

**Tau-Ken Samruk**

NATIONAL MINING COMPANY

2021

ANNUAL REPORT

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# PREPARATION OF THE ANNUAL REPORT

(GRI 102-45, 102-46, 102-48, 102-50, 102-52)

This Annual Report is a comprehensive overview of the activities of JSC NMC Tau-Ken Samruk, including a sustainability report.

The Company publishes a sustainability report on an annual basis, there were no changes in the boundaries in terms of sustainable development compared to the reporting for 2020. The report includes indicators for the JSC NMC Tau-Ken Samruk Group.

JSC NMC Tau-Ken Samruk adheres to the principles of information openness and transparency. We strive to follow high standards of corporate governance, disclosing information about the results of our performance to all stakeholders. The annual report for 2021 reflects the operational and financial performance of the company, strategy, mission, goals, values and plans. The purpose of preparing the annual report is to inform, strengthen trust between the company and stakeholders to increase the investment attractiveness of the company. When disclosing information, we have tried to adhere to the following principles:

## 01 RELIABILITY

providing information to the stakeholders without distorting the facts known to the company;

## 02 COMPLETENESS

providing information relevant to reality and sufficient for understanding by stakeholders;

## 03 REGULARITY

providing constant and systematic information about the company to the stakeholders in accordance with the deadlines set by the current legislation and internal acts;

## 04 ACCESSIBILITY

the use by the company of ways to disseminate information about the company, involving the free receipt of information in a non-burdensome and least expensive form;

## 05 EQUALITY

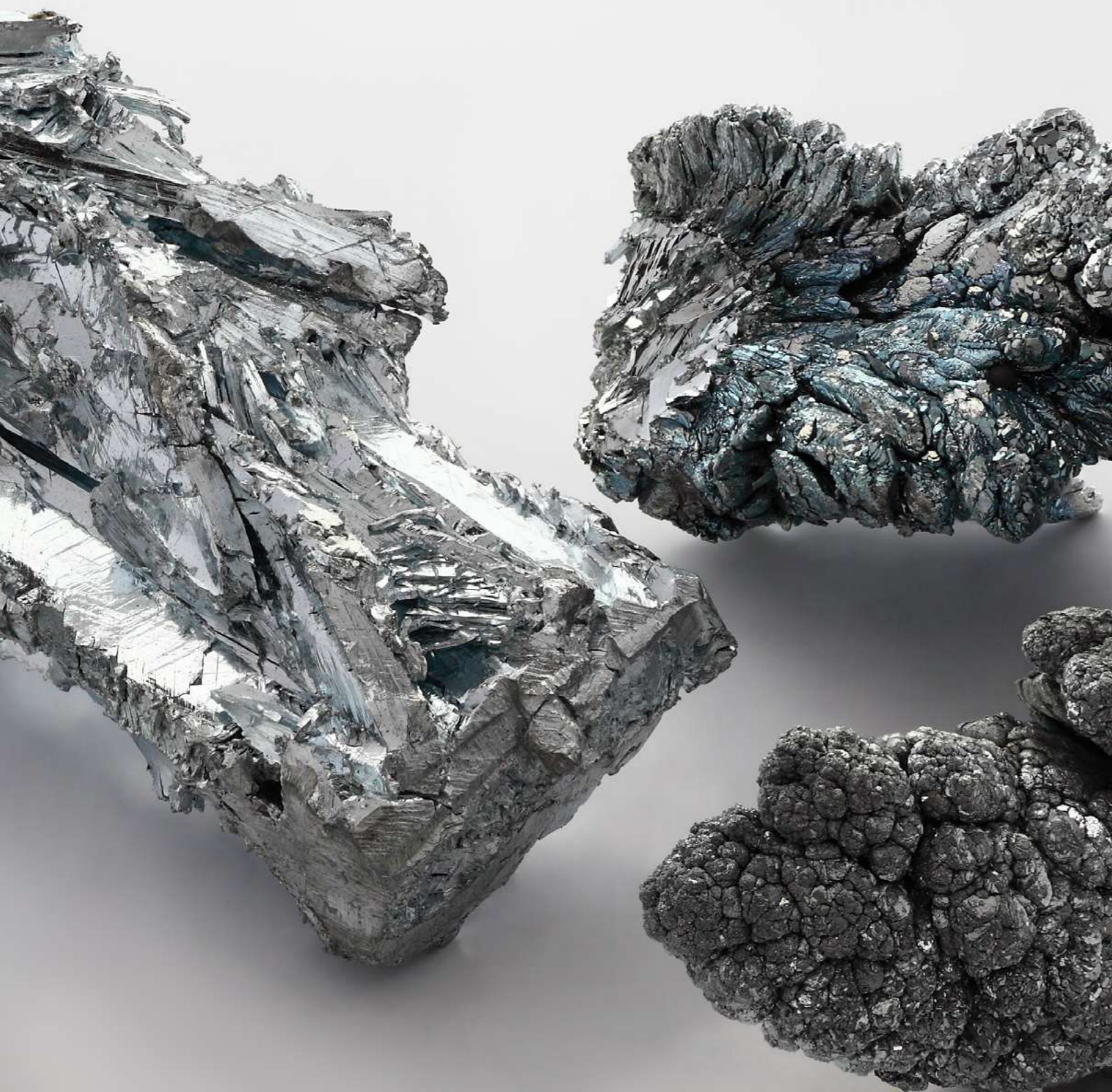
ensuring equal rights and opportunities in obtaining information by stakeholders, except for cases stipulated by the legislation of the Republic of Kazakhstan and internal documents of the company;

