



National Mining Company Tau-Ken Samruk JSC

Interim condensed consolidated financial statements (unaudited)

With an opinion on the results of the review of the interim condensed consolidated financial statements as at June 30, 2023 and for the six months ended on that date

NATIONAL MINING COMPANY TAU-KEN SAMRUK JSC

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NATIONAL MINING COMPANY TAU-KEN SAMRUK JSC

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023

Management of National Mining Company Tau-Ken Samruk JSC (hereinafter – the “Company”) and its subsidiaries (hereinafter together – “the Group”) is responsible for the preparation of the interim condensed consolidated financial statements, that fairly present the financial position of the Group as at June 30, 2023, the results of its operations, cash flows and changes in equity for the six months then ended, in accordance with International Accounting Standard 34 *Interim Financial Reporting* (hereinafter – “IAS 34”).

In preparing these interim condensed consolidated financial statements, the 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 understanding of such information;
- using of reasonable and appropriate estimates and assumptions;
- providing additional disclosures when compliance with the requirements of IAS 34 is insufficient for users of the interim condensed 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 operations; 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 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 interim condensed consolidated financial statements with IAS 34;
- 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 interim condensed consolidated financial statements of the Group for the six months ended June 30, 2023, were approved by management on August 4, 2023.

Chief economics and finance officer



Zhurnagulov R.B.

Chief accountant

Alpichsheva A.Zh.

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the Shareholder and Management of National Mining Company Tau-Ken Samruk JSC

Introduction

We have reviewed of the accompanying interim consolidated statement of financial position of National Mining Company Tau-Ken Samruk JSC (hereinafter – the “Company”) and its subsidiaries (hereinafter together – the “Group”) as at June 30, 2023, and the related interim consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and a summary of significant accounting policies and other explanatory notes (“interim condensed consolidated financial information”). Management is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 *Interim Financial Reporting* (hereinafter – “IAS 34”). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information of National Mining Company Tau-Ken Samruk JSC is not prepared, in all material respects, in accordance with IAS 34.

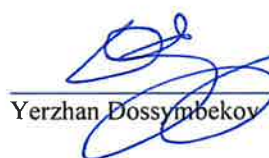
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Arman Chingilbayev



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The Republic of Kazakhstan


Yerzhan Dossymbekov



General Director
Grant Thornton LLP

State license #18015053 dated August 3, 2018, 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

August 4, 2023
Almaty, the Republic of Kazakhstan

NATIONAL MINING COMPANY TAU-KEN SAMRUK JSC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

In thousands of tenge	Notes	June 30, 2023 (unaudited)	December 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	3	92,418,913	86,126,529
Intangible assets	4	46,902,998	46,928,415
Investments in associates	5	483,479,659	492,050,698
Prepayment for corporate income tax		1,324,559	1,209,922
Deferred corporate income tax assets		1,392,119	1,427,384
Inventories	6	3,581,125	3,573,670
Long term assets related to test mining		2,735,202	2,281,274
Investment securities	7	3,558,954	3,388,874
Restricted cash		1,837,917	1,853,912
Other non-current assets	8	37,327,676	38,545,019
Total non-current assets		674,559,122	677,385,697
Current assets			
Inventories	6	14,413,374	14,642,360
Accounts receivable	9	5,665,667	9,353,592
Loan issued to parent organisation	11	17,440,087	16,536,875
Prepayment for corporate income tax		283,310	71,814
Cash and cash equivalents	10	33,787,705	29,373,936
Other current assets		436,690	654,037
Total current assets		72,026,833	70,632,614
TOTAL ASSETS		746,585,955	748,018,311
EQUITY AND LIABILITIES			
Equity			
Share capital	12	252,874,907	252,874,907
Retained earnings		30,676,028	26,542,426
Other components of equity	12	373,626,301	384,401,904
Equity attributable to equity holder of the parent organisation		657,177,236	663,819,237
Non-controlling interests	12	32,216	32,274
TOTAL EQUITY		657,209,452	663,851,511

NATIONAL MINING COMPANY TAU-KEN SAMRUK JSC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023 (CONTINUED)

In thousands of tenge	Notes	June 30, 2023 (unaudited)	December 31, 2022
Non-current liabilities			
Loans received	13	31,685,915	31,137,786
Accounts payable for acquisition of a subsidiary	14	5,701,350	5,502,399
Deferred corporate income tax liabilities		11,013,541	11,013,541
Accounts payable	14	770,204	637,605
Other non-current liabilities		299,833	292,623
Total non-current liabilities		49,470,843	48,583,954
Current liabilities			
Contract liabilities	14	44,481	75,929
Accounts payable	14	13,584,832	8,780,296
Loans received	13	20,758,921	21,181,119
Provision for liabilities for lawsuits		4,596,865	4,596,866
Lease liabilities		102,769	146,217
Other current liabilities		817,792	802,419
Total current liabilities		39,905,660	35,582,846
TOTAL LIABILITIES		89,376,503	84,166,800
TOTAL EQUITY AND LIABILITIES		746,585,955	748,018,311

Accompanying notes on pages 7 to 26 are an integral part of these interim condensed consolidated financial statements.

Chief economics and finance officer



Zhurmagulov R.B.

Chief accountant

Alpichsheva A.Zh.

August 4, 2023
Astana, the Republic of Kazakhstan

NATIONAL MINING COMPANY TAU-KEN SAMRUK JSC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THREE AND SIX MONTHS ENDED JUNE 30, 2023

In thousands of tenge	Notes	For the six months ended		For the three months ended	
		June 30, 2023 (unaudited)	June 30, 2022 (unaudited)	June 30, 2023 (unaudited)	June 30, 2022 (unaudited)
Revenues from contracts with customers	15	355,516,500	485,300,990	170,570,246	272,672,121
Cost of goods sold	16	(355,178,731)	(481,179,826)	(170,120,391)	(273,094,657)
Gross profit/(loss)		337,769	4,121,164	449,855	(422,536)
General and administrative expenses		(1,612,353)	(1,456,587)	(764,154)	(700,862)
Selling expenses		(40,808)	(41,065)	(11,312)	(20,037)
Operating (loss)/profit		(1,315,392)	2,623,512	(325,611)	(1,143,435)
Finance income	17	3,103,999	1,938,816	1,579,775	1,397,307
Finance costs		(298,768)	(609,289)	(138,385)	(384,643)
Share in profit/(loss) of associates		2,204,564	24,065,186	(3,672,256)	4,329,575
(Accrual)/reversal of impairment losses on financial assets		(52,919)	65,340	(85,730)	4,923
Accrual of losses on impairment of non-financial assets		(493,428)	(687,955)	(181,712)	(316,181)
(Expenses)/income from disposal of subsurface use contracts		(22,279)	563,652	–	(168,501)
Net gain/(loss) from foreign exchange differences		1,111,002	94,952	(321,591)	1,318,959
Other non-operating income		393,888	653,271	220,896	355,278
Other non-operating expenses		(459,518)	(3,559,523)	(243,949)	(2,309,920)
Profit/(loss) before tax for the period		4,171,149	25,147,962	(3,168,563)	3,083,362
Corporate income tax expense		(37,605)	(380,527)	(18,973)	(26,832)
Profit/(loss) for the period		4,133,544	24,767,435	(3,187,536)	3,056,530
Profit/(loss) for the period attributable to:					
Shareholder of the parent organization		4,133,602	24,769,641	(3,187,508)	3,056,577
Non-controlling interests	12	(58)	(2,206)	(28)	(47)

