kairakty deposit	321,535	78,302	-	-	-	-
Severniiy Katpar field	280,629	852,472	6,778,715	41,229,764	9,444,135	-
Field (No. 640-EL 17 blocks)	111,004	5,815	-	-	-	-
Aktas deposit	65,454	450,050	450,050	2,327,406	3,690,439	-
Masalskoe deposit	32,603	62,349	91,567,976	306,629,125	381,533,667	-
Zhezda 3 field (No. 583-EL 153 blocks)	12,369	49,555	56,765	369,111	-	-
Zhezda 1 field (No. 582-EL 149 blocks)	12,320	48,333	55,365	360,020	-	-
Valerianov 36 field (No. 578-EL 200 blocks)	9,591	63,917	73,217	475,936	-	-
Valerianov 3 field (No. 557-EL 200 blocks)	9,379	63,917	73,217	475,936	-	-
Valerianov 7 field (No. 558-EL 200 blocks)	9,320	63,917	73,217	475,936	-	-
Valerianov 8 field (No. 559-EL 200 blocks)	9,320	63,917	73,217	475,936	-	-
Valerianov 17 field (No. 554-EL 200 blocks)	9,320	63,917	73,217	475,936	-	-
Valerianov 16 field (No. 565-EL 200 blocks)	9,320	63,917	73,217	475,936	-	-
Valerianov 18 field (No. 566-EL 200 blocks)	9,320	63,917	73,217	475,936	-	-
Valerianov 20 field (No. 567-EL 200 blocks)	9,320	63,917	73,217	475,936	-	-
Valerianov 21 field (No. 568-EL 200 blocks)	9,320	63,917	73,217	475,936	-	-
Valerianov 12 field (No. 561-EL 200 blocks)	9,320	63,917	73,217	475,936	-	-
Valerianov 15 field (No. 564-EL 200 blocks)	9,320	63,917	73,217	475,936	-	-
Valerianov 39 field (No. 581-EL 194 blocks)	9,290	62,084	71,116	462,299	-	-
Valerianov 35 field (No. 577-EL 200 blocks)	9,237	63,917	73,217	475,936	-	-
Valerianov 27 field (No. 556-EL 200 blocks)	9,223	63,917	73,217	475,936	-	-
Valerianov 32 field (No. 574-EL 200 blocks)	9,223	63,917	73,217	475,936	-	-
Valerianov 28 field (No. 570-EL 200 blocks)	9,223	63,917	73,217	475,936	-	-
Valerianov 33 field (No. 575-EL 200 blocks)	9,171	63,917	73,217	475,936	-	-
Valerianov 14 field (No. 563-EL 196 blocks)	9,168	62,695	71,817	466,844	-	-

Zhezda 2 field (No. 641-EL 107 blocks)	9,012	22,590	40,663	288,748	-	-
Valerianov 22 field (No. 569-EL 185 blocks)	8,900	59,333	67,966	441,843	-	-
Valerianov 9 field (No. 607-EL 194 blocks)	8,742	56,440	71,116	472,864	-	-
Valerianov 5 field (No. 608-EL 188 blocks)	8,673	54,773	69,016	458,915	-	-
Valerianov 11 field (No. 553-EL 173 blocks)	8,540	55,666	63,766	414,569	-	-
Valerianov 25 field (No. 555-EL 175 blocks)	8,374	56,278	64,466	419,114	-	-
Valerianov 13 field (No. 562-EL 173 blocks)	8,298	55,666	63,766	414,569	-	-
Valerianov 19 deposit (No. 606-EL 188 blocks)	8,292	54,773	69,016	458,915	-	-
Kaskymys 4 field (No. 625-EL 129 blocks)	8,012	34,544	48,364	328,942	-	-
Valerianov 4 field (No. 609-EL 162 blocks)	7,905	47,550	59,915	398,470	-	-
Valerianov 2 field (No. 552-EL 150 blocks)	7,861	48,638	55,715	362,293	-	-
Kaskymys 2 field (No. 622-EL 121 blocks)	7,761	32,544	45,564	309,928	-	-
Valerianov 37 field (No. 579-EL 150 blocks)	7,700	48,638	55,715	362,293	-	-
Valerianov 26 field (No. 629-EL 191 blocks)	7,668	50,046	70,066	476,298	-	-
Valerianov 34 field (No. 576-EL 150 blocks)	7,634	48,638	55,715	362,293	-	-
Valerianov 38 field (No. 580-EL 150 blocks)	7,626	48,638	55,715	362,293	-	-
Valerianov 31 field (No. 573-EL 155 blocks)	7,521	50,166	57,465	373,657	-	-
Valerianov 6 field (No. 627-EL 181 blocks)	7,450	47,545	66,566	452,531	-	-
Valerianov 24 field (No. 626-EL 179 blocks)	7,388	47,045	65,866	447,778	-	-
Valerianov 30 field (No. 572-EL 150 blocks)	7,332	48,638	55,715	362,293	-	-
Valerianov 29 field (No. 571-EL 150 blocks)	7,332	48,638	55,715	362,293	-	-
Kaskymys 1 field (No. 628-EL 107 blocks)	7,322	29,044	40,663	276,654	-	-
Zhezda 4 field (No. 661-EL 68 blocks)	7,291	15,006	27,011	192,005	-	-
Dalniy deposit (No. 670-EL 196 blocks)	7,075	39,897	71,817	509,519	-	-
Kaskymys 3 field (No. 624-EL 95 blocks)	6,945	26,044	36,463	248,133	-	-
Kuzdyzdy-Berchogur field (671-EL 134 blocks)	6,868	27,840	50,114	355,723	-	-
Boguty deposit (70-EL)	6,839	55,724	-	-	-	-
Valerianov 10 field (No. 560-EL 125 blocks)	6,724	40,999	46,964	305,471	-	-
Valerianov 23 field (No. 623-EL 143 blocks)	6,257	38,045	53,264	362,216	-	-
Nadyrbay 1 field (No. 229-EL)	5,596	6,389	6,709	30,629	-	-
Kaskymys 5 field (No. 652-EL 68 blocks)	5,504	15,006	27,011	192,005	-	-
Aktas 3 field (No. 217-EL)	5,233	5,000	5,250	20,137	-	-

