National Mining Company
Tau-Ken Samruk JSC

Consolidated financial statements

For the year ended December 31, 2023

TABLE OF CONTENT

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, 2023

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 the consolidated financial position of the Group as at December 31, 2023, 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, 2023, were approved by management on February 28, 2024.

Chief Economics and Finance Officer ______________________ Zhumagulov R.B.

Chief accountant ______________________ Alpichsheva A. Zh.

Grant Thornton LLP
Office 2103
4V BC Nurly Tau, n.p. 21V
15 Al-Farabi ave.
Almaty
050059/A15E2P5

T +7 (727) 311 13 40

almaty@kz.gt.com
www.grantthornton.kz

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, 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and 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, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (hereinafter – "IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (hereinafter – "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 the other information that is included in the Annual Report. The other information comprises: the statement of the chairman of the management board, information about National Mining Company Tau-Ken Samruk JSC and its subsidiaries, the significant events after the reporting date, description of operations, financial and economic indicators, risks of uncertainties and internal control system, social responsibility and environmental protection, corporate governance, key tasks for 2024 and other information, but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's 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 becomes available 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 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 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 misstatement, 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 ISAs, 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 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;

- 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 regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

Grant Thornton LLP

Arman Chingilbayev

Engagement Partner

Certified Auditor of the Republic of Kazakhstan
Certificate #MF-0000487 on October 12, 1999
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

February 28, 2024
Almaty, the Republic of Kazakhstan

NATIONAL MINING COMPANY TAU-KEN SAMRUK JSC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

In thousands of tenge	Notes	**December 31, 2023**	December 31, 2022* (restated)
ASSETS			
Non-current assets			
Property, plant and equipment	7	**100,613,542**	87,198,690
Intangible assets	8	**46,956,284**	46,978,446
Investments in associates	9	**433,687,232**	492,910,743
Prepayment of corporate income tax		**1,290,399**	1,209,922
Deferred corporate income tax assets	26	**1,661,809**	1,711,332
Inventories	10	**3,178,028**	3,573,670
Long-term assets associated with test production		**3,227,429**	2,281,274
Investment securities	11	**4,936,902**	4,292,054
Restricted cash		**4,757,750**	4,553,108
Other non-current assets	12	**47,882,775**	38,545,019
Total non-current assets		**648,192,150**	**683,254,258**
Current assets			
Inventories	10	**16,997,968**	15,252,725
Accounts receivable	13	**14,122,410**	9,746,946
Loan issued to parent organisation	14	**15,452,437**	16,536,875
Prepayment of corporate income tax		**245,021**	229,553
Cash and cash equivalents	15	**27,571,587**	30,265,571
Other current assets	16	**694,659**	679,152
Total current assets		**75,084,082**	**72,710,822**
TOTAL ASSETS		**723,276,232**	**755,965,080**
EQUITY AND LIABILITIES			
Equity			
Share capital	17	**259,321,827**	252,874,907
(Accumulated loss)/retained earnings*		**(22,759,379)**	33,917,000
Other components of equity	17	**375,981,148**	384,401,904
Equity attributable to equity holder of the parent organisation		**612,543,596**	**671,193,811**
Non-controlling interest	17	**33,471**	32,274
TOTAL EQUITY		**612,577,067**	**671,226,085**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2023 (CONTINUED)

In thousands of tenge	Notes	December 31, 2023	December 31, 2022* (restated)
Non-current liabilities			
Loans received	19	**45,869,370**	31,137,786
Accounts payable for acquisition of subsidiary	18	**–**	5,502,399
Deferred corporate income tax liabilities	26	**11,368,313**	11,104,408
Lease liabilities		**271,026**	–
Accounts payable	18	**809,637**	637,605
Other non-current liabilities	20	**544,400**	292,623
Total non-current liabilities		**58,862,746**	**48,674,821**
Current liabilities			
Contract liabilities	18	**937,341**	75,929
Accounts payable for acquisition of subsidiary	18	**5,296,178**	–
Accounts payable	18	**19,090,946**	9,108,557
Loans received	19	**20,902,438**	21,181,119
Provision for litigations	27	**4,615,063**	4,596,866
Lease liabilities		**33,479**	146,217
Other current liabilities	20	**960,974**	955,486
Total current liabilities		**51,836,419**	**36,064,174**
TOTAL LIABILITIES		**110,699,165**	**84,738,995**
TOTAL EQUITY AND LIABILITIES		**723,276,232**	**755,965,080**

** Adjustments to comparative information were reflected as a result of the acquisition of a subsidiary in 2023 (Note 6)*

Notes on pages 6 to 54 are an integral part of these consolidated financial statements.

Chief Economics and Finance Officer — Zhumagulov R.B.

Chief accountant — Alpichsheva A. Zh.

February 28, 2024
Astana, the Republic of Kazakhstan

NATIONAL MINING COMPANY TAU-KEN SAMRUK JSC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2024

In thousands of tenge	Notes	2023	2022* (restated)
Revenue from contracts with customers	21	**815,972,979**	946,569,561
Cost of goods sold	22	**(812,941,865)**	(941,260,934)
Gross profit		**3,031,114**	**5,308,627**
General and administrative expenses	23	**(4,088,069)**	(3,760,924)
Selling expenses		**(75,762)**	(76,936)
Other operating income		**40,100**	6,538
Other operating expenses		**(15,549)**	(516,885)
Operating (loss)/income		**(1,108,166)**	**960,420**
Finance income	24	**6,117,156**	5,813,136
Finance costs		**(1,231,406)**	(751,459)
Share in net loss of associates	9	**(50,535,642)**	(6,400,684)
Recovery of loss on impairment of financial assets		**314,255**	1,292
Accrual of loss on impairment of non-financial assets	25	**(1,028,274)**	(14,116,753)
(Expenses)/income from disposal of subsurface use contracts and licenses		**(324,333)**	417,762
Net foreign currency exchange income/(loss)		**1,651,589**	(1,900,104)
Other non-operating income		**1,741,558**	1,672,120
Other non-operating expenses		**(1,974,777)**	(1,421,773)
Loss for the year before taxation		**(46,378,040)**	**(15,726,043)**
Corporate income expense	26	**(893,810)**	(1,216,835)
Loss for the year		**(47,271,850)**	**(16,942,878)**
Loss for the year attributable to:			
Equity holders of the parent organisation		**(47,273,047)**	(16,940,443)
Non-controlling interest	17	**1,197**	(2,435)
		(47,271,850)	**(16,942,878)**
Other comprehensive (loss)/income			
(Loss)/gain from foreign currency exchange differences on translation	9	**(8,420,756)**	38,314,164
Total comprehensive (loss)/income for the year		**(55,692,606)**	**21,371,286**
Total comprehensive (loss)/income for the year attributable to:			
Equity holders of the parent organization		**(55,693,803)**	21,373,721
Non-controlling interest	17	**1,197**	(2,435)
Total comprehensive (loss)/income for the year		**(55,692,606)**	**21,371,286**

** Adjustments to comparative information were reflected as a result of the acquisition of a subsidiary in 2023 (Note 6)*

Notes on pages 6 to 54 are an integral part of these consolidated financial statements.

Chief Economics and Finance Officer ______________ Zhumagulov R.B.

Chief accountant ______________ Alpichsheva A. Zh.

February 28, 2024
Astana, the Republic of Kazakhstan

NATIONAL MINING COMPANY TAU-KEN SAMRUK JSC

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

In thousands of tenge	Notes	2023	2022* (restated)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash proceeds from customers		**812,278,636**	945,793,299
Interest received		**3,496,180**	3,540,359
Interest paid	19	**(4,036,749)**	(1,791,922)
Cash payments to suppliers		**(806,079,683)**	(941,970,597)
Cash payments to employees		**(3,820,137)**	(3,985,478)
Corporate income tax paid		**(676,327)**	(960,316)
Other taxes and payments		**(914,755)**	(1,745,720)
Other cash proceeds		**2,214,347**	437,298
Other payments		**(656,426)**	(2,020,179)
Cash received/(used) in operating activities		**1,805,086**	**(2,703,256)**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		**(9,337,583)**	(13,772,812)
Advances, given for purchase of long-term assets		**(12,925,557)**	(18,119,835)
Purchase of intangible assets	8	**(6,285)**	(41,052)
Dividends received from associates	9	**267,113**	88,819,162
Proceeds from sale of interests in associated organizations		**918,600**	–
Issuance of a loan to parent organisation	14	**(18,442,396)**	–
Repayment of the loan provided to parent organisation	14	**18,442,396**	–
Contributions to the share capital of in associates		–	(60)
Issuance of loans to organisations in trust management		**(54,924)**	(21,092)
Restricted cash refunds		**(52,869)**	1,189,961
Other payments on investing activities		**(31,650)**	–
Cash from investing activities		**(21,223,155)**	**58,054,272**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from loans received	19	**16,745,062**	46,462,493
Payments for loans received	19	–	(14,877,271)
Payment of principal portion of lease liabilities		**(106,238)**	(106,163)
Dividends paid	17	–	(88,987,182)
Return of restricted cash		–	1,765,237
Cash used in financing activities		**16,638,824**	**(55,742,886)**
Net change in cash and cash equivalents		**(2,779,245)**	(391,870)
Effect of change in foreign exchange rates on cash and cash equivalents		**(27,577)**	(5,205)
Changes in allowance for expected credit losses on cash and cash equivalents	15	**112,838**	170,589
Cash and cash equivalents at the beginning of the year		**30,265,571**	30,492,057
Cash and cash equivalents at the end of the year	**15**	**27,571,587**	**30,265,571**

* *Adjustments to comparative information were reflected as a result of the acquisition of a subsidiary in 2023 (Note 6)*

Notes on pages 6 to 54 are an integral part of these consolidated financial statements.

Chief Economics and Finance Officer ______ Zhumagulov R.B.

Chief accountant ______ Alpichsheva A. Zh.

February 28, 2024
Astana, the Republic of Kazakhstan

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023

In thousands of tenge	Notes	Equity attributable to parent shareholder				Non-controlling interest	**Total equity**
		Share capital	Other equity components	(Accumulated) /retained earnings	**Total**		
As at January 1, 2021		**252,874,907**	**346,087,740**	**135,237,354**	**734,200,001**	**34,709**	**734,234,710**
Restated in connection with the acquisition of a subsidiary		–	–	8,210,997	8,210,997	–	**8,210,997**
As at January 31, 2021* (restated)		**252,874,907**	**346,087,740**	**143,448,351**	**742,410,998**	**34,709**	**742,445,707**
Loss for the year		–	–	(16,940,443)	(16,940,443)	(2,435)	**(16,942,878)**
Other comprehensive income	9	–	38,314,164	–	38,314,164	–	**38,314,164**
Total comprehensive income for the year		–	*38,314,164*	*(16,940,443)*	*21,373,721*	*(2,435)*	***21,371,286***
Adjustment to the fair value of the loan issued to the parent organisation	14	–	–	(3,603,726)	(3,603,726)	–	**(3,603,726)**
Dividends	17	–	–	(88,987,182)	(88,987,182)	–	**(88,987,182)**
As at December 31, 2022* (restated)		**252,874,907**	**384,401,904**	**33,917,000**	**671,193,811**	**32,274**	**671,226,085**
Loss for the year		–	–	(47,273,047)	(47,273,047)	1,197	**(47,271,850)**
Other comprehensive income	9	–	(8,420,756)	–	(8,420,756)	–	**(8,420,756)**
Total comprehensive income for the year		–	*(8,420,756)*	*(47,273,047)*	*(55,693,803)*	*1,197*	***(55,692,606)***
Adjustment of the fair value of the loan issued to the parent organisation	14	–	–	(2,956,412)	(2,956,412)	–	**(2,956,412)**
Shares issuance	17	6,446,920	–	(6,446,920)	–	–	–
As at December 31, 2023		**259,321,827**	**375,981,148**	**(22,759,379)**	**612,543,596**	**33,471**	**612,577,067**

** Adjustments to comparative information were reflected as a result of the acquisition of a subsidiary in 2023 (Note 6)*

Notes on pages 6 to 54 are an integral part of these consolidated financial statements.