NATIONAL MINING COMPANY TAU-KEN SAMRUK JSC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THREE AND SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

In thousands of tenge	Notes	For the six months ended		For the three months ended	
		June 30, 2023 (unaudited)	June 30, 2022 (unaudited)	June 30, 2023 (unaudited)	June 30, 2022 (unaudited)
Other comprehensive (loss)/income					
Items not subject to subsequent reclassification to profit or loss:					
<i>Foreign currency exchange differences on translation of investments in associates to the currency of the financial statements</i>					
		(10,775,603)	47,798,976	894,305	5,020,582
Other comprehensive (loss)/income for the period		(10,775,603)	47,798,976	894,305	5,020,582
Total comprehensive (loss)/income for the period		(6,642,059)	72,566,411	(2,293,231)	8,077,112
Total comprehensive (loss)/income for the period attributable to:					
Shareholder of the parent organization		(6,642,001)	72,568,617	(2,293,203)	8,077,159
Non-controlling interests		12	(2,206)	(28)	(47)
		(6,642,059)	72,566,411	(2,293,231)	8,077,112

Accompanying notes on pages 7 to 26 are an integral part of these interim condensed consolidated financial statements.

Chief economics and finance officer



Zhamagulov R.B.

Chief accountant

Alpichsheva A.Zh.

August 4, 2023
Astana, the Republic of Kazakhstan

NATIONAL MINING COMPANY TAU-KEN SAMRUK JSC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2023

In thousands of tenge	Notes	For the six months ended	
		June 30, 2023 (unaudited)	June 30, 2022 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from customers		358,713,012	480,621,241
Other cash receipts		1,611,071	517,335
Interests received		2,023,290	2,131,933
Cash payments to suppliers		(350,730,182)	(477,226,947)
Cash payments to employees		(1,423,353)	(1,089,037)
Income tax paid		(327,745)	(1,182,741)
Other taxes and payments		(241,844)	(710,445)
Interest payment on loans received		(1,822,614)	(724,403)
Payments on foreign currency transactions		–	(783,949)
Other payments		(281,384)	(496,352)
Net cash flows received from operating activities		7,520,251	1,056,635
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(263,866)	(507,238)
Purchase of other non-current assets		(3,955,791)	(3,739,748)
Purchase of intangible assets		(6,133)	–
Dividends received from an associate	5	–	88,819,162
Issuance of loans to organisations in trust management		(22,003)	–
Cash (used in)/received from investing activities		(4,247,793)	84,572,176
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of loans received		–	(14,877,271)
Proceeds from loans received		1,259,376	21,896,914
Payment of lease liabilities		(53,119)	(53,044)
Return of restricted cash		–	1,714,507
Dividends paid	12	–	(61,410,000)
Cash received from/(used in) financing activities		1,206,257	(52,728,894)
Net change in cash and cash equivalents		4,478,715	32,899,917
Effect of change in foreign exchange rates on cash and cash equivalents		8,833	(92,249)
Accrual of expected credit losses on cash and cash equivalents	10	(73,779)	(132,964)
Cash and cash equivalents at the beginning of the period	10	29,373,936	29,795,057
Cash and cash equivalents at the end of the period	10	33,787,705	62,469,761

Accompanying notes on pages 7 to 26 are an integral part of these interim condensed consolidated financial statements.

Chief economics and finance officer



Zhunagulov R.B.

Alpichsheva A.Zh.

Chief accountant

August 4, 2023
Astana, the Republic of Kazakhstan

NATIONAL MINING COMPANY TAU-KEN SAMRUK JSC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED JUNE 30, 2023

In thousands of tenge	Notes	Equity attributable to shareholder of the parent organisation			Non-controlling interests	Total equity
		Share capital	Other equity components	Retained earnings		
As at December 31, 2022		252,874,907	346,087,740	135,237,354	34,709	734,234,710
Profit/(loss) for the period (unaudited)		-	-	24,769,641	(2,206)	24,767,435
Other comprehensive income (unaudited)		-	47,798,976	-	-	47,798,976
Total comprehensive income/(loss) for the period (unaudited)		-	47,798,976	24,769,641	(2,206)	72,566,411
Dividends (unaudited)	12	-	-	(88,819,162)	-	(88,819,162)
As at June 30, 2022 (unaudited)		252,874,907	393,886,716	71,187,833	32,503	717,981,959
As at December 31, 2023		252,874,907	384,401,904	26,542,426	32,274	663,851,511
Profit/(loss) for the period (unaudited)		-	-	4,133,602	(58)	4,133,544
Other comprehensive loss (unaudited)		-	(10,775,603)	-	-	(10,775,603)
Total comprehensive income/(loss) for the period (unaudited)		-	(10,775,603)	4,133,602	(58)	(6,642,059)
As at June 30, 2023 (unaudited)		252,874,907	373,626,301	30,676,028	32,216	657,209,452

Accompanying notes on pages 7 to 26 are an integral part of these interim condensed consolidated financial statements.

Chief economics and finance officer

Chief accountant



Alpichsheva A.Zh.

August 4, 2023
Astana, the Republic of Kazakhstan

NATIONAL MINING COMPANY TAU-KEN SAMRUK JSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023

1. GENERAL INFORMATION

National Mining Company Tau-Ken Samruk Joint Stock Company (hereinafter – “NMC 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 June 30, 2023 and December 31, 2022 the sole shareholder of the Company was Sovereign Wealth Fund Samruk-Kazyna JSC (hereinafter – “Samruk-Kazyna”). The sole shareholder of Samruk-Kazyna is the Government of the Republic of Kazakhstan.