Valerianov 1 deposit (No. 605-EL 83 blocks)	5,074	25,604	32,262	214,812	-	-
Novo-2 field (No. 847-EL 148 blocks)	3,359	13,098	55,015	423,156	-	-
Apmintas field (No. 774-EL 110 blocks)	3,334	16,552	41,713	308,595	-	-
Novo-1 field (No. 914-EL 159 blocks)	3,025	9,343	58,865	461,474	-	-
North Samombet field (No. 658-EL 16 blocks)	1,090	4,894	8,809	63,015	-	-
Berkara field (No. 657-EL 3 blocks)	966	2,917	5,251	32,513	-	-
East Alaigyr field (groundwater)	396	52,897	54,786	271,869	324,422	-
TMT deposit (No. 669-EL 2 blocks)	327	2,917	5,251	32,513	-	-
Field South-Moiyntinskaya area	41	112,843	-	-	-	-
	<b>11,160,479</b>	<b>56,121,668</b>	<b>229,996,650</b>	<b>978,819,267</b>	<b>1,630,133,682</b>	<b>743,886,907</b>

\* License No. 70-EL dated April 10, 2019 was terminated on August 18, 2020.

As part of the implementation of the Group's strategy for 2018 – 2028 to form a high-quality portfolio of assets, during 2020 the Group attracted such investors as Fortescue Metals Group, ScandiVanadium, SH Minerals, Eurasian Minerals Trade for the joint implementation of geological exploration projects. Within the framework of this cooperation, about 54 Licenses for the exploration of solid minerals in the territory of the Republic of Kazakhstan were obtained to conduct geological exploration.

As at December 31, 2019 the Group has the following obligations under long-term working programs of subsoil use contracts:

In thousands of tenge	Fulfillment of obligations for 2019	Obligations under long-term working program				
		2019	2020	2021-2026	2027-2037	2038-2047
Shalkiya deposit	10,375,568	10,196,595	49,707,295	595,896,804	990,544,369	745,625,913
Alaigyr deposit	3,818,848	26,902,400	19,294,300	122,897,200	226,028,100	-
Severniy Katpar field	210,658	205,554	852,472	48,008,477	9,444,135	-
Aktas deposit	760,670	490,538	450,050	2,777,454	3,690,439	-
Verhniye Kairakty deposit	585,186	81,133	-	-	-	-
Masalskoe deposit	71,425	96,208	62,349	398,197,101	381,533,668	-
Field South-Moiyntinskaya area	28,360	256,032	112,843	-	-	-
Gagarinskoye deposit	34,926	24,623	-	-	-	-
Shokpar deposit	45,580	21,787	-	-	-	-
Boguty deposit	4,968	53,076	55,724	306,880	-	-
Aktas-3 field	310	4,545	4,772	23,064	-	-
Nadyrbayskoye ore field	386	5,808	6,097	33,933	-	-
East Alaigyr field	412	63,177	52,897	326,655	-	-

15,937,297

38,401,476

70,598,799

1,168,467,568

1,611,565,133

745,625,913

Financial obligations under the Subsoil Use Contracts in 2020 and 2019 were not fully met. The Group's operations are subject to inspection by the state authorities with respect to the compliance with the requirements of the subsoil use contracts. Management cooperates with state authorities to agree on remedial actions necessary to resolve any findings resulting from these inspections. Failure to comply with the provisions contained in the subsoil use contracts may result in fines, penalties, limitation, suspension or revocation of the corresponding contract. The Group's management believes that any disputes related to non-compliance with contract terms will be resolved through negotiations or remedial actions and will not have a significant impact on the consolidated financial statements of the Group.