## 06 LEGALITY

decisions, actions and disclosure of information comply with the legislation of the Republic of Kazakhstan and decisions of bodies of organizations;

## 07 TRANSPARENCY

information should be clear and transparent to stakeholders.



# ADDRESS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

(GRI 102-14)



## Yernar Zhandil

Chairman of the Board of Directors



Not resting on our oars, we have developed and approved an action plan for further improvement of the corporate governance system

Dear readers,

It is a special honor for me to address you as the Chairman of the Board of Directors of the national mining company JSC NMC Tau-Ken Samruk!

Systematic improvement of the effectiveness of management decisions requires regular updating of the qualitative composition of the Board of Directors, in this regard, new members of the Board of Directors with a wide range of knowledge and experience were elected in the reporting period.

Since the beginning of the pandemic, the Board of Directors has closely followed the process of reducing the impact of Covid-19 on the operational, financial and investment activities of Tau-Ken Samruk.

Due to the security measures taken by the company to protect its employees and ensure smooth operation, the pandemic has had a relatively limited impact on the results of Tau-Ken Samruk and our subsidiaries.

Introducing the practice of visiting subsidiaries, a field meeting of the Board of Directors was held in Tau-Ken Altyn in December. According to the results of 2021, the production indicators of the refinery increased by 53%, which is higher than in 2020. Further plans provide for the introduction of an automated accounting system for precious metals based on software, and an increase in the volume of output.

In 2021, Tau-Ken Samruk continued to implement the strategic goals and objectives defined by the Board of Directors in the Development Strategy for 2018 – 2028.

In turn, the Board of Directors, within the framework of management decisions, makes maximum efforts to achieve the established performance indicators, focusing its attention on the implementation of key projects.

According to the Alaigyr project, construction and installation works are in progress,

technological equipment has been supplied from 2021, the commissioning of the enrichment plant is expected in 2023.

According to the Shalkiya project, mining and capital works have been started, a contract has been signed with an RMS Engineer, and Basic engineering of technological equipment is developed.

Undoubtedly, the key direction of Tau-Ken Samruk is to attract international investors for the consistent development of the mining sector. The company continues to work on cooperation with such companies as Fortescue, Discovery Ventures Kazakhstan Ltd., SH Minerals.

Tau-Ken Samruk is constantly and consistently improving the corporate governance system. Effective functioning of corporate governance is the most important measure necessary to increase the sustainability, efficiency of activities and attract investors. Thus, in 2021, an external independent assessment of corporate governance activities was carried out in all aspects, according to the results, the efficiency rating is “BB”. Not resting on our oars, we have developed and approved an action plan for further improvement of the corporate governance system.