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

The Company’s legal address is str., E-10, 17/10 building, Astana, the Republic of Kazakhstan. As at June 30, 2023 number of employees of the Group was 607 people (December 31, 2022: 554 people).

As at June 30, 2023 and December 31, 2022 the following companies were subsidiaries of the Company:

Company	Type of operations	Region	June 30, 2023	December 31, 2022
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”	Astana	100.00%	100.00%
Severnyi Katpar LLP	Extraction of tungsten	Karaganda 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%
Silicon mining LLP	Mining of quartz	Astana	100.00%	100.00%
Masalskyi MPP LLP	Development and extraction of iron ore	Akmola region	99.19%	99.19%

The main activities of the Group include:

- 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.

Intention to sell subsidiaries

The Company has concluded an agreement on the sale of JV Alaigyr LLP and ShalkiyaZinc LTD JSC to a potential buyer, which corresponds to Government Decree #908 “on certain issues of privatisation for the years 2021-2025”. At the moment, a financial, legal and technical audit is being carried out by the potential buyer, which includes enrichment tests. The audit results will be used to make a final decision on the transaction and its structure. According to the agreement, the audit should be completed in September 2023.

NATIONAL MINING COMPANY TAU-KEN SAMRUK JSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

2. BASIS OF PREPARATION

Basis and principles of preparation

The interim condensed consolidated financial statements for the six months ended June 30, 2023, have been prepared in accordance IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements are not audited and do not include all the information and disclosures required for the annual consolidated financial statements. The Group does not disclose information that substantially duplicates information contained in the audited annual consolidated financial statements for the year ended December 31, 2022, prepared in accordance with International Financial Reporting Standards (hereinafter – “IFRSs”), such as accounting policies and account details, in the amount and composition of which there were no significant changes. In addition, the Group has provided disclosures for which significant events have occurred since the issuance of the Group’s annual financial statements for the year ended December 31, 2022, prepared in accordance with IFRSs. Management believes that the disclosures in these interim condensed consolidated financial statements are sufficient to provide information that is not misleading when considered in conjunction with the Group’s annual consolidated financial statements for the year ended December 31, 2022, prepared in accordance with IFRSs.

The interim condensed consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments.

The interim condensed consolidated financial statements of the Group are presented in Kazakhstani tenge (hereinafter – “tenge”). The functional and presentation currency of the interim condensed consolidated financial statements of the Group is tenge, except for the interim condensed consolidated financial statements of an associate, whose functional currency is the US dollar. All amounts in these interim condensed consolidated financial statements are rounded to thousand unless otherwise stated.

Going concern basis

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 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 believes that the Group will be able to generate sufficient cash for timely repayment of its liabilities. The management of the Group has neither intention nor necessity to liquidate or significantly reduce the size of its business.

Accrual basis

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

Foreign currency translation

Weighted average exchange rates established on 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 interim condensed consolidated financial statements are as follows:

	June 30, 2023	December 31, 2022
US dollar	452.51	462.65
Euro	490.70	492.86

2. BASIS OF PREPARATION

Consolidation principles

These interim condensed consolidated financial statements include the financial statements of the Company and entities controlled by the Company (subsidiaries). An enterprise is considered controlled by the Company if the Company has the right to determine the financial and economic policy of the enterprise in order to obtain benefits for the Company from its activities.

The income and expenses of subsidiaries acquired or sold during the year are included in the interim condensed consolidated statement of profit or loss and other comprehensive income from the date of actual acquisition or to the actual date of sale, respectively.

If necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

All transactions between the entities of the Group, the corresponding balances and unrealized gains and losses from transactions within the Group are eliminated on consolidation.

Significant accounting policies

In preparing these interim condensed consolidated financial statements, the Group applied the same accounting policies and calculation methods as in preparing the Group's annual consolidated financial statements for the year ended December 31, 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

New standards, clarifications and amendments to existing standards and clarifications, first applied by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as at January 1, 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and reinsurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach);
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

This standard did not have any impact on the interim condensed consolidated financial statements of the Group.

Amendments to IAS 8 – Definition of Accounting Estimates

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

NATIONAL MINING COMPANY TAU-KEN SAMRUK JSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

New standards, clarifications and amendments to existing standards and clarifications, first applied by the Group (continued)

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Group's interim condensed consolidated financial statements but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

NATIONAL MINING COMPANY TAU-KEN SAMRUK JSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

3. PROPERTY, PLANT AND EQUIPMENT

In thousands of tenge	Land	Mine development costs	Buildings and constructions	Machinery and equipment	Vehicles	Right-of-use assets	Other	Construction-in-progress	Total
As at December 31, 2021	598,969	36,115,610	13,659,026	7,600,247	2,952,517	169,612	828,042	26,845,746	88,769,769
Additions (unaudited)	–	1,395,886	3,198	44,937	17,620	–	15,963	4,356,563	5,834,167
Changes in estimates (unaudited)	–	(12,899)	–	–	–	–	–	–	(12,899)
Internal transfers (unaudited)	–	–	(259,588)	243,109	–	–	16,824	(345)	–
Disposals (unaudited)	–	(4,115,158)	(8,696)	(575)	–	–	(12,986)	–	(4,137,415)
Depreciation charge (unaudited)	–	(72,454)	(355,494)	(261,075)	(300,785)	(40,706)	(98,600)	–	(1,129,114)
Depreciation on disposals (unaudited)	–	–	8,696	575	–	–	12,965	–	22,236
As at June 30, 2022 (unaudited)	598,969	33,310,985	13,047,142	7,627,218	2,669,352	128,906	762,208	31,201,964	89,346,744
As at December 31, 2022	598,969	34,806,721	10,363,683	7,562,398	2,359,878	88,200	850,924	29,495,756	86,126,529
Additions (unaudited)	–	3,382,526	164,120	220,467	–	–	62,133	3,494,701	7,323,947
Changes in estimates (unaudited)	–	(12,701)	–	–	–	–	–	–	(12,701)
Internal transfers (unaudited)	–	–	–	10,155	–	–	1,441	(11,596)	–
Disposals (unaudited)	–	(22,279)	–	–	–	–	(286)	–	(22,565)
Depreciation charge (unaudited)	–	(766)	(367,727)	(233,795)	(284,240)	(40,706)	(69,063)	–	(996,297)
As at June 30, 2023 (unaudited)	598,969	38,153,501	10,160,076	7,559,225	2,075,638	47,494	845,149	32,978,861	92,418,913

NATIONAL MINING COMPANY TAU-KEN SAMRUK JSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