Chief Economics and Finance Officer ____________ Zhumagulov R.B.

Chief accountant ____________ Alpichsheva A. Zh.

February 28, 2024
Astana, the Republic of Kazakhstan

1. GENERAL INFORMATION

National Mining Company Tau-Ken Samruk Joint Stock Company (hereinafter – "Tau-Ken Samruk" or the "the Company") and together with subsidiaries – ("the Group") was established in accordance with the legislation of the Republic of Kazakhstan in 2009.

As at December 31, 2023 and 2022 the sole shareholder of the Company is Sovereign Wealth Fund Samruk-Kazyna JSC (hereinafter – "Fund"). The sole shareholder of the Fund is the Government of the Republic of Kazakhstan.

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

As at December 31, 2023, number of employees of the Group was 655 people (December 31, 2022: 554 people).

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

As at December 31, 2023 and 2022, the Company owned the following subsidiaries:

Company	Type of operations	Region	**December 31, 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	Production of metallurgical silicon and by-products	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%
NMC Qazgeology JSC	Geological exploration, wells' drilling	Astana	**100.00%**	100.00%
Masalsky GOK LLP	Development and extraction of iron ore	Akmola region	**99.19%**	99.19%

Principal activities

The Group carries out subsurface use activities in the following areas:

- exploration, development, extraction, processing activities and sale of solid minerals;
- 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 (hereinafter – "IFRS").

Basis of preparation

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

The 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.

2. BASIS OF PREPARATION (CONTINUED)

Going concern basis

These 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:

- it is expected to be realized or intended to be sold or consumed in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is 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 recognised 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.

2. BASIS OF PREPARATION(CONTINUED)

Foreign currency translation (continued)

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

In tenge	**December 31, 2023**	**Average for 2023**	December 31, 2022	Average for 2022
1 US dollar	**454.56**	**456.21**	462.65	460.93
1 euro	**502.24**	**493.22**	492.86	485.29
1 russian ruble	**5.06**	**5.41**	6.43	6.92

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 derecognises the relevant assets (including goodwill), liabilities, non-controlling interests and other components of equity and recognises any resulting profit or loss in profit or loss. Remaining investments are recognised at fair value.

2. BASIS OF PREPARATION(CONTINUED)

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 in which the Group typically owns 20% to 50% of the voting rights, or over which the Group has significant influence or is otherwise able to exercise significant influence, but which is not controlled by the Group or joint control of the Group and other parties. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control of 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, including goodwill. 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. However, if the Group's share of the loss of an associate organization equals or exceeds its interest in the associate, the Group does not recognise further losses unless the Group is required to make payments to or on behalf of the associate. Changes in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. 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 consolidated statement of changes in equity. Unrealized gains or losses arising from transactions of the Group with an associate or joint venture are eliminated to the extent that the Group has an interest in the associate or joint venture, unless the transaction provides evidence of an impairment of the asset transferred.

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 consolidated 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's consolidated financial statements. 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.

2. BASIS OF PREPARATION(CONTINUED)

Investments in associates and joint ventures (continued)

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 amortized once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated 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 consolidated 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.

2. BASIS OF PREPARATION (CONTINUED)

Business combinations (continued)

Contingent consideration to be transferred by the acquirer will be recognised 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 recognised 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 *Financial instruments: recognition and measurement*, 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 recognised 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 recognised 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 recognised 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

Standards and Interpretations adopted this year

The Group adopted the following new and revised standards during the reporting year, which became effective on January 1, 2023:

- Amendments to IFRS 17 – *Insurance contracts*;
- Amendments to IAS 8 – *Definition of accounting estimates*;
- Amendments to IAS 1 and IFRS Practice Statement 2 – *Disclosure of accounting policies*;
- Amendment to IAS 12 – *Deferred tax related to assets and liabilities arising from a single transaction*;
- Amendment to IAS 12 – *International tax reform- Pillar II model rules*;

3. NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Standards and Interpretations adopted this year (continued)

The accounting policies adopted in the preparation of the consolidated financial statement are consistent with those followed in the preparation of the Group's financial statement for the year ended December 31, 2022, except for newly adopted standards and interpretations effective January 1, 2023. The Company has not early adopted standards, interpretations or amendments that have been issued but are not yet effective.

Amendments to IFRS 17 – Insurance contracts

IFRS 17 *Insurance contracts* is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. IFRS 17 *Insurance contracts* replaces IFRS 4 *Insurance contracts*. IFRS 17 *Insurance contracts* applies to all types of insurance contracts (i.e., life, non-life, direct insurance, and re-insurance), 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 *Insurance contracts* is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 *Insurance contracts* 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.

The new standard had no a material impact on the Group's consolidated financial statements.

Amendments to IAS 8 – Definition of accounting estimates

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

These amendments had no a material impact on the Group's consolidated financial statements.

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 judgments* 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.

These amendments had no a significant impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's consolidated financial statements.

Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction

The amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* 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.

These amendments had no a material impact on the Group's consolidated financial statements.

Amendments to IAS 12 – International tax reform-Pillar II model rules

The amendments to IAS 12 *International Tax Reform-Pillar II model rules* have been introduced in response to the OECD's BEPS Pillar II rules and include:

- a mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar *II* model rules; and
- disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar *II* income taxes arising from that legislation, particularly before its effective date.

3. NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

New and amended standards and interpretations (continued)

Amendments to IAS 12 – International tax reform-Pillar II model rules (continued)

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim periods ending on or before December 31, 2023.

These amendments had no a material impact on the Group's consolidated financial statements.

New and revised IFRS – issued but not yet effective

The Group did not adopt the following new standards, amendments and clarifications that have been issued but are not yet effective:

- Amendments to IFRS 16 – *Lease liability in a sale and leaseback*;
- Amendments to IAS 1 – *Classification of liabilities as current or non-current*;
- Amendments to IAS 7 and IFRS 7 – *Supplier finance arrangements*.

Amendments to IFRS 16 – Lease liability in a sale and leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted, and that fact must be disclosed.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

Amendments to IAS 1: Classification of liabilities as current or non-current

In January 2020 and October 2022, 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.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 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.

3. NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

New and revised IFRS – issued but not yet effective (continued)

Amendments to IAS 7 and IFRS 7 – Supplier finance arrangements

In May 2023, the IASB issued amendments to IAS 7 *Statement of cash flows* and IFRS 7 *Financial instruments*: *disclosures* to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after January 1, 2024. Early adoption is permitted but will need to be disclosed.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

Exploration and valuation 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. 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 assessment 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.

Exploration and evaluation assets are included in property, plant and equipment.

Mining assets

Development and mining 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Mining assets (continued)

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 amortised 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.

Leases

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

If the Group has not enough assurance, if ownership of the leased asset transfers to the Group at the end of the lease term, recognized right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. Rights-of-use assets are included in property, plant and equipment by the Group and tested for impairment.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

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 in substance 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 there is enough confidence that it will be not performed.

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).

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates and joint ventures (continued)

The profit or loss statement reflects the Group's share of the results of an associated organization or joint venture. Changes in other cumulative income of such investments are presented as part of the total income of the Panel. In addition, if there has been a change expressly recognized in the equity of an associated organization or joint venture, the Panel shall recognize its share of such change and disclose this fact, where applicable, in the consolidated statement of changes in equity. Unrealized gains and losses arising from operations of the Group with an associated organization or joint venture are excluded to the extent that the Group has a stake in an associated organization or joint venture.

The Group's share of the profits or losses of the associated organization and the joint venture are reported directly in the consolidated statement of profits or losses outside the operating surplus or loss. The financial statements of the associated organization or joint venture shall be prepared for the same accounting period as the consolidated financial statements of the Group. If necessary, adjustments are made to align the accounting policies with those of the Unit.

After application of the equity method, the Panel determines whether an additional impairment loss should be recognized for its investment in an associated organization or joint venture. At each reporting date, the Panel determines that there is objective evidence of impairment of investments in an associated organization or joint venture. Where such evidence exists, the Panel calculates the impairment amount as the difference between the recoverable amount of the associated organization or joint venture and its/his book value and recognizes the loss in the statement of profit or loss in the article Share in profits of the associated organization and joint venture

In the case of a loss of significant influence over the associated organization or joint control of the joint venture, the Panel assesses and recognizes the remaining investments at fair value. The difference between the book value of the associated organization or joint venture at the time of the loss of significant influence or joint control and the fair value of the remaining investments and the proceeds of disposal is recognized as part of the profit or loss.

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 recognised for the asset in previous years. Reversal of impairment loss is recorded immediately in profit or loss.

Intangible assets

Intangible assets are carried at cost less accumulated depreciation and accumulated impairment losses. Intangible assets that arose during the initial acquisition of the organization as the difference between the amount of the transferred remuneration and the fair value of the acquired assets and liabilities assumed are reflected in these consolidated financial statements as part of the right to subsurface use.

Amortisation 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets (continued)

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.

Dividends

The Group recognises a liability for dividend payments when the distribution is approved and no longer remains at the discretion of the Group. The corresponding amount is recognised 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;
- fair value through other comprehensive income.

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

The Group's financial assets include short- and long-term bank deposits, loans issued to the parent organization (Note 14), cash and cash equivalents (Note 15) and receivables (Note 13), and investment equity and debt securities (Note 11). The Guide defines the classification of financial assets at initial recognition. Accounts receivable at initial recognition are presented at fair value plus transaction costs. Accounts receivable are subsequently reflected at amortized cost using an effective rate of interest.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 carried at a value that represents fair value at the date of recognition. After initial recognition, they are carried at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position include cash at banks and on hand, receivables under reverse repurchase agreements and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Repo and reverse repo agreements

Agreements for the sale and repurchase of securities (repo agreements) are reflected in the consolidated financial statements as secured financing transactions. Securities sold under repurchase agreements continue to be reflected in the consolidated statement of financial position and are transferred to the category of securities provided as collateral under repurchase agreements if the counterparty has the right to sell or re-pledge these securities arising from the terms of the contract or generally accepted practice. The corresponding obligations are included in the funds of credit institutions or customers. The purchase of securities under reverse sale (reverse repo) agreements is reflected in cash and cash equivalents, funds in credit institutions or loans to customers, depending on the situation. The difference between the sale price and the repurchase price is treated as interest and accrued over the term of the repo agreements using the effective interest rate method.