### Loans and guarantees

#### Loans of subsidiaries

#### Loan agreement with the European Bank for Reconstruction and Development ("EBRD")

As at December 31, 2020, a subsidiary of ShalkiyaZinc LTD, is entitled to receive cash under a credit facility at a rate of LIBOR plus 2.5% per annum from the EBRD for up to 295 million US dollars (December 31, 2019: up to 295 million US dollars) for the construction of a processing plant, a tailing dump, on-site networks, an ore-issuing complex and for carrying out capital mining operations at the Shalkiya mine. Under the terms of this line, the principal debt must be repaid in equal installments every six months from June 20, 2021 to December 20, 2029.

The loan is provided under the irrevocable guarantee of Samruk-Kazyna and the guarantee of the Group for the fulfillment of contractual conditions related to the implementation of the project. In accordance with the terms, ShalkiyaZinc LTD JSC must comply with covenants throughout the entire term of the agreement, such as compliance with construction deadlines; compliance with the requirements of state, supervisory, tax authorities; fulfillment of relevant financial indicators and others. As at December 31, 2020 ShalkiyaZinc LTD JSC was in compliance with these covenants.

In June 2020, together with EBRD, a new strategy was approved, which implies the division of one turnkey EPC contract into separate contracts, which allows the Company to maintain greater control over the cost and

timing of capital works, as well as simplifies the selection of contractors. In 2020 tendering procedures were launched under the EBRD rules for three contracts for (1) a consulting engineer, (2) engineering, selection, supply and installation supervision of technological equipment, (3) a mining contractor.

As at December 31, 2020 ShalkiyaZinc LTD JSC has not received funds under this loan agreement. As at December 31, 2020 prepaid expenses include commissions and loan provisioning fees in the total amount of 3,755,185 thousand tenge paid to EBRD under this agreement (December 31, 2019: 2,942,553 thousand tenge) (Note 12).

### Guarantee agreement

On December 31, 2019 Tau-Ken Altyn LLP, a subsidiary, entered into a guarantee agreement with Samruk-Kazyna (with an amendment), according to which Samruk-Kazyna provided a guarantee up to 11 billion tenge in favor of the National Bank of the Republic of Kazakhstan (hereinafter - «NBRK»), as security for obligations arising from the advances received for future gold supplies under an agreement with NBRK. The term of the guarantee is valid until the parties fully fulfill all their obligations under the guarantee agreement. As at December 31, 2020 there were no changes to the guarantee agreement.

### Investment contracts

As of December 31, 2020 and December 31, 2019 the Group has no investment agreements, with the exception of subsoil use licenses and investment agreements with foreign mining companies mentioned above.

## 26. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to the following risks associated with financial instruments:

- ◆ credit risk;
- ◆ liquidity risk;
- ◆ market risk.

This note provides information about the Group's exposure to all of the above mentioned risks, the objectives, policies and processes of the Group for measuring and managing these risks as well as the Group's capital management.

The Group's risk management policies are established to identify and analyze risks faced by the Group, to determine the appropriate risk limits and controls, to monitor risks and comply with limits. Policies and risk management systems are reviewed on a regular basis to reflect changes in market conditions and the Group's activities.

#### Market risk

Market risk is the risk that the fair value of future cash flows on a financial instrument will fluctuate due to changes in market prices.

#### Interest rate change risk

Interest rate change risk is the risk that the fair value of future cash flows on a financial instrument will fluctuate due to changes in market interest rates. The Group does not have financial instruments with floating interest rate.

#### Риск ликвидности

Liquidity risk is the risk that the Group will be unable to repay all its obligations, when they fall due. The Group controls the liquidity risk by maintaining an adequate level of leverage (debt and equity instruments) and by controlling the cash budget.

The table below summarizes the maturity profile of non-derivative financial liabilities of the Group under the terms of contracts and the agreed payment schedules. This table was prepared on the basis of undiscounted cash flows of financial liabilities and the earliest maturity date of the Group's obligations.