The next year is important for the company in terms of completing the set goals and objectives, and the Board of Directors will take all necessary measures to improve the efficiency of the company. On behalf of the Board of Directors, I express my gratitude to all employees, the company's management, the Sole Shareholder and all stakeholders for the work done on promotion of the company.

— Yernar Zhandil  
Chairman of the Board of Directors  
JSC NMC Tau-Ken Samruk

# ADDRESS OF THE CHIEF EXECUTIVE OFFICER

(GRI 102-14)



## Nurlan Itemgenov

Acting CEO



We systematically form a high-quality portfolio of assets and attract strategic partners for joint implementation of projects

Dear readers,

We present to your attention the consolidated annual report of JSC National Mining Company Tau-Ken Samruk for 2021.

Despite the difficulties for the Company in 2021, we continue to implement the strategic goals and objectives set by the Sole Shareholder and the Board of Directors.

The team worked continuously in the conditions of the spread of coronavirus infection. In order to minimize morbidity, a significant part of the employees was transferred to a remote form of work. All types of social support were provided in full.

In accordance with the approved development strategy, we systematically form a high-quality portfolio of assets and attract strategic partners for joint implementation of projects.

Tau-Ken Altyn LLP exceeded the planned indicators of 2021 for the production and sale of refined gold. The plant is planning to produce 50 or more tons of gold in the next 5 years, the high quality of its products and services provided was also confirmed, it has obtained a GOLD certificate from LBMA.

Active work is carried out on the development of mining projects. Contracts for construction and installation work on the mine, for equipment engineering have been signed for the Shalkiya deposit, and a PMC engineer has been involved. According to the Alaigyr project, the reserves were assessed according to international standards, the construction of infrastructure facilities was completed, and the supply of technological equipment was started.

The company also continues to implement the Severniy Katpar and Verkhneye Kairaktinskoye tungsten projects in the Karaganda region. We have completed the development of a preliminary feasibility study for the Severniy Katpar field. The Board of Directors approved the transition to the next stage of the project,

which provides for the development of a feasibility study. Geological exploration work on the Verkhneye Kairaktinskoye field has been completed. The implementation of these projects will have a positive effect on the development of the country's tungsten industry.

The company also implements a number of exploration projects independently and jointly with strategic partners. Work has begun in the Aktobe region, where we see the prospect of opening copper deposits.



**The Company's business model provides for development of new projects together with partners. We continue our successful cooperation with our strategic partners and intend to continue attracting foreign partners on mutually beneficial terms.**

I express my gratitude to the Sole Shareholder, the Board of Directors and all colleagues for the high level of professionalism and the results achieved.

— Nurlan Itemgenov  
Acting CEO  
JSC NMC Tau-Ken Samruk

# ABOUT THE COMPANY

(GRI 102-1, 102-2, 102-5, 102-6, 102-7, 102-13)

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

## THE MAIN TASKS:

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

## THE MAIN GOALS:

- // getting a net income;
- // ensuring the growth of the market value of the company's assets;
- // attracting investments in the mining and metallurgical region;
- // realization of commercial interests of the state in the development and development of deposits of solid minerals, processing of technogenic mineral formations;
- // realization of the strategic interests of the state in the development of the mineral resource complex, including the provision of strategic reserves in optimal quantities for the main types of minerals.



As of December 31, 2021:

**₸ 789,6** BILLION

ASSETS

**₸ 71,8** BILLION

NET INCOME

THE NUMBER OF STAFF

**75** PEOPLE

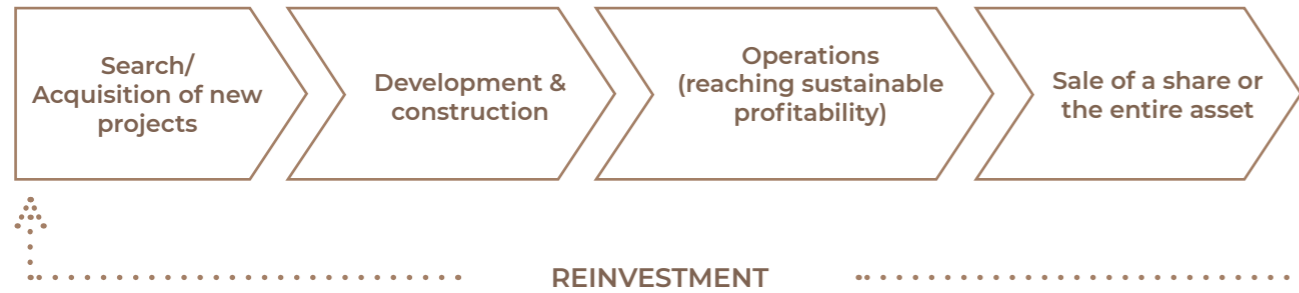
in the Corporate Center of JSC NMC Tau-Ken Samruk