Restricted cash

Restricted cash includes the Group's cash held in special bank accounts, the use of which is restricted**.**

Accounts receivable

Accounts receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, except for those that the Group intends to sell in the near future. They are included in short-term assets, except for assets with a maturity of more than 12 months after the reporting date, which are classified as long-term assets.

Classification of financial liabilities

Financial liabilities of the Group include financial liabilities carried at amortised cost. The Group's financial liabilities comprise of loans, accounts payables and other payables, and accounts payables for acquisition of subsidiary, contract liabilities, lease liabilities.

Loans received

All loans are initially recorded at cost, which is the fair value of the cash received. After initial recognition, loans are carried at amortised cost using the effective interest method.

Accounts payable and other payables

Accounts payable and other payables are initially recorded at fair value and subsequently measured at amortised cost using the effective interest method.

Initial recognition of financial instruments

Financial instruments are initially recorded at fair value plus transaction costs incurred. The best evidence of fair value at initial recognition is the price of the transaction. Profit or loss is recognized at the time of initial recognition only if there is a difference between the fair value and the transaction price, which can be confirmed by other transactions currently observed in the market with similar financial instruments or an estimation method in which only actual market data are used as input variables.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts and other accounts payable (continued)

Subsequent measurement of financial assets

For the purposes of subsequent valuation, financial assets are classified into four categories:

- financial assets valued at amortized value (debt instruments);
- financial assets valued at fair value through other comprehensive income with subsequent reclassification of accumulated gains and losses (debt instruments);
- financial assets classified at the discretion of the organization as fair value through other comprehensive income, without subsequent reclassification of accumulated gains and losses upon termination of recognition (equity instruments)
- financial assets valued at fair value through profit or loss.

Financial assets are measured at amortised cost if the assets meet the following conditions:

- the purpose of the business model is to hold a financial asset to receive all contractual cash flows; and
- the contractual terms of cash flows that are solely payments of interest and principal amount.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

The Group initially measures debt investment securities at fair value and subsequently at amortised cost using the effective interest method.

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 accounts receivable with large value and these accounts receivable 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 accounts 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts and other accounts payable (continued)

Impairment of financial assets carried at amortised cost (continued)

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.

The Group applies the simplified model of IFRS 9 *Financial instruments* to recognise expected credit losses over the entire term for accounts receivable because these items do not have a significant financing component. When assessing the expected credit losses, accounts receivable were assessed on an individual basis.

For cash and restricted cash, the expected credit losses are calculated for a period of 12 months. 12-month expected credit losses are part of the expected credit losses for the entire period that may be incurred within 12 months after the reporting date. However, a significant increase in credit risk after the recognition of the asset will result in the application of expected credit losses for the entire term.

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.

Provisions

Provisions are recognised 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 recognised 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).

Prepaid expenses

Prepaid expense on loan provisioning asset

Prepaid expenses include an asset that provides the opportunity to receive funds on potentially favorable terms from financial institutions and consists of commissions paid for the provision of funds under a credit line paid to financial institutions. This asset decreases as the credit line is used and is amortized over the life of the credit line.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid expenses (continued)

Prepaid insurance expenses

As at December 31, 2023, deferred expenses include construction and installation risk insurance, damage to property of existing and in the process of production of installations and equipment, civil liability to third parties for damage - long-term 50 months, as well as compulsory insurance GPO of vehicle owners, compulsory insurance of employees against accidents, property insurance, and the amount of deferred expenses for the acquisition of software and access to information sites - short-term -12 months.

Recognition of revenues and expenses

Recognition of revenue

Revenue from contracts with customers from the sale of gold bars is recognised 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 recognised 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 recognized as revenue when the Group fulfills its obligations under the contract.

Interest income

Interest income is recognised 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 reduces 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 are 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 recognised directly in equity is recognised 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 recognised for all taxable temporary differences. Deferred corporate income tax assets are recognised 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 recognised 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.

Unrecognised deferred corporate income tax assets are revised at each reporting date and recognised 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes and other mandatory payments from wages and other payments to employees, including material benefits

In 2023, the Group calculated and paid social tax to the budget of the Republic of Kazakhstan in accordance with the tax legislation of the Republic of Kazakhstan at a single rate of 9.5% of wages and other payments to employees, including material benefits (2022: 9.5%). A part of the amount of social contributions in the amount of 3.5% is transferred to JSC State Social Insurance Fund (2022: 3.5%).

In 2023, the Group paid mandatory deductions for health insurance in the amount of up to 3% of wages and other payments to employees, including material benefits (2022: up to 3%)

In 2023 and 2022, the Group withheld mandatory pension contributions in the amount of up to 10% of its employees' salaries and transferred them to individual employee accounts in Unified Accumulative Pension Fund JSC (hereinafter referred to as "UAPF"). The Group additionally pays mandatory occupational pension contributions to the UAPF at a rate of 5% of wages in favor of certain employees engaged in jobs with harmful working conditions (2022: 5%).

In addition to deductions to the UAPF, the Group withholds individual income tax at a flat rate of up to 10% from salaries and other payments to employees, including material benefits, and also withholds health insurance contributions at a rate of 2%. (2022:10% and 2%, respectively).

Value added tax

The tax authorities permit the accounting and settlement of value added tax (hereinafter – "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 recognised 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 consolidated 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 recognised in the consolidated financial statements but are disclosed if there is a probable inflow of economic benefits.

Contingent liabilities are recognised in the consolidated financial statements only if it is probable that the settlement of such liabilities will require an outflow of resources, which amount can be reliably measured.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 recognised. 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.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Impairment of non-current assets (continued)

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 11.84%;
- the launch of the plant is planned in 2025, with an entry to the design capacity of 4,000 thousand tons in 2026;
- project implementation period until 2047;
- the forecasted zinc price is 2,790 US dollars per ton and is indexed in the forecasted period.

JV Alaigyr LLP

When assessing the impairment of investments in JV Alaigyr LLP, the Company carried out an assessment of the value of the use of the net assets of JV Alaigyr LLP, in which the following key assumptions were used:

- discount rate (cost of equity) in the amount of 11.84%;
- the launch of the factory and the output to the design capacity of 1,000 thousand tons are planned in 2026;
- project implementation period until 2040;
- the projected price for lead-silver ore is 2,116 US dollars per ton and is indexed in the forecast period.

Tau-Ken Temir LLP

The book value of the net assets of Tau-Ken Temir LLP as at December 31, 2023 did not exceed the recoverable amount of the asset less costs of disposal in accordance with IFRS 36 *Impairment assets*.

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 obsolete inventories

Inventories are measured at the lower of two values: cost or net realizable value. The Group reduces the cost of slow-moving and obsolete inventories to net realizable value if it does not exceed the cost price. 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 base 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 at December 31, 2023 and 2022.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Taxation (continued)

Deferred corporate income tax assets are recognised 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 recognised 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.

Provision for the restoration of the site

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 is 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 inflation rate in the Republic of Kazakhstan, projected by the National Bank of the Republic of Kazakhstan, used in the calculation, ranges from 13% to 15% per annum, and the discount rate used to determine the liability as at December 31, 2023 was 10.66% per annum (December 31, 2022 9.89%, respectively).

6. ACQUISITION OF A SUBSDIARY

Acquisition of a subsidiary

On September 15, 2023, the Fund contributed 100% of the shares of NMC Qazgeology JSC (hereinafter – "Qazgeology"), estimated at book value, as a contribution to the authorized capital of the Company for 1,000 ordinary shares in the amount of 6,446,920 thousand tenge (Note 17). These consolidated financial statements include the results of operations and balances of Qazgeology as if Qazgeology had been part of the Group since the date of formation, therefore, the amount of accumulated income to be distributed before the acquisition date was recorded as an increase in accumulated loss in the amount of 6,446,920 thousand tenge.

The main activity of Qazgeology is aimed at searching for promising sites, exploration and evaluation of mineral reserves, as well as attracting foreign and domestic investments in projects to reproduce the country's mineral resource base.

An analysis of the impact of the acquisition of a subsidiary on the consolidated statement of financial position as at December 31, 2022 is presented in the table below:

6. ACQUISITION OF A SUBSDIARY (CONTINUED)

Acquisition of a subsidiary (continued)

In thousand of tenge	31 December 2022	Influence of acquisition of Qazgeology	**31 December 2022* (restated)**
ASSETS			
Non-current assets			
Property, plant and equipment	86,126,529	1,072,161	**87,198,690**
Intangible assets	46,928,415	50,031	**46,978,446**
Investments in associates	492,050,698	860,045	**492,910,743**
Prepayment of corporate income tax	1,209,922	–	**1,209,922**
Deferred corporate income tax assets	1,427,384	283,948	**1,711,332**
Inventories	3,573,670	–	**3,573,670**
Long-term assets associated with test production	2,281,274	–	**2,281,274**
Investment securities	3,388,874	903,180	**4,292,054**
Restricted cash	1,853,912	2,699,196	**4,553,108**
Other non-current assets	38,545,019	–	**38,545,019**
Total non-current assets	**677,385,697**	**5,868,561**	**683,254,258**
Current assets			
Inventories	14,642,360	610,365	**15,252,725**
Accounts receivables	9,353,592	393,354	**9,746,946**
Loan issued to the parent organisation	16,536,875	–	**16,536,875**
Prepayment of corporate income tax	71,814	157,739	**229,553**
Cash and cash equivalents	29,373,936	891,635	**30,265,571**
Other current assets	654,037	25,115	**679,152**
Total current assets	**70,632,614**	**2,078,208**	**72,710,822**
TOTAL ASSETS	**748,018,311**	**7,946,769**	**755,965,080**
EQUITY AND LIABILITIES			
Equity			
Share capital	252,874,907	–	**252,874,907**
Retained earnings	26,542,426	7,374,574	**33,917,000**
Other components of equity	384,401,904	–	**384,401,904**
Equity attributable to equity holder of the parent organisation	**663,819,237**	**7,374,574**	**671,193,811**
Non-controlling interest	32,274	–	**32,274**
TOTAL EQUITY	**663,851,511**	**7,374,574**	**671,226,085**
Non-current liabilites			
Loans received	31,137,786	–	**31,137,786**
Accounts payable for acquisition of subsidiary	5,502,399	–	**5,502,399**
Deferred corporate income tax liabilities	11,013,541	90,867	**11,104,408**
Lease liabilities	–	–	**–**
Accounts payable	637,605	–	**637,605**
Other non-current liabilities	292,623	–	**292,623**
Total non-ccurrent liabilities	**48,583,954**	**90,867**	**48,674,821**
Current liabilities			
Contract liabilities	75,929	–	**75,929**
Accounts payable	8,780,296	328,261	**9,108,557**
Loans received	21,181,119	–	**21,181,119**
Provisions on legal actions	4,596,866	–	**4,596,866**
Lease liabilities	146,217	–	**146,217**
Other current liabilities	802,419	153,067	**955,486**
Total current liabilities	**35,582,846**	**481,328**	**36,064,174**
TOTAL LIABILITIES	**84,166,800**	**572,195**	**84,738,995**
TOTAL EQUITY AND LIABILITIES	**748,018,311**	**7,946,769**	**755,965,080**