In thousands of tenge	On demand	From 1 month to 3 months	From 3 months to 1 year	1 year to 5 years	More than 5 years	Total
<b>December 31, 2020</b>						
Accounts payable	-	5,425,396	-	427,063	-	5,852,459
Loans received	-	-	108,165	1,754,287	-	1,862,452
Accounts payable for acquisition of subsidiary	-	-	614,800	6,916,500	-	7,531,300
Lease liabilities	-	27,985	83,956	223,882	-	335,823
Contract liabilities	-	2,096,317	-	-	-	2,096,317
	-	<b>7,549,698</b>	<b>806,921</b>	<b>9,321,732</b>	-	<b>17,678,351</b>

In thousands of tenge	On demand	From 1 month to 3 months	From 3 months to 1 year	1 year to 5 years	More than 5 years	Total
<b>December 31, 2019</b>						
Accounts payable	-	4,147,179	-	-	-	4,147,179
Loans received	-	-	470,915	1,469,079	-	1,939,994
Accounts payable for acquisition of subsidiary	-	-	461,100	7,531,300	-	7,992,400
Lease liabilities	-	35,652	106,956	427,824	-	570,432
Contract liabilities	-	4,586,622	-	-	-	4,586,622
	-	<b>8,769,453</b>	<b>1,038,971</b>	<b>9,428,203</b>	-	<b>19,236,627</b>

## Credit risk

The Group is exposed to credit risk related to financial assets, which include accounts receivable, investment securities, cash and cash equivalents and short-term bank deposits. The risk of the Group is related to the possibility of default of a counterparty, with a maximum exposure equal to the carrying amount of these instruments. The risk of the Group is related to the possibility of the counterparty default, with the maximum risk being equal to the carrying amount of these instruments. The Group is exposed to credit risk as a result of its operating activities and certain investment activities. In the course of its investment activities, the Group mainly places deposits in Kazakhstani banks.

The following table shows the balance of cash, bank deposits placed with banks at the reporting date using the credit ratings of Standard & Poor's and Fitch, less the reserves created:

In thousands of tenge	Rating as at December 31, 2020	Rating as at December 31, 2019	December 31 2020	December 31 2019
Halyk Bank of Kazakhstan JSC	BB/stable	BB/stable	4,372,158	5,370,304
Forte Bank JSC	B+/stable	B+/stable	617,667	1,054,968
ATF Bank JSC	B-/stable	B-/stable	66,217	963,970
Eurasian Development Bank	BBB/stable	BBB/stable	1,615,699	-
Eurasian Bank JSC	B/stable	B/stable	-	68,390
Bank Center Credit JSC	B/stable	B/negative	615	10,853
SB Bank of China in Kazakhstan JSC	BBB+/stable	A/stable	-	1
			<b>6,672,356</b>	<b>7,468,486</b>

## Currency risk

Currency risk is the risk that the fair value of future cash flows on a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group conducts certain transactions denominated in foreign currency. In this regard, there is a risk of changes in exchange rates.

The carrying amount of the Group's assets and liabilities denominated in foreign currencies as at December 31, 2020 and 2019 is as follows:

In thousands of tenge	Liabilities		Assets	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
US dollar	(1,621,368)	(1,762,024)	2,023,299	3,493,679
Euro	(1,455)	-	146,385	990,517
Russian ruble	-	-	3,421	-
	<b>(1,622,823)</b>	<b>(1,762,024)</b>	<b>2,173,105</b>	<b>4,484,196</b>

The table below represents detailed information of the possible impact of increase and decrease in exchange rate of tenge by 14% for 2020 and 12% for 2019 in comparison to the respective currencies. These sensitivity levels are used in the analysis and preparation of internal currency risk reporting for key executives and reflects management's assessment of reasonably possible changes in exchange rates. The sensitivity analysis of risk considers only balances of monetary items denominated in foreign currency and adjusts the recalculation of these balances at the reporting date based on abovementioned change in exchange rates.

The amounts shown below reflect (decrease)/increase in profits related to the weakening of the tenge against to relevant currency. Strengthening of exchange rate of tenge in relation to the relevant currency will have a comparable effect on profit, the amounts indicated below will have the opposite sign.

In thousands of tenge	Percentage of the ratio of tenge to the corresponding currency		Effect on profit/equity			
	2020	2019	Liabilities		Assets	
			2020	2019	2020	2019
US dollar	14%	12%	(226,992)	(211,443)	283,262	419,241
Euro	14%	12%	(204)	-	20,494	118,862
Russian ruble	14%	12%	-	-	479	-
			<b>(227,196)</b>	<b>(211,443)</b>	<b>304,235</b>	<b>538,103</b>

## Fair value of financial instruments

Fair value is determined as the amount at which the instrument could be exchanged between knowledgeable parties on a commercial basis, except for situations with forced or liquidation sale. The Group believes that as at December 31, 2020 and December 31, 2019 the current value of financial assets and liabilities is approximately equal to their fair value.