**842** PEOPLE

in the subsidiaries

# BUSINESS MODEL

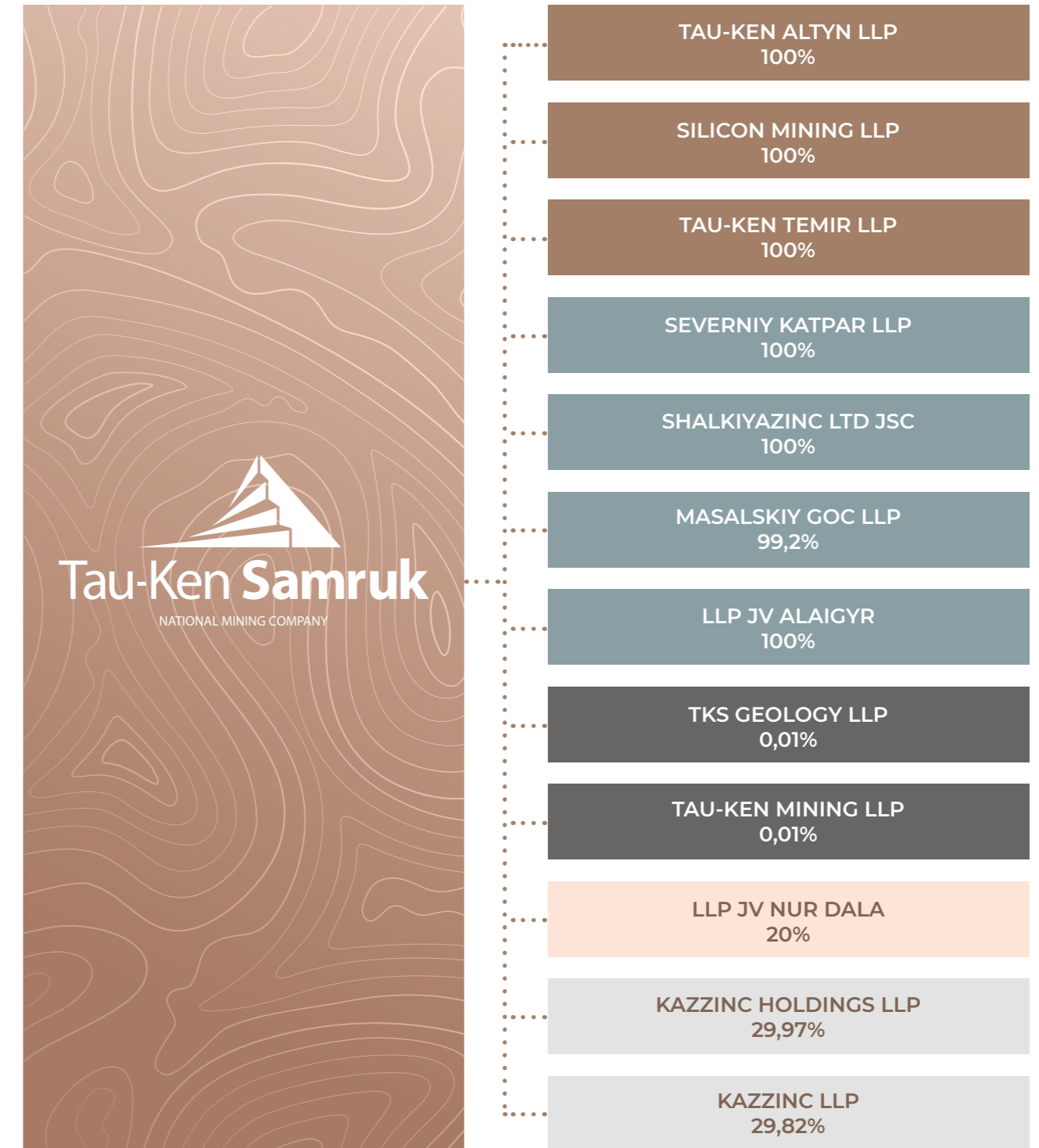
(GRI 102-9)