6. ACQUISTION OF A SUBSIDIARY (CONTINUED)

Acquisition of a subsidiary (continued)

An analysis of the impact of the acquisition of the subsidiary on the consolidated income statement and other cumulative income for the year ended 31 December 2022 is presented in the table below:

In thousand of tenge	2022	Influence of acquisition of Qazgeology	**2022* (restated)**
Revenue from contracts with customers	944,758,469	1,811,092	**946,569,561**
Cost of goods sold	(939,196,136)	(2,064,798)	**(941,260,934)**
Gross profit	**5,562,333**	**(253,706)**	**5,308,627**
General and administrative expenses	(3,325,252)	(435,672)	**(3,760,924)**
Selling expenses	(76,936)	–	**(76,936)**
Other operating income	334,587	–	**334,587**
Other operating income	(613,932)	–	**(613,932)**
Operating income	**1,880,800**	**(689,378)**	**1,191,422**
Finance income	5,575,640	237,496	**5,813,136**
Finance expenses	(751,459)	–	**(751,459)**
Share in net loss of associates	(6,529,285)	128,601	**(6,400,684)**
Recovery of loss on impairment of financial assets	199,051	(197,759)	**1,292**
Accrual of loss on impairment of non-financial assets	(14,116,753)	–	**(14,116,753)**
Income from disposal of subsurface use contracts and licenses	417,762	–	**417,762**
Net foreign currency exchange loss	(1,900,104)	–	**(1,900,104)**
Other non-operational income	1,194,455	149,616	**1,344,071**
Other non-operational costs	(1,016,076)	(308,650)	**(1,324,726)**
Loss before tax	**(15,045,969)**	**(680,074)**	**(15,726,043)**
Corporate income tax expense	(1,228,506)	11,671	**(1,216,835)**
Loss for the year	**(16,274,475)**	**(668,403)**	**(16,942,878)**
Loss for the year attributable to:			
Shareholder of the parent organisation	(16,272,040)	(668,403)	**(16,940,443)**
Non-controlling interest	(2,435)	–	**(2,435)**
	(16,274,475)	**(668,403)**	**(16,942,878)**
Other comprehensive income for the year			
Gain from foreign currency exchange differences on translation	38,314,164	–	**38,314,164**
Total comprehensive income for the year	**22,039,689**	**(668,403)**	**21,371,286**
Total comprehensive income for the year attributable to:			
Shareholder of the parent organization	22,042,124	(668,403)	**21,373,721**
Non-controlling interest	(2,435)	–	**(2,435)**
Total comprehensive income for the year	**22,039,689**	**(668,403)**	**21,371,286**

6. AQUISTATION OF A SUBSIDIARY (CONTINUED)

Acquisition of a subsidiary (continued)

An analysis of the impact of the acquisition of the subsidiary on the consolidated cash flow statement for the year ended 31 December 2022 is presented in the table below:

In thousand of tenge	31 December 2022	Influence of acquisition of Qazgeology	**31 December 2022* (restated)**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash proceeds from customers	944,048,755	1,744,544	**945,793,299**
Interest received	3,418,852	121,507	**3,540,359**
Interest paid	(1,791,922)	–	**(1,791,922)**
Cash payments to suppliers	(940,596,743)	(1,373,854)	**(941,970,597)**
Cash payments to employees	(2,877,919)	(1,107,559)	**(3,985,478)**
Corporate income tax paid	(925,386)	(34,930)	**(960,316)**
Other taxes and payments	(1,457,552)	(288,168)	**(1,745,720)**
Other cash proceeds	437,298	–	**437,298**
Other payments	(2,131,894)	111,715	**(2,020,179)**
Cash used in in operating activities	**(1,876,511)**	**(826,745)**	**(2,703,256)**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	(13,772,207)	(605)	**(13,772,812)**
Advances, given for purchase of long-term assets	(18,119,835)	–	**(18,119,835)**
Purchase of intangible assets	(40,013)	(1,039)	**(41,052)**
Dividends received from associates	88,819,162	–	**88,819,162**
Contributions to the share capital of in associates	(60)	–	**(60)**
Issuance of loans to organisations in trust management	(21,092)	–	**(21,092)**
Restricted cash refunds	–	1,189,961	**1,189,961**
Cash from investment activities	**56,865,955**	**1,188,317**	**58,054,272**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from loans received	46,462,493	–	**46,462,493**
Payments for loans received	(14,877,271)	–	**(14,877,271)**
Payment of principal amount of lease liabilities	(106,163)	–	**(106,163)**
Dividends paid	(88,819,162)	(168,020)	**(88,987,182)**
Returns of restricted cash	1,765,237	–	**1,765,237**
Cash from financing activities	**(55,574,866)**	**(168,020)**	**(55,742,886)**
Net change in cash and cash equivalents	**(585,422)**	**193,552**	**(391,870)**
Effect of change in foreign exchange rates on cash and cash equivalents	(5,205)	–	**(5,205)**
Changes in allowance for expected credit losses on cash and cash equivalents	169,506	1,083	**170,589**
Cash and cash equivalents at the beginning of the year	29,795,057	697,000	**30,492,057**
Cash and cash equivalents at the end of the year	**29,373,936**	**891,635**	**30,265,571**

7. 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**
Historical cost									
As at December 31, 2021 (restated)	**598,969**	**36,241,037**	**16,377,655**	**14,802,890**	**5,986,979**	**416,502**	**2,140,719**	**26,876,497**	**103,441,248**
Additions	–	7,924,336	807,389	245,690	3,315	–	196,297	8,415,989	**17,593,016**
Changes in accounting estimates	–	(54,774)	–	–	–	–	–	–	**(54,774)**
Transfers	–	–	187,989	344,635	17,620	–	24,016	(558,080)	**16,180**
Transfers to investments in associates	–	(206,316)	–	–	–	–	–	–	**(206,316)**
Impairment	–	(4,527,896)	(3,447,758)	(108,161)	(18,451)	–	(8,611)	(5,184,818)	**(13,295,695)**
Disposals	–	(4,462,177)	(132,225)	(3,577)	–	–	(22,299)	(10,216)	**(4,630,494)**
As at December 31, 2022 (restated)	**598,969**	**34,914,210**	**13,793,050**	**15,281,477**	**5,989,463**	**416,502**	**2,330,122**	**29,539,372**	**102,863,165**
Additions	–	7,998,192	191,416	450,929	7,510	304,505	79,685	6,780,461	**15,812,698**
Changes in accounting estimates	–	96,284	–	–	–	–	–	–	**96,284**
Transfers	–	–	–	151,806	86,174	–	1,441	(239,421)	**–**
Transfer to intangible assets (Note 8)	–	–	–	–	–	–	–	(48,140)	**(48,140)**
Transfer from inventories	–	–	–	113	–	–	–	–	**113**
Disposals	–	(372,674)	–	–	–	–	(23,414)	(22,991)	**(419,079)**
As at December 31, 2023	**598,969**	**42,636,012**	**13,984,466**	**15,884,325**	**6,083,147**	**721,007**	**2,387,834**	**36,009,281**	**118,305,041**
Accumulated depreciation									
As at December 31, 2021 (restated)	–	–	**(2,702,111)**	**(6,311,849)**	**(2,981,441)**	**(246,890)**	**(1,279,847)**	–	**(13,522,138)**
Charge for the year	–	–	(722,233)	(559,599)	(611,205)	(81,412)	(197,716)	–	**(2,172,165)**
Disposals	–	–	8,780	1,005	–	–	20,043	–	**29,828**
As at December 31, 2022 (restated)	**–**	**–**	**(3,415,564)**	**(6,870,443)**	**(3,592,646)**	**(328,302)**	**(1,457,520)**	–	**(15,664,475)**
Charge for the year	–	(6,808)	(738,156)	(495,032)	(567,434)	(88,200)	(146,675)	–	**(2,042,305)**
Disposals	–	–	–	–	–	–	15,281	–	**15,281**
As at December 31, 2023	–	**(6,808)**	**(4,153,720)**	**(7,365,475)**	**(4,160,080)**	**(416,502)**	**(1,588,914)**	–	**(17,691,499)**
Net book value:									
As at December 31, 2022 (restated)	598,969	34,914,210	10,377,486	8,411,034	2,396,817	88,200	872,602	29,539,372	87,198,690
As at December 31, 2023	**598,969**	**42,629,204**	**9,830,746**	**8,518,850**	**1,923,067**	**304,505**	**798,920**	**36,009,281**	**100,613,542**

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Addition to the construction in progress and mining assets represent capitalised costs of fields development and construction of a factories at the fields, project work on exploration of the Group's deposits, geological and geophysical research, costs of drilling mines, capitalized estimated future costs of mine liquidation, restoration and reclamation of the site and capitalised depreciation of property, plant and equipment.

From total amount of accrued depreciation for 2023, depreciation in the amount of 397,067 thousand tenge (2022: 410,449 thousand tenge) is included in the cost of goods sold (Note 22), and depreciation in the amount of 81,845 thousand tenge (2022: 116,880 thousand tenge) is included in general and administrative expenses (Note 23).

The amount of borrowing costs that were capitalised during 2023 amounted to 3,461,440 thousand tenge (2022: 1,445,472 thousand tenge). The weighted average rate used in 2023 to determine the amount of borrowing costs is based on the terms of loans received from financial institutions and was 5.97% (2022: 6.49%).

As at December 31, 2023, property, plant and equipment with a carrying value of 1,090,835 thousand tenge were pledged as collateral under a loan agreement with Halyk Bank of Kazakhstan JSC (2022: 1,090,835 thousand tenge).

In 2023, the net present value of property, plant and equipment and intangible assets generating cash exceeds the amount of the fair value of property, plant and equipment (2022: impairment loss of property, plant and equipment and intangible assets totaling 13,296,000 thousand tenge) (Notes 8 and 25).

As at December 31, 2023, the initial cost of fully amortised property, plant and equipment was 4,135,000 thousand tenge (December 31, 2022: 2,321,711 thousand tenge).

8. INTANGIBLE ASSETS

In thousands of tenge	Subsoil use rights	Other	**Total**
Historical cost:			
As at December 31, 2021 (restated)	**46,710,041**	**695,356**	**47,405,397**
Additions	–	41,052	**41,052**
Impairment	–	(305)	**(305)**
Disposals	–	(2,635)	**(2,635)**
As at December 31, 2022 (restated)	**46,710,041**	**733,468**	**47,443,509**
Additions	–	6,285	**6,285**
Transfer from property, plant and equipment (Note 7)	–	48,140	**48,140**
Disposals	–	(267)	**(267)**
As at December 31, 2023	**46,710,041**	**787,626**	**47,497,667**
Accumulated amortisation:			
As at December 31, 2021 (restated)	–	**(367,720)**	**(367,720)**
Charge for year	–	(98,852)	**(98,852)**
Disposals	–	1,509	**1,509**
As at December 31, 2022 (restated)	–	**(465,063)**	**(465,063)**
Charge for year	–	(76,320)	**(76,320)**
As at December 31, 2023	–	**(541,383)**	**(541,383)**
Net book value:			
As at December 31, 2022	46,710,041	268,405	46,978,446
As at December 31, 2023	**46,710,041**	**246,243**	**46,956,284**

From total amortisation of intangible assets for 2023, amortisation in the amount of 19,214 thousand tenge is included in general and administrative expenses (2022: 19,100 thousand tenge) (Note 23).