### Procedures for estimating the fair value

The Group uses the following hierarchic structure of valuation methods to determine and disclose information about the fair value of financial instruments:

- ◆ Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities;
- ◆ Level 2: valuation models for which all inputs which have significant effect on the recorded in the consolidated financial statements fair value are observable in the market, either directly or indirectly;
- ◆ Level 3: valuation models which use inputs that have significant effect on the recorded in the consolidated financial statements fair value that are not based on observable market data.

The following table represents an analysis of financial instruments presented in the consolidated financial statements at fair value, in the context of a hierarchy levels of the fair value as at December 31, 2020 and December 31, 2019 as follows:

In thousands of tenge	Fair value estimation of as at December 31, 2020				
	Date of measurement	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
<b>Assets for which fair values are disclosed</b>					
Cash and cash equivalents	31.12.2020	5,015,449	-	-	5,015,449
Bank deposits	31.12.2020	1,648,753	-	-	1,648,753
<b>Financial assets, accounted for at amortised cost</b>					
Accounts receivable	31.12.2020	-	257,658	-	257,658

Loan issued to the parent organization	31.12.2020	-	18,306,918	-	18,306,918
Investment securities	31.12.2020	-	2,801,767	-	2,801,767
<b>Total fair value</b>		<b>6,664,202</b>	<b>21,366,343</b>	<b>-</b>	<b>28,030,545</b>
<b>Liabilities, which fair values are disclosed</b>					
Accounts payable	31.12.2020	-	5,852,459	-	5,852,459
Loans received	31.12.2020	-	1,596,406	-	1,596,406
Lease liabilities	31.12.2020	-	267,968	-	267,968
Accounts payable for acquisition of subsidiary	31.12.2020	-	5,877,606	-	5,877,606
<b>Total fair value</b>		<b>-</b>	<b>13,594,439</b>	<b>-</b>	<b>13,594,439</b>

In thousands of tenge	Fair value estimation of as at December 31, 2019				
	Date of measurement	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
<b>Assets for which fair values are disclosed</b>					
Cash and cash equivalents	31.12.2019	7,365,979	-	-	7,365,979
Bank deposits	31.12.2019	51,253	-	-	51,253
<b>Financial assets, accounted for at amortised cost</b>					
Accounts receivable	31.12.2019	-	1,067,452	-	1,067,452
Investment securities	31.12.2019	-	2,052,283	-	2,052,283
<b>Total fair value</b>		<b>7,417,232</b>	<b>3,119,735</b>	<b>-</b>	<b>10,536,967</b>
<b>Liabilities, which fair values are disclosed</b>					
Accounts payable	31.12.2019	-	4,147,179	-	4,147,179
Loans received	31.12.2019	-	1,621,411	-	1,621,411
Lease liabilities	31.12.2019	-	437,539	-	437,539
Accounts payable for acquisition of subsidiary	31.12.2019	-	5,910,535	-	5,910,535
<b>Total fair value</b>		<b>-</b>	<b>12,116,664</b>	<b>-</b>	<b>12,116,664</b>

3. During 2020 and 2019 there were no transfers between Levels 1, 2 and 3.

### Capital management

The Group manages its capital in order to continue as a going concern together with maximization of profits for stakeholders by optimizing the balance of debt and equity. Capital management of the Group is strictly dependent on the capital management strategy of Samruk-Kazyna. Most of the decisions on capital management are made in coordination with a relevant committee of the Shareholder. In order to maintain or adjust the capital structure, Samruk-Kazyna may make contributions to the Group's equity, provide debt financing or authorize the Group to obtain debt financing from third parties, providing all essential guarantees for all significant external loans.

The coefficient of debt to equity at the end of the year is as follows:

In thousands of tenge	December 31, 2020	December 31, 2019
Interest-bearing loans and borrowings	1,596,406	1,621,411
Equity	696,040,022	603,046,388
<b>Debt to equity coefficient</b>	<b>0.002</b>	<b>0.003</b>

## 27. RELATED PARTY TRANSACTIONS

Related parties include the entities under common control of the Samruk-Kazyna and/or the Government, as well as entities in which the Samruk-Kazyna and/or the Government have significant or joint control; key management personnel of the Group, entities in which a significant share is directly or indirectly owned by the key management personnel.

Transactions with related parties were conducted on terms agreed between the parties, which were not necessarily carried out at market terms.