In thousands of tenge	Land	Mine development costs	Buildings and constructions	Machinery and equipment	Vehicles	Right-of-use assets	Other	Construction-in-progress	Total
Cost as at June 30, 2022 (unaudited)	598,969	33,383,439	16,234,597	12,775,392	6,547,512	411,071	2,205,518	31,201,964	103,358,462
Accumulated depreciation and impairment as at June 30, 2022 (unaudited)	–	(72,454)	(3,187,455)	(5,148,174)	(3,878,160)	(282,165)	(1,443,310)	–	(14,011,718)
Net book value as at June 30, 2022 (unaudited)	598,969	33,310,985	13,047,142	7,627,218	2,669,352	128,906	762,208	31,201,964	89,346,744
Cost as at December 31, 2022	598,969	34,806,721	13,754,110	13,447,880	5,813,995	416,502	2,168,752	29,495,756	100,502,685
Accumulated depreciation and impairment as at December 31, 2022	–	–	(3,390,427)	(5,885,482)	(3,454,117)	(328,302)	(1,317,828)	–	(14,376,156)
Net book value as at December 31, 2022	598,969	34,806,721	10,363,683	7,562,398	2,359,878	88,200	850,924	29,495,756	86,126,529
Cost as at June 30, 2023 (unaudited)	598,969	38,154,267	21,548,101	13,336,892	6,549,656	416,502	2,021,625	32,978,861	115,604,873
Accumulated depreciation and impairment as at June 30, 2023 (unaudited)	–	(766)	(11,388,025)	(5,777,667)	(4,474,018)	(369,008)	(1,176,476)	–	(23,185,960)
Net book value as at June 30, 2023 (unaudited)	598,969	38,153,501	10,160,076	7,559,225	2,075,638	47,494	845,149	32,978,861	92,418,913

Interest on loans received capitalized for the six months ended June 30, 2023, amounted to 1,737,829 thousand tenge (for the six months ended June 30, 2022: 167,296 thousand tenge). The principal amount 1,227,749 thousand tenge, relates to interest on a loan received from the European Bank for Reconstruction and Development (hereinafter – “EBRD”). The rate used to determine the amount of borrowing costs eligible for capitalization was LIBOR 6m+2.5%, which is the effective interest rate on the loan received from the EBRD.

For the six months ended June 30, 2023, the Group did not recognise any impairment loss on property, plant and equipment due to the absence of impairment indicators (for the six months ended June 30, 2022 the Group did not recognise any impairment loss on property, plant and equipment due to the absence of impairment indicators).

NATIONAL MINING COMPANY TAU-KEN SAMRUK JSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

4. INTANGIBLE ASSETS

In thousands of tenge	Subsurface use rights	Others	Total
As at December 31, 2021	46,710,041	260,709	46,970,750
Additions (unaudited)	–	3,150	3,150
Amortisation (unaudited)	–	(51,678)	(51,678)
As at June 30, 2022 (unaudited)	46,710,041	212,181	46,922,222
As at December 31, 2022	46,710,041	218,374	46,928,415
Additions (unaudited)	–	6,133	6,133
Amortisation (unaudited)	–	(31,550)	(31,550)
As at June 30, 2023 (unaudited)	46,710,041	192,957	46,902,998
Cost as at June 30, 2022 (unaudited)	46,710,041	539,174	47,249,215
Accumulated amortisation as at June 30, 2022 (unaudited)	–	(326,993)	(326,993)
Net book value as at June 30, 2022 (unaudited)	46,710,041	212,181	46,922,222
Cost as at December 31, 2022	46,710,041	574,136	47,284,177
Accumulated amortisation as at December 31, 2022	–	(355,762)	(355,762)
Net book value as at December 31, 2022	46,710,041	218,374	46,928,415
Cost as at June 30, 2023 (unaudited)	46,710,041	548,972	47,259,013
Accumulated amortisation as at June 30, 2023 (unaudited)	–	(356,015)	(356,015)
Net book value as at June 30, 2023 (unaudited)	46,710,041	192,957	46,902,998

Subsoil use rights are represented by recognised intangible assets acquired as a result of acquisition of Shalkiya Zinc LTD JSC, Masalskyi MPP LLP and Severnyi Katpar LLP.

For the six months ended June 30, 2023 and 2022, the Group did not recognise an impairment loss on intangible assets due to the absence of any impairment indicators (unaudited).

As at June 30, 2023 and December 31, 2022 the Group's intangible assets were not pledged as collateral.

5. INVESTMENTS IN ASSOCIATES

In thousands of tenge	June 30, 2023 (unaudited)		December 31, 2022	
	Share	Amount	Share	Amount
Kazzinc LLP	29.8221%	483,277,078	29.8221%	491,845,662
Other		202,581		205,036
		483,479,659		492,050,698

Name	Main activity	Country of main activity and location	The nature of the relationship between the Group and the organisation	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	Mining and processing of metal ores, production of refined metals	The Republic of Kazakhstan	The organisation is strategically important for the Shareholder of the Group	Unquoted

NATIONAL MINING COMPANY TAU-KEN SAMRUK JSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

5. INVESTMENTS IN ASSOCIATES (CONTINUED)

Movements in investments in Kazzinc LLP were presented as follows:

In thousands of tenge	
As at January 1, 2022	548,878,615
Share in profit of associate (unaudited)	24,065,165
Dividends received (unaudited)	(88,819,162)
Foreign currency exchange differences on translation of investments to the currency of financial statements (unaudited)	47,798,976
As at June 30, 2022 (unaudited)	531,923,594
As at January 1, 2023	491,845,662
Share in profit of associate (unaudited)	2,207,019
Foreign currency exchange differences on translation of investments to the currency of financial statements (unaudited)	(10,775,603)
As at June 30, 2023 (unaudited)	483,277,078

Kazzinc LLP

Due to the absence of net profit and the presence of a loss of Kazzinc LLP for 2022, dividends were not paid to the participants of Kazzinc LLP during the six months ended June 30, 2023.

In accordance with the decision of the general meeting of participants of Kazzinc LLP dated March 31, 2022, the procedure for distribution of Kazzinc's net income earned in 2021 was approved. The total amount of declared and paid dividends to the participants of Kazzinc during the six months ended June 30, 2022, amounted to 650,000,000 US dollars, of which 193,843,000 US dollars (equivalent to 88,819,162 thousand tenge) were distributed to the Group and were paid in cash.