It is possible to attract partners at any stage, depending on the need for financial resources, risk reduction, and involvement of external expertise



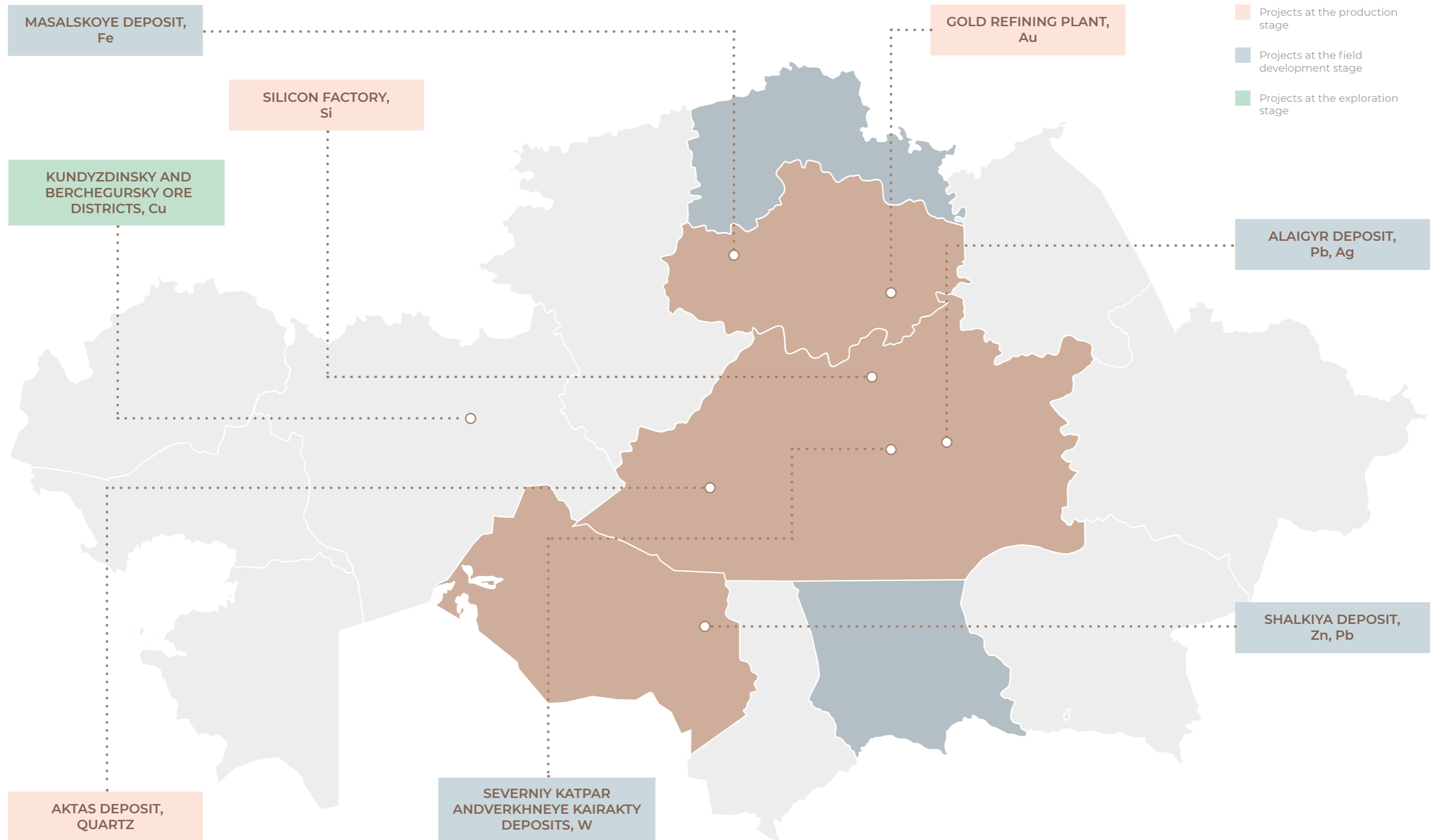
# ASSETS STRUCTURE



- Operating assets
- Mining projects
- Exploration projects
- Managing company Kazzinc LLP
- Joint venture with strategic partner SH Minerals