As at December 31, 2020 and 2019 related party balances were presented as follows:

### Contract liabilities and accounts payable

In thousands of tenge	Notes	December 31, 2020	December 31, 2019
<b>Entities under common control of Samruk-Kazyna:</b>			
SK Business Service	-	6,422	-
KazMunaiGas JSC	-	5,003	56,357
Kazpost JSC	-	3,326	3,630
NAC Kazatomprom JSC	-	2,830	-
Kazakhtelecom JSC	-	1,011	1,408
KEGOC JSC	-	405	3,975
S-K Construction JSC	-	-	11,884
Station Ekibastuz GRES-2 JSC	-	-	3,810
Kazakhstan Temir Zholy JSC	-	-	377
	17	18,997	81,441
<b>Entities related with the Government of the Republic of Kazakhstan:</b>			
National Bank of the Republic of Kazakhstan	-	563,852	4,586,622
	17	563,852	4,586,622

### Accounts payable for acquisition of subsidiary

In thousands of tenge	Notes	December 31, 2020	December 31, 2019
<b>Entities related with the Government of the Republic of Kazakhstan:</b>			
Investment Fund of Kazakhstan JSC	-	5,877,066	5,910,535
	17	5,877,066	5,910,535

### Advances paid

In thousands of tenge	Notes	December 31, 2020	December 31, 2019
<b>Entities under common control of Samruk-Kazyna:</b>			
Air Astana JSC	-	846	1,445
Kazakhstan Temir Zholy JSC	-	138	1,404
Kazakhtelecom JSC	-	116	168
Kazpost JSC	-	26	59
	13	1,126	3,076

### Loans to the Parent organization

In thousands of tenge	Notes	December 31, 2020	December 31, 2019
Samruk-Kazyna	8	18,442,396	-

### Purchases of goods and services

In thousands of tenge	2020	2019
<b>Entities under common control of Samruk-Kazyna:</b>		
KazMunaiGas JSC	190,033	368,678
S-K Construction JSC	122,974	133,282
Kazpost JSC	38,749	35,499
NAC Kazatomprom JSC	38,507	19,281
Samruk-Kazyna Contract JSC	35,990	51,490
KEGOC JSC	28,875	641,606
Kazakhtelecom JSC	11,542	18,149
Kazakhstan Temir Zholy JSC	2,068	37,550
Air Astana JSC	3,382	8,752
Station Ekibastuz GRES-2 JSC	-	1,362,109
<b>Associates of the Group:</b>		
Kazzinc LLP	156	170
	472,276	2,676,566

### Sales to related parties

In thousands of tenge	2020 год	2019 год
<b>Entities related with the Government of the Republic of Kazakhstan:</b>		
National Bank of the Republic of Kazakhstan	637,584,455	434,411,050
<b>Entities related with Samruk-Kazyna:</b>		
KazMunaiGas JSC	660	1
<b>Associates of the Group:</b>		
Kazzinc LLP	289,159	147,683
	637,874,274	434,558,734

### Compensation to key management personnel

The key management personnel as at December 31, 2020 consists of 8 people (as at December 31, 2019: 11 people). For the year ended December 31, 2020, the total compensation of key management personnel included in general and administrative expenses in the consolidated statement of profit and loss amounted to 164,643 thousand tenge (for the year ended December 31, 2019: 150,002 thousand tenge).

## 28. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved for issuance by the chief financial officer and chief accountant of the Group on February 26, 2021.

## 29. EVENTS AFTER THE REPORTING DATE

On January 27, 2021 the Group received final payment for the sale of 100% interest in Shokpar Gagarynskoye LLP in the amount of 2,953,370 thousand tenge to third party.

## 11. Information on the concluded agreements/supplements.

As of December 31, 2020, the Company has the following Subsoil Use Agreements:

s/i No.	Agreement name	No. date	Subsoil user
1	Polymetallic Ores Production Agreement at the ShalkiyaZinc deposit in Kyzylorda region	No.935 of May 21, 2002	ShalkiyaZinc LTD JSC
2	Tungsten, Molybdenum and Copper Production Agreement at the Northern Katpar deposit in Karaganda region	No.1032 of November 04, 2002	Northern Katpar LLP
3	Tungsten-Molybdenum Ores Combined Exploration and Production Agreement at the Upper Kairakty deposit in Karaganda region	No.4838-TPI of May 27, 2016	
4	Iron Ore Exploration and Production Agreement at the Massalskoye deposit in Akmola region	No.2519 of December 24, 2007	Massalsky Mining and Processing Plant LLP
5	Vein Quartz Production Agreement at the Aktas deposit in Karaganda region	No.2810 of October 09, 2008	Silicon Mining LLP
6	Polymetallic Ores Production Agreement at the Alaigyr deposit in Karaganda region	No.4187-ТПИ of February 20, 2013	LLP JV Alaigyr
7	Underground Water Production Agreement at the Vostochny area (wells №№301, 311, 331, 228) in Karaganda region	No.5321-ПВ of June 14, 2018	-
8	Exploration agreement of gold-bearing ores at the South Moiynly area in Karaganda region	No.4535-ТПИ of February 04, 2015	JSC NMC Tau-Ken Samruk

In 2020, Supplement No.2 to Agreement 4838-ТПИ of May 27,

2017 was also signed for combined exploration and production of tungsten-molybdenum ore at the Upper Kairakty deposit in Karaganda region (Registration No.5742 of June 08, 2020) and Supplement No.5 to Agreement No.4187-ТПИ of February 20, 2013 on the extraction of polymetallic ores at the Alaigyr deposit in Karaganda region (Registration No.5818-ТПИ of December 30, 2020).