Subsoil use rights are represented by recognised intangible assets acquired as a result of acquisition of ShalkiyaZinc LTD JSC and Severnyi Katpar LLP and consist of subsoil use rights for the fields of Shalkiya and Severny Katpar. As at December 31, 2023 and 2022 intangible assets of the Group were not pledged as collateral.

9. INVESTMENTS IN ASSOCIATES

In thousands of tenge	**December 31, 2023**		December 31, 2022* (restated)	
	Share	**Amount**	Share	Amount
Kazzinc LLP	**29.8221%**	**432,557,209**	29.8221%	491,845,662
Other		**1,130,023**		1,065,081
		433,687,232		**492,910,743**

Company	Primary activity	Country where the main activity is conducted and location	A description of the nature of the relationship between the Company and the organisation and whether it is strategically important to the Company	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 Company's Shareholder	Not quoted

Movements in investments in Kazzinc LLP are presented as follows:

In thousands of tenge	
As at January 1, 2021	**548,878,615**
Dividends received	(88,819,162)
Share in the profit of an associate	(6,527,955)
Reserve for recalculation of the reporting currency	38,314,164
As at December 31, 2022	**491,845,662**
Share in the loss of an associate	**(50,867,697)**
Reserve for recalculation of the reporting currency	**(8,420,756)**
As at December 31, 2023	**432,557,209**

Kazzinc LLP

In accordance with the decision of the Board of Directors of Kazzinc LLP (hereinafter – "Kazzinc") dated March 15, 2023, consideration of the distribution of Kazzinc's net income has been postponed.

In accordance with the decision of the general meeting of participants of Kazzinc LLP dated March 31, 2022, the procedure for the 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 year of 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 paid in cash.

Other

During 2023 the Group recognised share in the profit of other associates in the amount of 332,055 thousand tenge (2022: profit in the amount of 127,271 thousand tenge).

In 2023 the Group received dividends from an associates ALS Qazgeo-Chemistry LLP in the amount of 267,113 thousand tenge.

9. INVESTMENTS IN ASSOCIATES (CONTINUED)

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 of Kazzinc:

In thousands of tenge	**December 31, 2023**	December 31, 2022
Current assets	**834,858,064**	797,108,484
Non-current assets	**1,057,552,755**	1,383,099,221
Current liabilities	**(366,986,282)**	(312,897,850)
Non-current liabilities	**(74,965,953)**	(218,044,169)
Equity	**1,450,458,584**	**1,649,265,686**
Carrying value of investment in Kazzinc	**432,557,209**	**491,845,662**

In thousands of tenge	**2023**	2022
Revenue	**1,668,168,699**	1,632,250,551
Net loss	**(170,571,521)**	(21,889,291)
The Group's share in net loss for the year	**(50,867,697)**	**(6,527,955)**

10. INVENTORIES

Inventories include the following:

In thousands of tenge	**December 31, 2023**	December 31, 2022* (restated)
Work-in-progress	**16,067,964**	13,281,761
Raw materials and suppliers	**4,050,945**	4,202,976
Finished goods	**377,139**	1,580,948
Goods	**4,586**	4,481
Less: allowance on adjustment of inventories to net realisable value	**(324,638)**	(243,771)
	20,175,996	**18,826,395**
Non-current portion	**3,178,028**	3,573,670
Current portion	**16,997,968**	15,252,725
	20,175,996	**18,826,395**

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, 2023, long-term assets include inventories in the amount of 3,178,028 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, 2022: 3,573,670 thousand tenge).

The change in inventory reserve for the year ended 31 December 2023 and 2022 is as follows:

In thousands of tenge	**2023**	2022* (restated)
As at January 1	**243,771**	**251,678**
Recovered/(accrued)	**80,867**	(7,907)
As at December 31	**324,638**	**243,771**

11. INVESTMENT SECURITIES

In thousands of tenge	**December 31, 2023**	December 31, 2022* (restated)
Debt instruments – Bonds of First Heartland Jýsan Bank JSC	**11,746,761**	11,624,787
Interest receivable	**2,895**	2,867
Discount	**(6,742,462)**	(7,095,435)
Less: allowance for expected credit losses	**(70,292)**	(240,165)
	4,936,902	**4,292,054**

11. INVESTMENT SECURITIES (CONTINUED)

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. In connection with the acquisition of these bonds by the Group by the decision of the Shareholder at below-market rates in 2019, a new financial instrument was recognised at a market rate of 10.97%. As a result, in January 2019, a discount was recognised in the consolidated statement of changes in equity as part of retained earnings, net of deferred corporate income tax. Depreciation of the discount for 2023 amounted to 377,265 thousand tenge (2022: 340,748 thousand tenge).

12. OTHER NON-CURRENT ASSETS

In thousands of tenge	**December 31, 2023**	December 31, 2022*
Advances for non-current assets	**39,874,952**	29,263,844
Taxes recoverable, except corporate income tax	**9,337,622**	8,495,434
Prepaid expenses	**2,359,314**	3,476,847
Other non-current assets	**7,475**	6,681
Less: allowance for impairment	**(3,696,588)**	(2,697,787)
	47,882,775	**38,545,019**

As at December 31, 2023 advances for non-current assets represent advances to contractors for the purchase of turnkey complex works for the development of design estimates, infrastructure facilities, tailings and polymetallic ores of the Alaigyr deposit in the Karaganda region; and the supply of equipment, commissioning of facilities, engineering work and engineering and installation services for project management and technical supervision at the Shalkia mine.

As at December 31, 2023, deferred expenses include fees and commissions for loan provisioning received by the subsidiary. In addition to the lump sum amount of loan commitment fees paid 0.6% per annum is paid annually for the unused amount available under the credit line.

The movement in allowance for other non-current assets for the year ended 31 December 2023 and 2022 is as follows:

In thousands of tenge	**2023**	2022
As at January 1	**2,697,787**	**1,877,034**
Accrued	**998,801**	820,753
As at December 31	**3,696,588**	**2,697,787**

13. ACCOUNTS RECEIVABLE

In thousands of tenge	**Notes**	**December 31, 2023**	December 31, 2022* (restated)
Accounts receivable of the National Bank of the Republic of Kazakhstan (hereinafter – "NBRK")	29	**12,763,993**	8,460,917
Accounts receivable from third parties		**1,633,232**	1,584,889
Accounts receivable from related parties	29	**63**	37
Less: allowance for expected credit losses		**(274,878)**	(298,897)
		14,122,410	**9,746,946**

As at December 31, 2023, the accounts receivable of NBRK, an organisation under common control, in the amount of 12,763,993 thousand tenge for gold bars purchased from the Group (2022: 8,460,917 thousand tenge) (Notes 21 and 29). The Group did not accrue a provision for expected credit losses on these accocunts receivable since the payment period for the sale of this product does not exceed 30 days.

13. ACCOUNTS RECEIVABLE (CONTINUED)

The change in the allowance for expected credit losses for the year ended December 31, 2023 and 2022 is presented as follows:

In thousands of tenge	**2023**	2022* (restated)
As at January 1	**298,897**	**113,777**
(Reversed)/acrrued	**(24,019)**	185,120
As at December 31	**274,878**	**298,897**

14. LOAN ISSUED TO THE PARENT ORGANISATION

In thousands of tenge	Notes	**December 31, 2023**	December 31, 2022
Sovereign Wealth Fund Samruk-Kazyna JSC	29	**15,485,984**	16,567,011
Less: allowance for expected credit losses		**(33,547)**	(30,136)
		15,452,437	**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/(reversed)	**3,411**	(105,342)
As at December 31	**33,547**	**30,136**

In December 2022, the Group entered into an additional agreement to extend the term of financial aid issued to the Parent organisation in the amount of 18,442,396 thousand tenge until December 31, 2023. In 2022 the Group recognised the adjustment due to extension of the term of this financial aid 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 recorded amortization of discount on the loan issued to the Parent organisation in the amount of 1,728,341 thousand tenge in finance income.

On December 25, 2023 the Parent organisation fully repaid the loan and the Group recognised amortisation of 1,875,385 thousand tenge in finance income.

At the end of December 2023 the Parent organisation received temporary interest-free financial aid in the amount of 18,442,396 thousand tenge with a maturity date until December 31, 2024. In 2023, the Group recognised the adjustment to fair value through retained earnings as transactions with owners in the consolidated statement of changes in equity in the amount of 2,956,412 thousand tenge using a discount rate of 18.70%.

15. CASH AND CASH EQUIVALENTS

In thousands of tenge	**December 31, 2023**	December 31, 2022* (restated)
Short-term bank deposits in tenge with maturity less than 90 days	**20,887,965**	29,334,134
Receivables under reverse repurchase agreements with original maturity less than three months	**6,584,608**	–
Current bank accounts in tenge	**190,025**	1,094,254
Current bank accounts in US dollars	**3,877**	37,883
Current bank accounts in euro	**41**	6,899
Cash on hand	**11**	179
Less: allowance for expected credit losses	**(94,940)**	(207,778)
	27,571,587	**30,265,571**

15. CASH AND CASH EQUIVALENTS (CONTINUED)

Movement in the allowance for expected credit losses in cash and cash equivalents is presented as follows:

In thousands of tenge	**2023**	2022* (restated)
As at January 1	**207,778**	**378,367**
Reversed	**(112,838)**	(170,589)
As at December 31	**94,940**	**207,778**

During 2023 bank deposits were placed in banks of the Republic of Kazakhstan at rates from 14.25% to 15.50% per annum (2022: from 13.00% to 14.61% per annum).

As at December 31, 2023, the Group entered into reverse repurchase agreement with an annual interest rate of 15.6-15.7%, with a maturity of less than one week through a broker in the amount of 6,584,608 thousand tenge and includes accrued interest (2022: nil). For the year ended December 31, 2023 interest financial income on reverse repo transactions amounted to 240,044 thousand tenge (2022: nil). As at December 31, 2023 the subject of the agreements were common shares of the NBRK and the Ministry of Finance of the Republic of Kazakhstan. The carrying amount of receivables under reverse repurchase agreements approximates their fair value.

As at December 31, 2023 and 2022 cash and cash equivalents were not pledged as collateral.

16. OTHER CURRENT ASSETS

In thousands of tenge	**December 31, 2023**	December 31, 2022 (restated)
VAT recoverable	**319,744**	236,536
Advances issued	**89,061**	146,373
Loans issued to companies under trust management	**75,879**	21,092
Prepaid expenses	**74,158**	113,123
Prepayment for other taxes	**48,418**	81,089
Other current assets	**87,399**	80,939
	694,659	**679,152**

As at 31 December 2023, advances issued include amounts issued to related parties in the amount of 831 thousand tenge (2022: 959 thousand tenge) (Note 29).

17. EQUITY

Share capital

In thousands of tenge	**Ordinary shares**	
	Quantity	Amount
As at December 31, 2021 and 2022	292,887	252,874,907
Shares issuance	1,000	6,446,920
As at December 31, 2023	**293,887**	**259,321,827**

The Company's share capital comprises of ordinary shares. Each ordinary share gives a right for one vote.