# GEOGRAPHY OF ACTIVITY

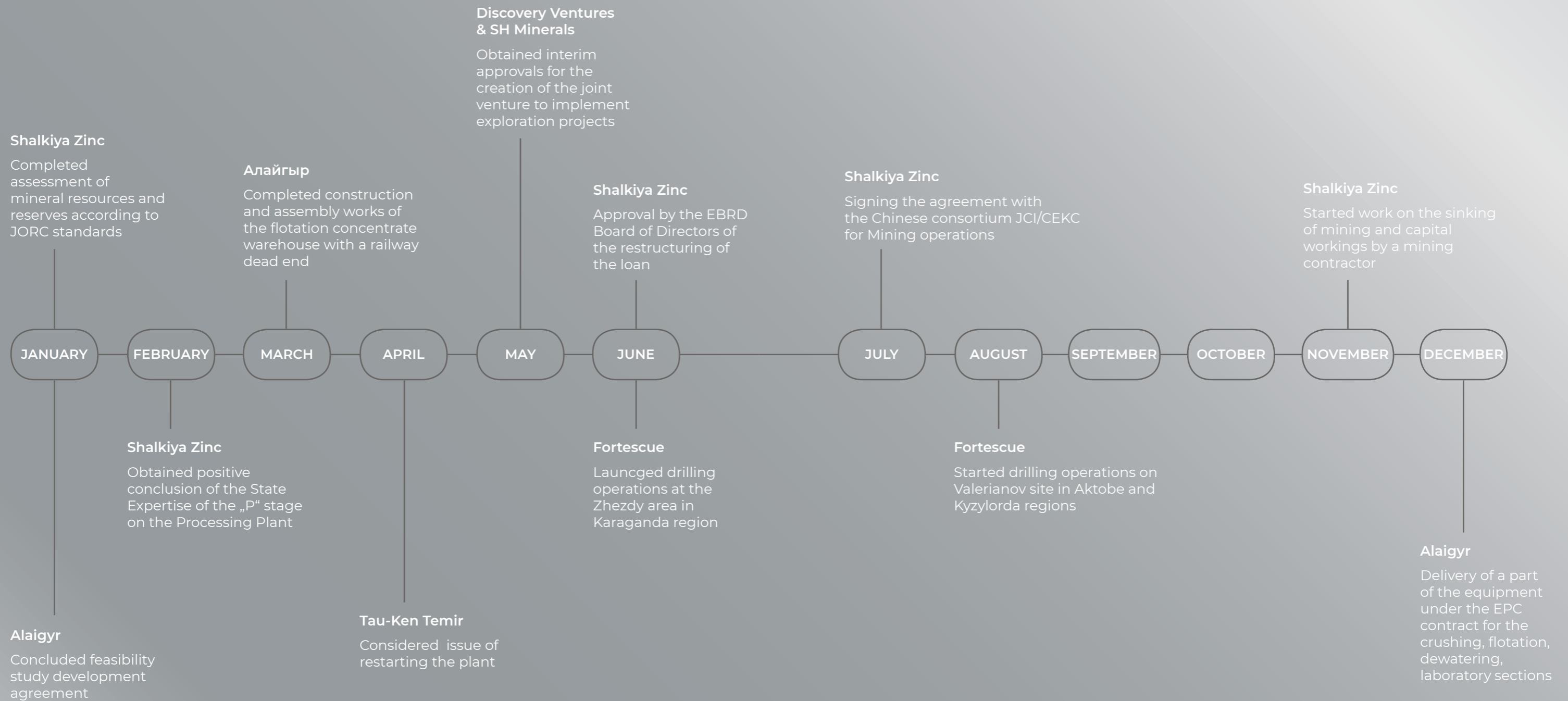
(GRI 102-4)





# KEY EVENTS

# 2021



# STRATEGIC REPORT



## MISSION:

We contribute to the development of certain sectors of the mining and metallurgical industry of the Republic of Kazakhstan by implementing projects jointly with strategic investors.