As of December 31, 2020, there are 2 production licenses and 59 exploration licenses, including:

s/i No.	Object name according to the License	License No., date	Subsoil user
1	Gagarinskoye deposit	Production license No.12-ML of November 20, 2020	Shokpar-Gagarinskoye LLP
2	Shokpar deposit	Production license No.13-ML of November 20, 2020	Shokpar-Gagarinskoye LLP
3	Aktas-3 deposit	Exploration license No.217-EL of July 22, 2019, re-registration in September 29, 2020	Silicon Mining LLP
4	Nadyrbaiskoye ore deposit	Exploration license No.229-EL of July 25, 2019, re-registration in September 29, 2020	Silicon Mining LLP
5	Valeriyenov-1	Exploration license No.605-EL of March 17, 2020	JSC NMC Tau-Ken Samruk
6	Valeriyenov-2	Exploration license No.552-EL of February 19, 2020	JSC NMC Tau-Ken Samruk
7	Valeriyenov-3	Exploration license No.557-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
8	Valeriyenov-4	Exploration license No.609-EL of March 17, 2020	JSC NMC Tau-Ken Samruk
9	Valeriyenov-5	Exploration license No.608-EL of March 17, 2020	JSC NMC Tau-Ken Samruk
10	Valeriyenov-6	Exploration license No.627-EL of April 27, 2020	JSC NMC Tau-Ken Samruk
11	Valeriyenov-7	Exploration license No.558-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
12	Valeriyenov-8	Exploration license No.559-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
13	Valeriyenov-9	Exploration license No.607-EL of March 17, 2020	JSC NMC Tau-Ken Samruk
14	Valeriyenov-10	Exploration license No.560-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
15	Valeriyenov-11	Exploration license No.553-EL of February 19, 2020	JSC NMC Tau-Ken Samruk
16	Valeriyenov-12	Exploration license No.561-EL of February 21, 2020	JSC NMC Tau-Ken Samruk

17	Valeriyarov-13	Exploration license No.562-EL of February 21, 2020	JSC NMC Tau-Ken Samruk	34	Valeriyarov-30	Exploration license No.572-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
18	Valeriyarov-14	Exploration license No.563-EL of February 21, 2020	JSC NMC Tau-Ken Samruk	35	Valeriyarov-31	Exploration license No.573-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
19	Valeriyarov-15	Exploration license No.564-EL of February 21, 2020	JSC NMC Tau-Ken Samruk	36	Valeriyarov-32	Exploration license No.574-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
20	Valeriyarov-16	Exploration license No.565-EL of February 21, 2020	JSC NMC Tau-Ken Samruk	37	Valeriyarov-33	Exploration license No.575-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
21	Valeriyarov-17	Exploration license No.554-EL of February 19, 2020	JSC NMC Tau-Ken Samruk	38	Valeriyarov-34	Exploration license No.576-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
22	Valeriyarov-18	Exploration license No.566-EL of February 21, 2020	JSC NMC Tau-Ken Samruk	39	Valeriyarov-35	Exploration license No.577-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
23	Valeriyarov-19	Exploration license No.606-EL of March 17, 2020	JSC NMC Tau-Ken Samruk	40	Valeriyarov-36	Exploration license No.578-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
24	Valeriyarov-20	Exploration license No.567-EL of February 21, 2020	JSC NMC Tau-Ken Samruk	41	Valeriyarov-37	Exploration license No.579-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
25	Valeriyarov-21	Exploration license No.568-EL of February 21, 2020	JSC NMC Tau-Ken Samruk	42	Valeriyarov-38	Exploration license No.580-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
26	Valeriyarov-22	Exploration license No.569-EL of February 21, 2020	JSC NMC Tau-Ken Samruk	43	Valeriyarov-39	Exploration license No.581-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
27	Valeriyarov-23	Exploration license No.623-EL of April 27, 2020	JSC NMC Tau-Ken Samruk	44	Zhezdy-1	Exploration license No.582-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
28	Valeriyarov-24	Exploration license No.626-EL of April 27, 2020	JSC NMC Tau-Ken Samruk	45	Zhezdy-2	Exploration license No.641-EL of June 01, 2020	JSC NMC Tau-Ken Samruk
29	Valeriyarov-25	Exploration license No.555-EL of February 19, 2020	JSC NMC Tau-Ken Samruk	46	Zhezdy-3	Exploration license No.583-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
30	Valeriyarov-26	Exploration license No.629-EL of April 27, 2020	JSC NMC Tau-Ken Samruk	47	Zhezdy-4	Exploration license No.661-EL of June 23, 2020	JSC NMC Tau-Ken Samruk
31	Valeriyarov-27	Exploration license No.556-EL of February 19, 2020	JSC NMC Tau-Ken Samruk	48	Kaskyrmys-1	Exploration license No.628-EL of April 27, 2020	JSC NMC Tau-Ken Samruk
32	Valeriyarov-28	Exploration license No.570-EL of February 21, 2020	JSC NMC Tau-Ken Samruk	49	Kaskyrmys-2	Exploration license No.622-EL of April 27, 2020	JSC NMC Tau-Ken Samruk
33	Valeriyarov-29	Exploration license No.571-EL of February 21, 2020	JSC NMC Tau-Ken Samruk	50	Kaskyrmys-3	Exploration license No.624-EL of April 27, 2020	JSC NMC Tau-Ken Samruk