Shares issuance

In accordance with the Decision of the correspondence meeting of the Fund's Board of Directors dated August 29, 2023, on September 12, 2023 the Fund issued 100 shares with a par value of 64,469.200 tenge for a total amount of 6,446,920 thousand tenge, which were paid by the Fund by transferring the shares to Qazgeology in accordance with the Resolution of the Government of the RK. Qazgeology shares were transferred to the Company's share capital.

On September 15, 2023, the Fund made a contribution in the form of 100% common shares of Qazgeology with the value of 6,446,920 thousand tenge as payment for the Company's outstanding shares (Note 6).

17. EQUITY (CONTINUED)

Other components of equity

Other components of equity represent in the consolidated statement of changes in equity a reserve for the translation of the functional currency of the financial statements of the associated organization Kazzinc LLP in the currency of presentation of the consolidated financial statements of the Group.

Dividends

There were no net profit distributions or dividend payments in 2023.

In accordance with the decision of the Management Board of the Sole Shareholder of the Company dated May 13, 2022, dividends in the total amount of 88,819,162 thousand tenge were declared and paid based on the results of 2021, from accumulated income in the amount of previous years.

In 2022 Qazgeology declared and paid dividends to the Ministry of Ecology, Geology and Natural Resources of the Republic of Kazakhstan in the amount of 168,020 thousand tenge based on the results for 2021.

Non-controlling interest

In thousands of tenge	**2023**	2022
As at January 1	**32,274**	**34,709**
Total comprehensive loss for the period attributable to non-controlling interest	**1,197**	(2,435)
As at December 31	**33,471**	**32,274**

18. ACCOUNTS PAYABLE AND CONTRACT LIABILITIES

In thousands of tenge	Note	**December 31, 2023**	December 31, 2022* (restated)
Accounts payable to third parties		**19,881,727**	9,728,992
Accounts payable for the acquisition of subsidiary		**5,296,178**	5,502,399
Advances received from third parties		**937,341**	75,929
Accounts payable to related parties	29	**18,856**	17,170
		26,134,102	**15,324,490**
Non-current portion:			
Accounts payable for acquisition of subsidiary		–	5,502,399
Accounts payable		**809,637**	637,605
		809,637	**6,140,004**
Current portion:			
Contract liabilities		**937,341**	75,929
Accounts payable for acquisition of subsidiary		**5,296,178**	–
Accounts payable		**19,090,946**	9,108,557
		25,324,465	**9,184,486**
		26,134,102	**15,324,490**

Accounts payable to third parties as at December 31, 2023 are mainly represented by accounts payable for gold-containing raw materials in the amount of 17,865,803 thousand tenge (December 31, 2022: 7,582,893 thousand tenge for gold-containing raw materials).

As at December 31, 2023 and 2022, accounts payable for acquisition of subsidiary are represented by payables to Investment Fund of Kazakhstan JSC, an entity under common control, for the acquisition of 100% of the share in the share capital of Silicon Kazakhstan LLP, which in 2016 transferred assets and liabilities to Tau-Ken LLP Temir.

19. LOANS RECEIVED

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

In thousands of tenge	Repayment date	Currency	Rate, %	**December 31, 2023**	December 31, 2022
European Bank for Reconstruction and Development	December 20, 2032	US dollar	SOFR 6m + 2.5%	**46,001,927**	31,214,943
Halyk Bank of Kazakhstan JSC	March 16, 2029	US dollar	5.5%	**20,992,561**	21,366,175
Less: the amortised amount of the commission for received a loan				**(222,680)**	(262,213)
				66,771,808	**52,318,905**
Non-current portion				**45,869,370**	31,137,786
Current portion				**20,902,438**	21,181,119
				66,771,808	**52,318,905**

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

In September 2021, the Group updated the terms of a credit line from the EBRD in the amount of 175,000 thousand US dollars at the LIBOR rate plus 2.5% per annum (starting June 30, 2023, the transition to an alternative rate SOFR+ is envisaged) and repayment of principal in equal semi-annual installments from 2025 to 2032 and interest equal semi-annual payments from December 2021 to December 2032.

In 2023, the Group received tranches in the amount of 35,424 thousand US dollars, which is equivalent to 16,745,062 thousand tenge (2022: two tranches in total amount of 52,255 thousand US dollars, which is equivalent to 24,565,579 thousand tenge).

During 2023 the Group paid interest 2,856,424 thousand tenge (2022: 580,171 thousand tenge).

As collaterel for the loan agreement, the Group pledged the following assets and documents to EBRD for a period in corresponding to the term of the loan agreement:

- a guarantee for the full amount of the loan from the Fund;
- the right to claim funds for all cash accounts of the subsidiary of ShalkiyaZinc LTD JSC;
- long-term deposit in the amount of 2,865 thousand US dollars or equivalent in tenge in the amount of 1,302,201 thousand tenge).

In accordance with the terms of the agreement, the Group is required to maintain covenants throughout the term of the agreement. During the 12 months ended December 31, 2023, the Group failed to comply with the following covenants:

- #1 conclusion of the Contract for construction of the mining and processing plant,
- #2 conclusion of the Contract for the construction of a tailings storage facility,
- #3 conclusion of the Contract for construction of the surface complex with infrastructure
- #4 conclusion of the Contract for the supply of mining equipment.

However, on December 20, 2023, the Group received a waiver from the EBRD re covenant #1 until March 31, 2024 and re covenants #2, #3 and #4 until June 30, 2024.

Loan from Halyk Bank of Kazakhstan JSC

In March 2022, the Group entered into a loan agreement with Halyk Bank of Kazakhstan JSC for a total amount of 56,000 thousand US dollars. In accordance with 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 commision is part of the effective interest rate and is to be amortized over the term of the loan agreement, which will be recognized in interest expense in the consolidated statement of profit or loss and other comprehensive income in subsequent periods. The Group pays interest on the loan agreement once a month.

19. LOANS RECEIVED (CONTINUED)

Loan from Halyk Bank of Kazakhstan JSC (continued)

In 2022, the Group received tranches totaling 46,161 thousand US dollars, equivalent to 21,896,914 thousand tenge under this credit line. Upon receipt of the loan, a loan modification fee in the amount of 560 thousand US dollars, equivalent to 276,730 thousand tenge, was paid to the bank. As a result, 45,601 thousand US dollars equivalent to 21,620,184 thousand tenge was actually received as a loan.

In accordance with the terms of the agreement, the Group is required to maintain covenants throughout the term of the agreement. During the 12 months ended December 31, 2023, the Group failed to comply with the following covenants:

- #1 maintain the share of borrowed funds in the project financed under the contract in the amount not exceeding 43%, at the same time, in case of project cost increase, to carry out additional financing at the expense of the Borrower's own funds;

- #2 by December 31, 2023, confirm the attraction of funds to the Group in the amount necessary to complete the project financed under the contract.

However, on December 29, 2023, the Group received a confirmation letter from Halyk Bank of Kazakhstan JSC that there was no breach of the above covenants. In addition, on January 26, 2024, the Group received a letter from Halyk Bank of Kazakhstan JSC to postpone the covenants until July 1, 2024.

As a collateral for the loan agreement, the Group pledged to Halyk Bank of Kazakhstan JSC the subsoil use right under Contract #4187 for polymetallic ore mining in Karaganda region at Alaigyr deposit for a term corresponding to the term of the loan agreement.

During 2023 the Group paid interest expense in the amount of 1,180,325 thousand tenge (2022: 862,762 thousand tenge).

Loan from Eurasian Development Bank (hereinafter – "EADB")

During 2022, the Group refinanced and repaid in full the principal amount of the loan in the amount of 1,783,545 thousand tenge and paid interest in the amount of 34,680 thousand tenge from a credit line of Halyk Bank of Kazakhstan JSC. All relevant agreements with the EADB have been terminated, including the pledge agreements.

Loan from Kazzinc LLP

In 2022 the loan from Kazzinc LLP was repaid by the Group in full from the funds received from JV Alaigyr LLP as part of the reimbursement of the costs of the internal loan and consists of the principal amount of the loan in the amount of 13,093,726 thousand tenge and interest expenses in the amount of 314,309 thousand tenge.

20. OTHER LIABILITIES

In thousands of tenge	**December 31, 2023**	December 31, 2022* (restated)
Due to employees	**539,845**	494,104
Subsoil contract obligations	**153,536**	112,149
Taxes payable, other than corporate income tax	**123,221**	166,030
Other current liabilities	**144,372**	183,203
Total other current liabilities	**960,974**	**955,486**
Reserve for field restoration	**544,400**	292,623
Total non-current other liabilities	**544,400**	**292,623**
	1,505,374	**1,248,109**

21. REVENUE FROM CONTRACTS WITH CUSTOMERS

In thousands of tenge	2023	2022* (restated)
Sale of gold	**812,527,153**	943,457,932
Sale of silver	**3,033,603**	1,206,179
Drilling works	**209,704**	1,202,759
Refining services	**96,117**	74,294
Geophysical research	**31,971**	123,152
Geological support	**22,745**	485,181
Sale of silicon	**16,849**	20,064
Other	**34,837**	–
	815,972,979	**946,569,561**

The Group mainly sells its finished products in the form of gold bullions with gold content of 99.99% to the one buyer only, the National Bank of the Republic of Kazakhstan, a related party, entity under common control (Note 29). During 2023 the Group sold gold bullions with total weight 28,333 killogram (2022: 35,398 kilogram).

22. COST OF GOOD SOLD

In thousands of tenge	Note	2023	2022* (restated)
Raw materials and supplies		**809,699,650**	939,469,811
Payroll and related taxes		**949,561**	1,280,426
Depreciation of property, plant and equipment	7	**397,067**	410,449
Subcontracting works on performance of a set of evaluation works		**81,744**	655,966
Electricity		**56,576**	48,289
Rent expense		**49,883**	110,749
Other		**503,575**	471,712
Change in finished goods		**1,203,809**	(1,186,468)
		812,941,865	**941,260,934**

Raw materials and supplies mainly consist of gold ore, non-ferrous scrap purchased from third parties for processing.