6. INVENTORIES

Inventories include the following:

In thousands of tenge	June 30, 2023 (unaudited)	December 31, 2022
Work-in-progress	14,166,411	13,281,761
Raw materials and supplies	3,678,662	3,575,565
Finished goods	385,656	1,580,948
Goods	4,408	4,481
Less: reserve on write-off of inventories to net realizable value	(240,638)	(226,725)
	17,994,499	18,216,030
Long-term	3,581,125	3,573,670
Short-term	14,413,374	14,642,360
	17,994,499	18,216,030

The finished goods mainly include refined gold and silver bullion. Raw materials and supplies and work-in-progress mainly includes semi-finished gold and silver, and electrolyte of gold and silver.

As at June 30, 2023 and December 31, 2022, long-term assets include inventories in the amount of 3,581,125 thousand tenge (unaudited) and 3,573,670 thousand tenge, respectively, which the Group plans to use for the production of finished products in the future after the start of processing.

NATIONAL MINING COMPANY TAU-KEN SAMRUK JSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

6. INVENTORIES (CONTINUED)

The movement in the provision to convert inventory to net realizable value is as follows:

In thousands of tenge	2023	2022
As at January 1	226,725	230,733
Accrued/(recovered)	13,913	(1,829)
As at June 30	240,638	228,904

7. INVESTMENT SECURITIES

In thousands of tenge	June 30, 2023 (unaudited)	December 31, 2022
Debt securities – bonds of First Heartland Jysan Bank JSC		
Nominal value	10,604,910	10,604,910
Interest receivable	7,475	2,177
Discount	(6,820,738)	(6,997,063)
Less: allowance for expected credit losses	(232,693)	(221,150)
	3,558,954	3,388,874

The bonds of First Heartland Jysan Bank JSC have a nominal interest rate of 0.1% per annum and a maturity date of January 15, 2034.

Amortisation of the discount for the six months ended June 30, 2023, amounted to 176,325 thousand tenge (for the six months ended June 30, 2022: 159,126 thousand tenge) (unaudited).

8. OTHER NON-CURRENT ASSETS

In thousands of tenge	June 30, 2023 (unaudited)	December 31, 2022
Advances for non-current assets	27,805,123	29,263,844
Taxes recoverable, except corporate income tax	9,062,069	8,495,434
Prepaid expenses	3,630,748	3,476,847
Other non-current assets	6,376	6,681
Less: allowance for impairment on advances paid	(3,176,640)	(2,697,787)
	37,327,676	38,545,019

As at June 30, 2023 and December 31, 2022, prepaid expenses include commission and remuneration for reserving a loan received by a subsidiary and prepaid insurance expenses.

As at June 30, 2023, advances for long-term assets represent advances to contractors for the purchase of turnkey complex works for the development of design and estimate documentation, infrastructure facilities, tailings and polymetallic ores of the Alaigyr deposit; and the supply of equipment, commissioning of facilities, engineering work and work on supply and installation supervision of technological equipment and consulting services for project management and technical supervision at the Shalkiya mine.

NATIONAL MINING COMPANY TAU-KEN SAMRUK JSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

9. ACCOUNTS RECEIVABLE

In thousands of tenge	Note	June 30, 2023 (unaudited)	December 31, 2022
Accounts receivable of organizations associated with the Government of the RK	20	5,425,003	8,460,917
Accounts receivable from third parties		288,129	973,862
Accounts receivable from related parties	20	63	37
Less: allowance for expected credit losses		(47,528)	(81,224)
		5,665,667	9,353,592

Accounts receivable of organizations associated with the Government of the RK consists of the debt of the National Bank of the Republic of Kazakhstan, an organization under common control, in the amount of 5,425,003 thousand tenge for gold bars purchased from the Group (as at December 31, 2022: 8,460,917 thousand tenge).

10. CASH AND CASH EQUIVALENTS

In thousands of tenge	June 30, 2023 (unaudited)	December 31, 2022
Short-term bank deposits in tenge with maturity less than 90 days	33,035,053	29,334,134
Current bank accounts in tenge	967,296	195,537
Current bank accounts in US dollars	31,023	37,883
Current bank accounts in euro	15,678	6,899
Current bank accounts in ruble	13,003	–
Cash on hand	127	179
Less: allowance for expected credit losses	(274,475)	(200,696)
	33,787,705	29,373,936

As at June 30, 2023, bank deposits were placed in Kazakhstani second-tier banks at rates from 10.00% to 15.5% per annum (as at December 31, 2022: from 13.00% to 14.61%).

The movement in the allowance for expected credit losses on cash and cash equivalents is presented as follows:

In thousands of tenge	2023	2022
As at January 1	200,696	370,202
Accrued	73,779	132,964
As at June 30	274,475	503,166

11. LOAN ISSUED TO PARENT ORGANISATION

In thousands of tenge	Note	June 30, 2023 (unaudited)	December 31, 2022
Sovereign Wealth Fund Samruk-Kazyna JSC	20	17,471,869	16,567,011
Less: allowance for expected credit losses		(31,782)	(30,136)
		17,440,087	16,536,875

The movement in the allowance for expected credit losses on the loan issued to the parent organisation is presented as follows:

In thousands of tenge	2023	2022
As at January 1	30,136	135,478
Accrued	1,646	–
As at June 30	31,782	135,478

NATIONAL MINING COMPANY TAU-KEN SAMRUK JSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

11. LOAN ISSUED TO PARENT ORGANISATION (CONTINUED)

In 2021 the parent organisation had received temporary interest-free financial assistance in the amount of 18,442,396 thousand tenge with a maturity date until December 31, 2022, which was extended until December 31, 2023. In 2022, the Company recognised an adjustment in connection with the extension of the term of this financial assistance to bring it to fair value in retained earnings as a transaction with owners in the consolidated statement of changes in equity in the amount of 3,603,726 thousand tenge using a market rate of 11.32%, and reflected amortization of a discount in the amount of 1,728,341 thousand tenge of a loan issued to the parent company as part of financial income for the year ended December 31, 2022.

For the first six months of 2023, the Company reflected the amortization of the discount in the amount of 904,858 thousand tenge of the loan issued to the parent organisation as part of financial income (for the six months of 2022, the Company did not reflect the amortization of the discount).

12. EQUITY

Share capital

For the six months ended June 30, 2023, there were no changes in the share capital.

In thousands of tenge	Ordinary shares	
	Quantity	Amount
As at December 31, 2021	292,887	252,874,907
As at December 31, 2022	292,887	252,874,907
As at June 30, 2023 (unaudited)	292,887	252,874,907

The authorised capital of the Company consists of ordinary shares. One ordinary share carries one vote.

Other components of equity

Other components of equity represent in the interim condensed consolidated statement of changes in equity the reserve for recalculation of the financial statements of the associate Kazzinc LLP into the presentation currency of the Group's interim condensed consolidated financial statements.