51	Kaskyrmys-4	Exploration license No.625-EL of April 27, 2020	JSC NMC Tau-Ken Samruk
52	Kaskyrmyse-5	Exploration license No.652-EL of June 15, 2020	JSC NMC Tau-Ken Samruk
53	object in Turkestan region (SH Minerals)	Exploration license No.640-EL of May 26, 2020	JSC NMC Tau-Ken Samruk
54	Berkara	Exploration license No.657-EL of June 18, 2020	JSC NMC Tau-Ken Samruk
55	Severny Samombet	Exploration license No.658-EL of June 18, 2020	JSC NMC Tau-Ken Samruk
56	TMO ZSKh	Exploration license No.669-EL of June 27, 2020	JSC NMC Tau-Ken Samruk
57	Dalny	Exploration license No.670-EL of June 27, 2020	JSC NMC Tau-Ken Samruk
58	Kundyzdinskoye and Berchegurskoye	Exploration license No.671-EL of June 27, 2020	JSC NMC Tau-Ken Samruk
59	Apmintas	Exploration license No.774-EL of August 26, 2020	JSC NMC Tau-Ken Samruk
60	Novo-2	Exploration license No.847-EL of October 07, 2020	JSC NMC Tau-Ken Samruk
61	Novo-1	Exploration license No.914-EL of November 03, 2020	JSC NMC Tau-Ken Samruk

In 2020, 57 exploration licenses were obtained, including:

- ▶ in terms of the interest on the part of Fortesque - 48 licenses;
- ▶ in terms of the interest on the part of Scandinavium - 4 licenses;
- ▶ in terms of the interest on the part of LLP JV Alaigyr - 2 licenses;
- ▶ in terms of the interest on the part of SH Minerals - 1 license;
- ▶ in terms of the interest on the part of Eurasian minerals trade LLP - 1 license;
- ▶ in terms of the interest on the part of JSC NMC Tau-Ken Samruk - 1 license.

## Questionnaire

Dear reader,

Please let us know if our 2020 Annual Report has satisfied your interests, have all topics of interest been disclosed?

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We will highly appreciate your answering the questionnaire to identify topics of interest to you for disclosure in the next Annual Report. Your feedback is very important to us!

Full name: \_\_\_\_\_

Company / Organization / Individual: \_\_\_\_\_

Position: \_\_\_\_\_

Please rate the following topics on a 5-point scale (1 - not important, 5 - very important)

Significant topics	Degree of importance					Comments
	1	2	3	4	5	
Economic performance	1	2	3	4	5	
Market presence	1	2	3	4	5	
Indirect economic impacts	1	2	3	4	5	
Procurement Practice	1	2	3	4	5	
Power	1	2	3	4	5	
Water	1	2	3	4	5	
Emissions	1	2	3	4	5	
Discharges and waste	1	2	3	4	5	
Products and services	1	2	3	4	5	

Compliance with the requirements	1	2	3	4	5
Transport	1	2	3	4	5
Supplier Environmental Assessment	1	2	3	4	5
Employment	1	2	3	4	5
Relationship between employees and management	1	2	3	4	5
Workplace health	1	2	3	4	5
Training and education	1	2	3	4	5
Equal remuneration for women and men	1	2	3	4	5
Labor Practices Complaints Mechanism	1	2	3	4	5
Non-discrimination	1	2	3	4	5
Security practice	1	2	3	4	5
Human rights complaints mechanism	1	2	3	4	5
Local communities	1	2	3	4	5
Anti-corruption	1	2	3	4	5
Public policy	1	2	3	4	5
Obstacle to competition	1	2	3	4	5
Product and service labeling	1	2	3	4	5
Compliance with the requirements	1	2	3	4	5

### Contact details:

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