23. GENERAL AND ADMINISTRATIVE EXPENSES

In thousands of tenge	Note	2023	2022* (restated)
Payroll and related taxes		**2,364,075**	2,387,177
Professional and consulting services		**458,593**	233,648
Utilities		**180,300**	102,467
Provisions for legal claims		**172,854**	18,200
Rent expenses		**166,439**	139,522
Taxes other than corporate income tax		**119,320**	209,975
Business trip expenses		**105,865**	96,659
Depreciation and amortisation	7, 8	**101,059**	135,980
Other services		**80,310**	209,143
Communication services		**18,494**	19,630
Representation expenses		**8,231**	3,123
Other		**312,529**	205,400
		4,088,069	**3,760,924**

24. FINANCE INCOME

In thousands of tenge	Note	2023	2022* (restated)
Interest income from bank deposits		**3,695,814**	3,646,282
Amortisation of the discount of the loan issued to the parent company at below-market rates	14	**1,875,385**	1,728,341
Interest income from investment securities, including amortisation of the discount		**488,839**	340,141
Other finance income		**57,118**	98,372
		6,117,156	**5,813,136**

25. ACCRUAL OF LOSS ON IMPAIRMENT OF NON-FINANCIAL ASSETS

In thousands of tenge	Note	**2023**	2022
Accrual of loss on impairment of VAT receivable		**(1,039,935)**	(820,753)
Recovery of loss on impairment of other non-financial assets		**11,661**	–
Accrual of loss on impairment of property, plant and equipment and intangible assets	7, 8	–	(13,296,000)
		(1,028,274)	**(14,116,753)**

26. CORPORATE INCOME TAX

In 2023 and 2022 the income of the Company and its subsidiaries was subject to corporate income tax (hereinafter – "CIT") 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	**2023**	2022* (restated)
Current CIT expenses	**(482,752)**	(379,847)
Deferred CIT expenses	**(313,428)**	(534,103)
Adjustment of the CIT of prior periods	**(97,630)**	(302,885)
Corporate income tax expense	**(893,810)**	**(1,216,835)**

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, 2023 and 2022 is presented below:

In thousands of tenge	**2023**	2022* (restated)
Loss before taxation	**(46,378,040)**	**(15,726,043)**
Statutory tax rate	20%	20%
Corporate income tax expense at the statutory rate	**(9,275,608)**	**(3,145,209)**
Change in unrecognised deferred tax assets	**(1,809,131)**	2,380,187
Share in loss of an associates	**10,107,128**	1,280,137
Adjustments of current CIT	**(97,630)**	(302,885)
Change in the assesment and recognition of deferred tax assets and liabilities	**2,019,170**	751,135
Other	**(50,119)**	253,470
Corporate income tax expense	**893,810**	**1,216,835**

26. 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, 2023	Changes recognised in the consolidated statement of profit or loss and other comprehensive income	December 31, 2022	Changes recognised in the consolidated statement of profit or loss and other comprehensive income	December 31, 2021
Deferred corporate income tax assets					
Tax loss carried forward	**8,842,364**	**830,449**	8,011,915	780,483	7,231,432
Discount on recognition of investment securities	**1,348,492**	**(70,595)**	1,419,087	(63,656)	1,482,743
Accrued provision for litigation	**923,013**	**3,640**	919,373	53,780	865,593
Allowance for impairment of non-financial assets	**173,808**	**(3,064,282)**	3,238,090	1,526,375	1,711,715
Allowance for expected credit losses	**94,731**	**(60,664)**	155,395	25,573	129,822
Allowance for doubtful debts	**739,318**	**598,675**	140,643	–	140,643
Other	**273,679**	**(95,877)**	369,556	18,876	350,680
	12,395,405	**(1,858,654)**	**14,254,059**	**2,341,431**	**11,912,628**
Less: unrecognised deferred income tax assets	**(10,733,596)**	**1,809,131**	(12,542,727)	(2,380,187)	(10,162,540)
Net deferred corporate income tax assets	**1,661,809**	**(49,523)**	**1,711,332**	**(38,756)**	**1,750,088**
Deferred corporate income tax liabilities					
Property, plant and equipment	**(5,438,400)**	**(1,289,282)**	(4,149,118)	1,881,231	(6,030,349)
Intangible assets	**(5,929,904)**	**1,023,280**	(6,953,184)	(2,399,247)	(4,553,937)
Other liabilities	**(9)**	**2,097**	(2,106)	22,669	(24,775)
Deferred corporate income tax liabilities	**(11,368,313)**	**(263,905)**	**(11,104,408)**	**(495,347)**	**(10,609,061)**
Net deferred corporate income tax liabilities	**(9,706,504)**	**(313,428)**	**(9,393,076)**	**(534,103)**	**(8,858,973)**

26. CORPORATE INCOME TAX (CONTINUED)

Reconciliation of deferred income tax liabilities, net:

In thousands of tenge	**2023**	2022
As at January 1	**9,393,076**	8,858,973
Corporate Income tax expense recognised in profit or loss for the period	**313,428**	534,103
As at December 31	**9,706,504**	**9,393,076**

Deferred corporate income tax liability related to assessment of intangible assets represents deferred income tax acquired within business combination of ShalkiyaZinc LTD JSC, Masalskyi GOK LLP and Severnyi Katpar LLP.

As at December 31, 2023 unrecognised deferred corporate income tax assets in the amount of 10,733,596 thousand tenge (as at December 31, 2022: 12,542,727 thousand tenge) and were mainly attributed to the tax loss carried forward and impairment of non-financial assets. These losses can be utilized within 10 years. In view of the uncertainty surrounding the probability of future taxable gains against which these losses can be applied, an appropriate provision has been made for the impairment of the asset under deferred corporate income tax.

27. CONTRACTUAL 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.

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 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.

27. CONTRACTUAL AND CONTINGENT LIABILITIES (CONTINUED)

Taxation (continued)

Due to the uncertainty inherent in the Kazakh taxation system, the potential amount of taxes, penalties and penalties may exceed the amount charged to the expenses at present time and accrued as at December 31, 2023 and 2022. 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 December 31, 2023 and 2022, its interpretation of the applicable legislation is appropriate and it is likely that the Group's position on taxes will be supported.

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.

Provision for litigations

In 2021, the Group recognized a liability of 9,773,423 US dollars (equivalent to 4,327,966 thousand tenge) in respect of legal proceedings of its subsidiary Masalsky GOK LLP. For the year ended 31 December, 2023 the Group recognized foreign exchange gain on litigation in the amount of 154,259 thousand tenge (2022: foreign exchange loss on litigation in the amount of 268,900 thousand tenge).

Claim from RSI “Internal State Audit Department for Astana”

In September 2022, the Group, represented by Corporate Secretary Edil Aida, filed an appeal to the Agency of the Republic of Kazakhstan for Combating Corruption for abuse of office in the accrual and payment of bonus and bonus payments to members of the Management Board of the Group in the amount of 172,456 thousand tenge. Subsequently, this appeal was sent to the State Institution “Committee of Internal State Audit of the Ministry of Finance of the Republic of Kazakhstan” (hereinafter – the “Committee”) for an audit.

In October 2022, the Committee redirected the Agency's appeal and instruction to the RSI “Department of Internal State Audit for the City of Astana” (hereinafter – “Department”). In turn, the Department conducted an audit of the Group for compliance with the norms of the legislation of the Republic of Kazakhstan when paying salaries to members of the Management Board of the Group. According to the results of the audit, violations were found in the amount of 172,456 thousand tenge. According to the decision of the specialized interdistrict Economic Court of Astana on September 12, 2023, the Group is obliged to comply with the Department’s order by reimbursing the amount of financial violations in the amount of 172,456 thousand tenge to the republican budget. The Group has recognized expenses on lawsuits in the total amount of 172,456 thousand tenge.

Legal issues

The Group assesses the probability of material obligations arising under specific circumstances and recognises 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 Group. Therefore, no provision has been recognised in these consolidated financial statements.

27. CONTRACTUAL AND CONTINGENT LIABILITIES (CONTINUED)

Insurance

The insurance industry in Kazakhstan is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available in Kazakhstan. However, the Group has insurance coverage for its exploration activities and third party liability in accordance with generally accepted principles in the mining industry. Management believes that as at December 31, 2023 and 2022 the Group's insurance program is in compliance with the main provisions of the Subsoil Use Contracts.

Trust management

The Ministry of Finance of the Republic of Kazakhstan in 2022 entered into an agreement with the Sole Shareholder of the Company to transfer the state property in the form of 100% interest in the authorized capital of Topaz-NS LLP, Akmolit LLP and Markhit LLP into trust management without the right of subsequent redemption until its transfer as payment for the outstanding shares of the Fund.

In August 2022, the Fund entered into an agreement on trust management of state property with the Company with a term until the Founder's decision to transfer the objects as a payment to the authorized capital of the trust manager or until the refusal to execute the provided agreement.

27. CONTRACTUAL AND CONTINGENT LIABILITIES (CONTINUED)

Obligations under subsoil use contracts and exploration licenses

As at December 31, 2023 the Group has the following obligations under long-term working programs of subsoil use contracts in regard to every deposit:

	Fulfillment of obligations for 2023	Obligations under the long-term work program			
		2023	2024-2026	2027-2037	2038-2047
Shalkiya deposit	26,334,696	24,938,681	252,400,939	819,879,464	1,222,825,491
Alaigyr deposit	1,569,675	10,781,762	99,848,907	484,050,676	–
North Katpar field	444,372	970,129	49,286,853	25,944,185	–
Verkhneye Kayrakty deposit	269,295	–	–	–	–
The Aktas field	116,826	707,528	2,116,799	4,912,206	–
Valerianov field-32 (License No.574-EL dated February 21, 2020) Fortescue	3,082	138,956	337,697	–	–
Valerianov field-7 (License No.558-EL dated February 21, 2020) Fortescue	2,818	–	–	–	–
Valerianov field-8 (License No.559-EL dated February 21, 2020) Fortescue	2,818	–	–	–	–
Valerianov field-25 (License No.555-EL dated February 19, 2020) Fortescue	2,697	122,519	296,476	–	–
Valerian field-9 (License No. 607-EL dated March 17, 2020) Fortescue	2,644	–	–	–	–
Valerianov field-5 (License No. 608-EL dated March 17, 2020.) Fortescue	2,562	–	–	–	–
Valerianov field-11 (License No.553-EL dated February 19, 2020) Fortescue	2,437	–	–	–	–
Valerianov field-6 (under License No. 627-EL dated April 27, 2020) Fortescue	2,383	–	–	–	–
Zhezdy field-3 (License No.583-EL dated February 21, 2020) Fortescue	2,358	107,610	261,523	–	–
Zhezdy field-1 (License No.582-EL dated February 21, 2020) Fortescue	2,296	104,942	255,040	–	–
Valerianov field-4 (License No.609-EL dated March 17, 2020) Fortescue	2,208	–	–	–	–
Valerianov field-2 (License No.552-EL dated February 19, 2020) Fortescue	2,113	–	–	–	–
Zhezdy field-2 under License No. 641-EL dated June 01, 2020 Fortescue	1,452	69,487	212,316	–	–
Valerianov field-1 (License No. 605-EL dated March 17, 20 year) Fortescue	1,131	–	–	–	–
Zhezdy field-4 under License No. 661-EL dated June 23, 2020 Fortescue	833	–	–	–	–
Samombet field- under License No.658-EL dated June 18, 2020 Alaigyr	879	–	45,511	–	–
Samombet field under License No.658-EL dated June 18, 2020 Tau-Ken Samruk	207	14,644	–	–	–
ZTMO field under License No.669-EL dated June 27, 2020 Eurasian minerals trade LLP	136	–	–	–	–
Berkara field under License No.657-EL dated June 18, 2020 Alaigyr	165	–	–	–	–
Berkara field under License No.657-EL dated June 18, 2020 Tau-Ken Samruk	39	7,420	21,809	–	–
Corgantas site	–	304,604	36,048	–	–
Akbulak site	–	15,446,002	4,061,214	–	–
Argo Square	–	263,626	404,445	–	–
Deposit on the Beshokinskaya square	–	649,262	354,652	–	–
	28,770,122	**54,627,172**	**409,940,229**	**1,334,786,531**	**1,222,825,491**

27. CONTRACTUAL AND CONTINGENT LIABILITIES (CONTINUED)

Obligations under subsoil use contracts and exploration licenses (continued)

The financial obligations under the Subsoil Use Contracts in 2023 and 2022 were not fully fulfilled, as indicated in the tables above. The Group's activities are subject to inspections by government agencies regarding compliance with the requirements of subsurface use contracts. Management cooperates with government agencies to coordinate corrective measures necessary to resolve issues identified during such inspections. Failure to comply with the provisions contained in subsurface use contracts may result in fines, penalties, restriction, suspension or revocation of the relevant contract. The Group's management believes that any issues related to non-compliance with the terms of the contracts will be resolved through negotiations or corrective measures and will not have a significant impact on the consolidated financial statements of the Group.