Dividends

In accordance with the decision of the general meeting of participants of Kazzinc LLP dated March 15, 2023, following the results of 2022, consideration of the issue of distribution of net income of Kazzinc LLP was postponed until the end of the first half of 2023. Following the results of the half-year, a final decision will be made on the amount of distribution of dividends to the participants of Kazzinc LLP.

In accordance with the decision of the Management Board of the Sole Shareholder of the Group dated May 13, 2022, following the results of 2021, dividends in the amount of 71,853,487 thousand tenge for 2021 and 16,965,675 thousand tenge for the results of previous years were declared and dividends in the amount of 61,410,000 thousand tenge were paid.

Non-controlling interests

In thousands of tenge	2022
As at December 31, 2021	34,709
Total comprehensive loss for the period attributable to non-controlling interests	(2,206)
As at June 30, 2022 (unaudited)	32,503
In thousands of tenge	2023
As at December 31, 2022	32,274
Total comprehensive loss for the period attributable to non-controlling interests	(58)
As at June 30, 2023 (unaudited)	32,216

NATIONAL MINING COMPANY TAU-KEN SAMRUK JSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

13. LOANS RECEIVED

As at June 30, 2023 and December 31, 2022 loans received are presented as follows:

In thousands of tenge	Repayment date	Currency	Rate, %	June 30, 2023 (unaudited)	December 31, 2022
European Bank for Reconstruction and Development	December 20, 2032	US dollar	LIBOR 6m+2.5%	31,734,346	31,214,943
Halyk Saving Bank of Kazakhstan JSC	March 16, 2029	US dollar	6.5%	20,972,703	21,366,175
Less: amortised amount on the loan fee				(262,213)	(262,213)
				52,444,836	52,318,905
Long-term				31,685,915	31,137,786
Short-term				20,758,921	21,181,119
				52,444,836	52,318,905

Loan received from the European Bank for Reconstruction and Development (hereinafter – "EBRD")

The Group has a credit line from the EBRD in the amount of 175,000 thousand US dollars at the LIBOR rate plus 2.5% per annum (from June 30, 2023, the transition to the alternative SOFR+ rate is envisaged) with repayment of the principal amount of the debt in equal semi-annual payments from 2025 and interest in semi-annual payments from 2021. For the six-month period ended June 30, 2023, the Group received under this credit line one tranche in the total amount of 2,804 thousand US dollars or equivalent in tenge at the date of receipt in the amount of 1,259,376 thousand tenge (for 2022: two tranches in the amount of 52,255 thousand US dollars or the equivalent of 24,565,579 thousand tenge).

For the six-month period ended June 30, 2023, the Group paid interest in the amount of 2,777 thousand US dollars or equivalent in tenge in the amount of 1,240,333 thousand tenge (2022: 1,249 thousand US dollars or 580,171 thousand tenge). As collateral for the loan agreement, the Group pledged the following assets and documents to the EBRD for a period corresponding to the term of the loan agreement:

- a guarantee for the full amount of the loan from JSC SWF Samruk-Kazyna;
- the right to claim all funds in the accounts of a subsidiary of JSC ShalkiyaZinc LTD;
- a deposit in the amount of 2,622 thousand US dollars or the equivalent in tenge in the amount of 1,186,255 thousand tenge.

The Group has certain financial and non-financial covenants in accordance with the terms of the loan agreement. As at June 30, 2023, the Group was in compliance with these covenants.

Loan from Halyk Bank of Kazakhstan JSC

In March 2022, the Group entered into a loan agreement with JSC Halyk Bank of Kazakhstan for a total amount of 56,000 thousand US dollars to refinance the debt to the Eurasian Development Bank and reimburse the investment costs incurred. According to the terms of the loan agreement in 2022, the Group paid a commission for the provision of a loan in the amount of 560 thousand US dollars or the equivalent in tenge in the amount of 276,730 thousand tenge. This commission is part of the effective interest rate and is subject to depreciation during the term of the loan agreement. Repayment of interest and principal on the credit line is made monthly, while the principal debt is paid starting from 2024.

For the six months ended June 30, 2023, the Group paid interest in the amount of 582,281 thousand tenge. During the first half of 2023, there was no additional development on the loan.

NATIONAL MINING COMPANY TAU-KEN SAMRUK JSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

13. LOANS RECEIVED (CONTINUED)

Loan from Halyk Bank of Kazakhstan JSC (continued)

On May 5, 2023, Halyk Bank of Kazakhstan JSC sent a letter to the Group to close the availability of the credit line due to a violation of the covenant on the presence of a loss in 2022 of the Company, which is the guarantor of the Group, as well as pending litigation between the Group and the contractor. Thus, the issue of resuming financing under the agreement on opening a credit line can be considered after providing the following information:

1. Financial statements confirming the positive profit of the Company for the six months ended June 30, 2023;
2. A construction contract between a subsidiary and a new contractor to complete the construction of the plant and the outcome of litigation with the previous contractor.

During the six months ended 30 June 2023, the Group did not receive new loans from Halyk Bank of Kazakhstan JSC.

14. ACCOUNTS PAYABLE AND CONTRACT LIABILITIES

In thousands of tenge	Note	June 30, 2023 (unaudited)	December 31, 2022
Accounts payable to third parties		14,346,417	9,400,731
Accounts payable for the acquisition of a subsidiary		5,701,350	5,502,399
Contract liabilities		44,481	75,929
Accounts payable to related parties	20	8,619	17,170
		20,100,867	14,996,229
Long-term		6,471,554	6,140,004
Short-term		13,629,313	8,856,225
		20,100,867	14,996,229

As at June 30, 2023, accounts payable for the acquisition of a subsidiary are represented by debts 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.

As at June 30, 2023, accounts payable, third-party organizations are mainly represented by accounts payable for gold-containing raw materials in the amount 12,472,425 thousand tenge (December 31, 2022: 7,582,893 thousand tenge).

15. REVENUE FROM CONTRACTS WITH CUSTOMERS

In thousands of tenge	For the six months ended		For the three months ended	
	June 30, 2023 (unaudited)	June 30, 2022 (unaudited)	June 30, 2023 (unaudited)	June 30, 2022 (unaudited)
Sale of gold	353,540,668	485,213,195	169,243,783	272,627,363
Sale of silver	1,913,660	39,861	1,308,289	18,914
Refining services	60,605	37,451	17,756	19,218
Sale of silicon	1,567	7,711	418	3,854
Sale of quartz	–	2,772	–	2,772
	355,516,500	485,300,990	170,570,246	272,672,121

The Group mainly sells its finished products in the form of gold bars with a gold content of 99.99% to the sole buyer, the National Bank of the Republic of Kazakhstan, an organisation under common control. For the six months of 2023, the Group sold gold bars with a total weight of 22,907 kilograms (for the six months of 2022: 27,973 kilograms).

For the six months ended June 30, 2023 and 2022, income from related parties amounted to 99.98% of total income.

NATIONAL MINING COMPANY TAU-KEN SAMRUK JSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

16. COST OF GOODS SOLD

In thousands of tenge	For the six months ended		For the three months ended	
	June 30, 2023 (unaudited)	June 30, 2022 (unaudited)	June 30, 2023 (unaudited)	June 30, 2022 (unaudited)
Raw materials and supplies	353,355,256	481,605,977	169,140,300	272,797,806
Payroll and related deductions	279,151	241,976	147,013	139,265
Depreciation and amortisation	167,210	164,791	75,079	90,958
Other	182,300	151,383	93,362	66,628
Changes in finished goods and work-in-progress	1,194,814	(984,301)	664,637	–
	355,178,731	481,179,826	170,120,391	273,094,657

17. FINANCE INCOME

In thousands of tenge	For the six months ended		For the three months ended	
	June 30, 2023 (unaudited)	June 30, 2022 (unaudited)	June 30, 2023 (unaudited)	June 30, 2022 (unaudited)
Interest income from bank deposits	2,007,389	1,774,392	1,026,364	1,313,595
Amortisation of discount on loan issued to parent organisation	904,858	–	460,943	–
Coupon for investment in securities	181,623	164,424	92,468	83,712
Other finance income	10,129	–	–	–
	3,103,999	1,938,816	1,579,775	1,397,307

18. COMMITMENTS AND CONTINGENT LIABILITIES

Operating environment

Economic reforms and the development of legal, tax and administrative infrastructure that would meet the requirements of a market economy are continuing in Kazakhstan. The stability of Kazakhstan's economy will largely depend on the progress of these reforms, as well as on the effectiveness of the measures taken by the Government in the field of economy, financial and monetary policy.

Despite the fact that Kazakhstan's economy is heavily dependent on the export of oil and other mineral resources, world prices for which have been stable in recent years, especially for hydrocarbon raw materials, there is currently a decline in the development of the country's economy. In addition, the ongoing economic sanctions against Russia indirectly affect the economy of Kazakhstan, given the large economic ties between these countries.

The management of the Group believes that it is taking all necessary measures to maintain the economic stability of the Group in these conditions. However, further deterioration of the situation in the areas described above may negatively affect the results and financial position of the Group. It is currently impossible to determine exactly what this influence may be.

Prices for natural resources sold

Gold, silver and lead prices are based on LBMA.

In US dollars	An average of six months in 2023	An average of six months in 2022
Gold (oz)	1,933.26	1,873.36
Silver (oz)	23.37	23.29
Lead (ton)	2,129.48	2,268.56
Zinc (ton)	2,834.67	3,833.82

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 cyclical operations for the period.

18. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

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 base rate established by the National Bank of the Republic of Kazakhstan multiplied by 1.25. As a result, the number 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 unclear cases, the Group has accrued tax liabilities based on reasonable management estimates. The Group's policy provides for the accrual of potential liabilities in the reporting period in which there is a possibility of such additional costs, the amount of which can be determined with a sufficient degree of accuracy.

Due to the uncertainty inherent in the Kazakh taxation system, the potential amount of taxes and penalties may exceed the amount charged to the present and accrued as at June 30, 2023. Despite the possibility of accrual of such amounts and their potentially significant nature, the Group's management believes that they are either unlikely, or not measurable, or both at the same time.

The Group's operations and financial position may be affected by the development of the political situation in Kazakhstan, including the application of current and future legislation and regulatory legal acts in the field of taxation. The Group does not consider that these potential liabilities in relation to its activities are more significant than the potential liabilities of similar enterprises in Kazakhstan.

Management believes that as at June 30, 2023, its interpretation of the applicable legislation is appropriate and it is likely that the Group's position on taxes will be supported.

Environmental issues

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 recognises corresponding provision in the interim condensed 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 obligations, if any, will not materially impact on the current financial position and financial results of the Group. Therefore, no provisions were recognised in these interim condensed consolidated 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 of the Group believes that as at June 30, 2023 the Group's insurance program was in compliance with the main terms of the subsoil use contracts.

NATIONAL MINING COMPANY TAU-KEN SAMRUK JSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

18. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

Trust management

The Ministry of Finance of the Republic of Kazakhstan has concluded an agreement with the Sole Shareholder of the Group on the transfer of state property in the form of a 100% stake in the authorized capital of Topaz-NS LLP, Akmolit LLP and Markhit LLP to trust management without the right of subsequent redemption before transferring it to pay for the placed shares of Samruk-Kazyna.

In August 2022, Samruk-Kazyna concluded an agreement on the transfer of state property management with the Group for a period until the Founder makes a decision on the transfer of objects to pay for the authorized capital of the Trustee or until the refusal to fulfill the terms of the agreement.

Guarantee issued to the National Bank of the Republic of Kazakhstan

On December 31, 2019, a subsidiary of Tau-Ken Altyn LLP concluded a guarantee agreement with Samruk-Kazyna, according to which Samruk-Kazyna, in order to secure obligations arising under the prepayment of future gold supplies under an agreement with the National Bank of the Republic of Kazakhstan (hereinafter – "NBRK"), provided a guarantee in the amount of no more than 11 billion tenge in favor of the NBRK. The warranty period is valid until the parties fully fulfill all their obligations under the warranty agreement until June 30, 2023 inclusive. As at July 1, 2023, Tau-Ken Altyn LLP has no guarantee and collateral obligations.

Investment agreements

As at June 30, 2023 and December 31, 2022, the Group has no investment agreements other than subsoil use agreements.

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

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 on active markets for identical assets or liabilities;
- Level 2: valuation models in which all inputs, having significant effect on the fair value recorded in the interim condensed consolidated financial statements, are directly or indirectly based on the information observable on the market;
- Level 3: valuation models in which all inputs, having significant effect on the fair value recorded in the interim condensed consolidated financial statements, are not based on the information observable on the market.