Guarantee issued by the NBRK

On December 31, 2019, a subsidiary of Tau-Ken Altyn LLP entered into a guarantee agreement with the Fund, according to which the Fund, in order to secure obligations arising under the prepayment of future gold supplies, provided a guarantee in the amount of no more than 11 billion tenge in favor of the NBRK. The warranty period expired on June 30, 2023. As at December 31, 2023, Tau-Ken Altyn LLP has no guarantee and collateral obligations.

Investment contracts

As at December 31, 2023 and December 31, 2022 the Group has no investment agreements, with the exception of subsoil licenses mentioned above.

28. 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 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. Management believes the influence of interest rate risk on the Group is not significant.

28. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

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
December 31, 2023						
Accounts payable	–	18,923,159	167,787	809,637	–	**19,900,583**
Loans received	–	–	30,700,904	36,503,943	28,413,418	**95,618,265**
Accounts payable for acquisition of subsidiary	–	–	5,686,900	–	–	**5,686,900**
Lease liabilities	–	23,175	69,523	370,790	–	**463,488**
	–	**18,946,334**	**36,625,114**	**37,684,370**	**28,413,418**	**121,669,236**

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
December 31, 2022* (restated)						
Accounts payable	–	8,522,535	257,761	965,866	–	**9,746,162**
Loans received	–	–	27,476,782	9,577,983	40,715,769	**77,770,534**
Accounts payable for acquisition of subsidiary	–	–	614,800	5,686,900	–	**6,301,700**
Lease liabilities	–	26,335	79,006	–	–	**105,341**
	–	**8,548,870**	**28,428,349**	**16,230,749**	**40,715,769**	**93,923,737**

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 investment activities, the Group mainly places deposits in Kazakhstani banks with a rating from A+/stable to BBB-/stable (according to the rating of "Standard & Poor's').

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.

28. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Currency risk (continued)

The carrying amount of the Group's assets and liabilities denominated in foreign currencies as at December 31, 2023 and 2022 is as follows:

In thousands of tenge	Liabilities		Assets	
	December 31, 2023	December 31, 2022	**December 31, 2023**	December 31, 2023
US dollar	**(67,560,380)**	(52,930,493)	**1,306,078**	1,250,772
Euro	**–**	–	**41**	10,558
Russian ruble	**–**	(659)	**10**	1,009
	(67,560,380)	**(52,931,152)**	**1,306,129**	**1,262,339**

The table below represents detailed information of the possible impact of increase and decrease in exchange rate of tenge by 12.95%–28.54% for 2023 and 18%–22.05% for 2022 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			
	2023	2022	Liabilities			Assets
			2023	2022	**2023**	2022
US dollar	14.15%	21%	**(9,559,794)**	(11,115,404)	**184,810**	262,662
Euro	12.95%	18%	**–**	–	**5**	1,900
Russian ruble	28.54%	22.05%	**–**	(145)	**3**	222
			(9,559,794)	**(11,115,549)**	**184,818**	**264,784**

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. The market price of gold is a key factor determining the Group's ability to generate cash flows, and the risk of changes in the price of gold has an impact on the financial result of the Group.

The weighted average value of gold for 2023 was 1,943 US dollars (2022: 1,801 US dollars). The projected value of gold for 2024 is 2,059 US dollars.

The weighted average value of silver for 2023 was 23.38 US dollars (2022: 21.75 US dollars). The projected value of silver for 2024 is 24.8 US dollars.

28. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (continued)

The table below provides detailed data on the possible impact of an increase or decrease in the weighted average value of gold and silver by +/-1% for 2023 and 2022 on finished products and work in progress reflected in inventories (Note 10):

In thousands of tenge	2023		2022	
	Weighted average value + 1%	**Weighted average value -1%**	Weighted average value + 1%	Weighted average value -1%
Inventories	**140,180**	**(140,180)**	124,481	(124,481)
	140,180	**(140,180)**	**124,481**	**(124,481)**

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, 2023 and 2022 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.

Procedures estimating the fair value

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, 2023 and December 31, 2022 as follows:

In thousands of tenge	Fair value estimation of as at December 31, 2023				
	Date of measurement	Level 1	Level 2	Level 3	**Total**
Financial assets					
Assets for which fair values are disclosed					
Cash and cash equivalents	31.12.2023	27,571,587	–	–	**27,571,587**
Restricted cash	31.12.2023	–	4,757,750	–	**4,757,750**
Financial assets, accounted for at amortised cost					
Accounts receivable	31.12.2023	–	14,122,410	–	**14,122,410**
Loan issued to the parent organisation	31.12.2023	–	15,452,437	–	**15,452,437**
Investment securities	31.12.2023	–	4,936,902	–	**4,936,902**
Total fair value		**27,571,587**	**39,269,499**	–	**66,841,086**
Liabilities, which fair values are disclosed					
Accounts payable	31.12.2023	–	19,900,583	–	**19,900,583**
Loans received	31.12.2023	–	66,771,808	–	**66,771,808**
Lease liabilities	31.12.2023	–	304,505	–	**304,505**
Accounts payable for acquisition of subsidiary	31.12.2023	–	5,296,178	–	**5,296,178**
Total fair value		–	**92,273,074**	–	**92,273,074**

28. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Procedures estimating the fair value (continued)

In thousands of tenge	Fair value estimation of as at December 31, 2022				
	Date of measurement	Level 1	Level 2	Level 3	**Total**
Financial assets					
Assets for which fair values are disclosed					
Cash and cash equivalents	31.12.2022	30,265,571	–	–	**30,265,571**
Restricted cash	31.12.2022	–	4,553,108	–	**4,553,108**
Financial assets, accounted for at amortised cost					
Accounts receivable	31.12.2022	–	9,746,946	–	**9,746,946**
Loan issued to the parent organization	31.12.2022	–	16,536,875	–	**16,536,875**
Investment securities	31.12.2022	–	4,292,054	–	**4,292,054**
Total fair value		**30,265,571**	**35,128,983**	–	**65,394,554**
Liabilities, which fair values are disclosed					
Accounts payable	31.12.2022	–	9,746,162	–	**9,746,162**
Loans received	31.12.2022	–	52,318,905	–	**52,318,905**
Lease liabilities	31.12.2022	–	146,217	–	**146,217**
Accounts payable for acquisition of subsidiary	31.12.2022	–	5,502,399	–	**5,502,399**
Total fair value		**–**	**67,713,683**	**–**	**67,713,683**

During the years ended 31 December 2023 and 2022, 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 the Fund. 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, the Fund 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, 2023**	December 31, 2022*(restated)
Interest-bearing loans and borrowings	**66,771,808**	52,318,905
Equity	**612,577,067**	671,226,085
Debt to equity coefficient	**0.11**	**0.08**

29. RELATED PARTY TRANSACTIONS

Related parties include the entities under common control of the Fund and/or the Government, as well as entities in which the Fund 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.

28. RELATED PARTY TRANSACTIONS (CONTINUED)

As at December 31, 2023 and 2022 related party transactions were presented as follows:

Accounts receivable

In thousands of tenge	Notes	**December 31, 2023**	December 31, 2022
Entities under common control of the Fund:			–
Samruk Kazyna Business Service LLP		**63**	37
Entities related with the Government of the Republic of Kazakhstan:			
National Bank of the Republic of Kazakhstan		**12,763,993**	8,460,917
	13	**12,764,056**	**8,460,954**

Cash and cash equivalents

In thousands of tenge	**December 31, 2023**	December 31, 2022
Entities related with the Fund:		
Kazpost JSC	**6,850,597**	13,014,005
	6,850,597	**13,014,005**

Loan issued to parent organisation

In thousands of tenge	Notes	**December 31, 2023**	December 31, 2022
Sovereign Wealth Fund Samruk-Kazyna JSC		**15,485,984**	16,567,011
	14	**15,485,984**	16,567,011

Advances paid

In thousands of tenge	**December 31, 2023**	December 31, 2022
Entities under common control of the Fund:		
Air Astana JSC	**684**	603
Kazakhstan Temir Zholy JSC	**99**	107
Kazpost JSC	**48**	249
	831	**959**

Accounts payable and contract liabilities

In thousands of tenge	Notes	**December 31, 2023**	December 31, 2022
Entities under common control of the Fund:			
Samruk Kazyna Business Service LLP		**9,338**	8,524
Kazpost JSC		**7,049**	6,013
Kazakhtelecom JSC		**1,655**	2,192
KEGOC JSC		**536**	440
Samruk Kazyna Contract JSC		**278**	1
	18	**18,856**	**17,170**

28. RELATED PARTY TRANSACTIONS (CONTINUED)

Purchases of goods and services

In thousands of tenge	**2023**	2022
Entities under common control of the Fund:		
Samruk-Kazyna Business Service LLP	**102,253**	99,246
S-K Construction JSC	**94,855**	94,856
Kazpost JSC	**40,924**	45,630
Samruk-Kazyna Contract JSC	**40,119**	47,425
NAC Kazatomprom JSC	**22,830**	–
Kazakhtelecom JSC	**18,027**	17,735
KEGOC JSC	**4,788**	4,719
Air Astana JSC	**2,982**	1,848
Kazakhstan Temir Zholy JSC	**7**	27
Kazakhstan Temir ZholySamruk-Kazyna Invest JSC	**–**	18
Associates of the Group:		
Kazzinc LLP	**–**	556
	326,785	**312,060**

Sales to related parties

In thousands of tenge	**2023**	2022
Entities related with the Government of the Republic of Kazakhstan:		
National Bank of the Republic of Kazakhstan	**812,851,590**	943,324,468
Entities related with Samruk-Kazyna:		
Samruk-Kazyna Business Service LLP	**393**	984
Associates of the Group:		
Kazzinc LLP	–	1,114,937
	812,851,983	**944,440,389**

Compensation to key management personnel

The key management personnel as at December 31, 2023 consists of 8 people (as at December 31, 2022: 10 people). For the year ended December 31, 2023, the total compensation of key management personnel included in general and administrative expenses in the consolidated statement of profit or loss amounted to 163,454 thousand tenge (for the year ended December 31, 2022: 157,772 thousand tenge).

29. EVENTS AFTER THE REPORTING DATE

Postponement of the execution of covenants

On January 26, 2024, the Group agreed with Halyk Bank of Kazakhstan JSC to postpone the execution of special conditions in force under the provision of a credit line until July 1, 2024.

The Group also paid a commission in the amount of 5,000 thousand tenge for changing the terms of financing.

30. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the Group were approved for release by the Group's management on February 28, 2024.