NATIONAL MINING COMPANY TAU-KEN SAMRUK JSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

19. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table represents an analysis of financial instruments in the interim condensed consolidated financial statements at fair value, in the context of a hierarchy of levels of the fair value at June 30, 2023 and December 31, 2022 as follows:

In thousands of tenge	Fair value measurement as at June 30, 2023 (unaudited)			
	Level 1	Level 2	Level 3	Total
Financial assets				
Assets for which fair values are disclosed				
Cash and cash equivalents	33,787,705	–	–	33,787,705
Restricted cash	–	1,837,917	–	1,837,917
Assets carried at amortised cost				
Accounts receivable	–	5,665,667	–	5,665,667
Loan issued to parent organisation	–	17,440,087	–	17,440,087
Investment securities	–	3,558,954	–	3,558,954
Total fair value	33,787,705	28,502,625	–	62,290,330
Financial liabilities measured at amortised cost				
Accounts payable	–	14,355,036	–	14,355,036
Loans received	–	52,444,836	–	52,444,836
Lease liabilities	–	102,769	–	102,769
Accounts payable for acquisition of subsidiary	–	5,701,350	–	5,701,350
Total fair value	–	72,603,991	–	72,603,991
Financial assets				
Assets for which fair values are disclosed				
Cash and cash equivalents	29,373,936	–	–	29,373,936
Restricted cash	–	1,853,912	–	1,853,912
Assets carried at amortised cost				
Accounts receivable	–	9,353,592	–	9,353,592
Loan issued to parent organisation	–	16,536,875	–	16,536,875
Investment securities	–	3,388,874	–	3,388,874
Total fair value	29,373,936	31,133,253	–	60,507,189
Financial liabilities measured at amortised cost				
Accounts payable	–	9,417,901	–	9,417,901
Loans received	–	52,318,905	–	52,318,905
Lease liabilities	–	146,217	–	146,217
Accounts payable for acquisition of subsidiary	–	5,502,399	–	5,502,399
Total fair value	–	67,385,422	–	67,385,422

During the six months ended June 30, 2023 and twelve months ended December 31, 2022 there were no transfers among Levels 1, 2 and 3.

NATIONAL MINING COMPANY TAU-KEN SAMRUK JSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

20. RELATED PARTY TRANSACTIONS

Related parties include entities under control of Samruk-Kazyna and/or the Government, as well as entities in which Samruk-Kazyna and/or the Government have a significant influence or a joint control; key management personnel of the Group, the entities in which the management of the Group directly or indirectly holds a significant share.

Transactions with related parties were carried out on terms agreed between the parties, which were not necessarily carried out on market terms. The remaining operations with related parties as at June 30, 2023 and December 31, 2022 are as follows:

Accounts payable

In thousands of tenge	June 30, 2023 (unaudited)	December 31, 2022
<i>Entities under common control of Samruk-Kazyna:</i>		
Kazpost JSC	3,625	6,013
Samruk Kazyna Business Service LLP	2,769	8,524
Kazakhtelecom JSC	1,689	2,192
KEGOC JSC	536	440
Samruk Kazyna Contract JSC	–	1
	8,619	17,170

Accounts receivable

In thousands of tenge	June 30, 2023 (unaudited)	December 31, 2022
<i>Entities under common control of Samruk-Kazyna:</i>		
Samruk Kazyna Business Service LLP	63	37
<i>Entities related with the Government</i>		
The National Bank of the RK	5,425,003	8,460,917
	5,425,066	8,460,954

Cash and cash equivalents

In thousands of tenge	June 30, 2023 (unaudited)	December 31, 2022
<i>Entities related with Samruk-Kazyna:</i>		
Kazpost JSC	11,083,480	13,014,005
	11,083,480	13,014,005

Advances paid

In thousands of tenge	June 30, 2023 (unaudited)	December 31, 2022
<i>Entities under common control of Samruk-Kazyna</i>		
Samruk Kazyna Contract LLP	3,495	–
Air Astana JSC	872	603
Kazpost JSC	156	249
Kazakhstan Temir Zholy JSC	107	107
	4,630	959

NATIONAL MINING COMPANY TAU-KEN SAMRUK JSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

20. RELATED PARTY TRANSACTIONS (CONTINUED)

Loan issued to parent organisation

In thousands of tenge	June 30, 2023 (unaudited)	December 31, 2022
Sovereign Wealth Fund Samruk-Kazyna JSC	17,471,869	16,567,011
	17,471,869	16,567,011

Purchases

In thousands of tenge	For the six months ended	
	June 30, 2023 (unaudited)	June 30, 2022 (unaudited)
<i>Entities related with Samruk-Kazyna</i>		
Samruk Kazyna Business Service LLP	51,795	52,548
Samruk Kazyna Construction JSC	47,428	47,428
Samruk Kazyna Contract JSC	18,096	21,765
Kazpost JSC	16,021	22,103
Kazakhtelecom JSC	8,647	8,987
Samruk Kazyna Invest LLP	18	–
KEGOC JSC	–	2,360
Air Astana JSC	–	1,357
Kazakhstan Temir Zholy JSC	–	27
	142,005	156,575

Sales to related parties

In thousands of tenge	For the six months ended	
	June 30, 2023 (unaudited)	June 30, 2022 (unaudited)
<i>Entities related with the Government</i>		
The National Bank of the Republic of Kazakhstan	353,540,668	485,163,387
<i>Entites under common control</i>		
Samruk Kazyna Business Service LLP	56	–
<i>Associates of the Group</i>		
Kazzinc LLP	1,913,660	–
	355,454,384	485,163,387

Compensation of key management personnel

Key management personnel comprise members of the Management Board and the Members of the Board of Directors, a total of 9 people, including two independent directors as at June 30, 2023 (June 30, 2022: 9 people, including two independent directors). Total compensation to the key management personnel included in general and administrative expenses in the interim condensed consolidated statement of profit or loss and other comprehensive income for the six months and three months ended June 30, 2023, amounted to 93,262 thousand tenge and 60,238 thousand tenge, respectively (six months and three months ended June 30, 2022: 61,884 thousand tenge and 34,512 thousand tenge, respectively (unaudited)).

NATIONAL MINING COMPANY TAU-KEN SAMRUK JSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

21. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements of the Group for the six months ended June 30, 2023, were approved for issue by the Chief economics and finance officer and Chief accountant of the Group on August 4, 2023.

22. EVENTS AFTER THE REPORTING DATE

On July 27, 2023, Samruk-Kazyna JSC signed an agreement with the State Property and Privatisation Committee of the Ministry of Finance of the Republic of Kazakhstan (hereinafter – “Committee”) on the transfer of state property in the form of a 100% share in the authorised capital of the “National Geological Exploration Company “Qazgeology” Joint Stock Company (hereinafter – “Qazgeology”) to trust management without the right of subsequent redemption before the transfer of objects to pay for the placed Samruk–Kazyna shares.

On July 27, 2023, Samruk-Kazyna transferred to the Group the right to manage state property in the form of a 100% share in the authorized capital of Qazgeology.