## VISION:

A company with a diversified portfolio of assets, a reliable strategic partner for a wide range of investors in the mining and metals sector of the Republic of Kazakhstan, which has resources and is committed to the best standards in implementation of investment projects.



## STRATEGIC GOALS:

**I** To achieve the goal of creating a high-quality portfolio of assets, the Company plans the following strategic initiatives:

### 01

Timely completion of construction and achievement of design parameters for key investment projects

### 02

Search, assessment and implementation of new GEW projects also in the junior programs

### 03

The exit from non-key investment projects with low investment attractiveness

**II** Attract strategic partners for the implementation of key projects — to achieve the goal, the Company plans the following strategic initiatives:

### 04

Increasing the operational efficiency of assets

### 05

Improving investment performance

### 06

Digitalization program

### 07

Creation of flexible conditions for investors based on equality and mutual benefit

### 08

Raising the level of corporate governance

### 09

Development of human capital

### 10

Sustainable development initiatives



## IMPLEMENTATION OF THE STRATEGY

In October 2020, the Roadmap for the implementation of the Strategy was approved by the decision of the Board of Directors of JSC NMC Tau-Ken Samruk.

The Roadmap for the implementation of the Strategy includes projects and activities of strategic key performance indicators.

The Board of Directors also reviewed and approved a report on the implementation of the strategy according to the roadmap. In September 2021, a townhall was held with participation of members of the Board of Directors, Chief Officers in the functional areas of JSC NMC Tau-Ken Samruk and the CEOs of subsidiaries, the purpose of the event was to summarize interim results in the functional areas of activity for H1 2021. All participants

of the townhall actively participated in the discussion and the following issues were touched upon: the draft updated strategy, new directions for the development of corporate culture, development of compliance culture, risk management and internal control systems, digital transformation and indicators on reducing carbon neutrality.

The Company continues to focus on creating value for all stakeholders in the long term in accordance with the approved development strategy. Thus, the Company intends to carry out its activities in 4 strategic areas of development. More detailed plans for 2022 are presented in the section "Overview of assets activity".

### STRATEGIC DIRECTIONS

**01** Improving the efficiency of Tau-Ken Altyn

**02** Search for new exploration projects by priority solid minerals

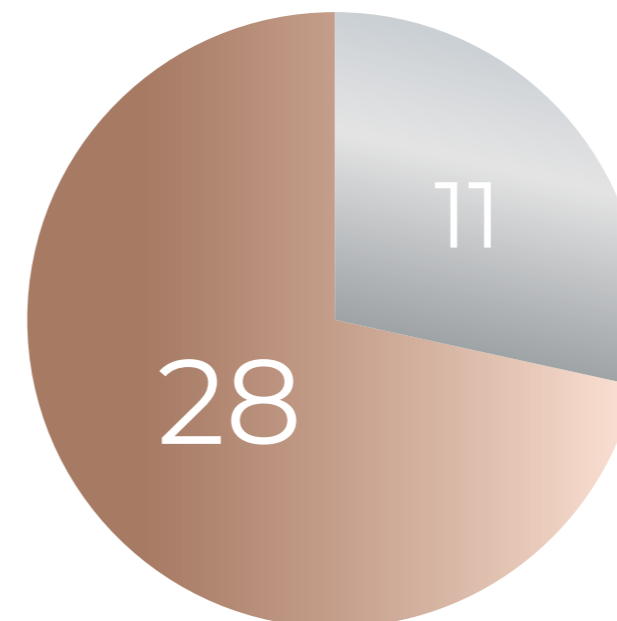
**03** Commissioning of the Shalkiya and Alaigyr projects

**04** Active cooperation with Glencore, Fortescue. Search for new strategic investors

### EXECUTION OF STRATEGIC KEY PERFORMANCE INDICATORS

KPI	Plan	Actual	Execution status	Comments
Net asset value (NAV), KZT billion	781,1	913,2	✓	Due to a decrease in the level of liabilities due to postponed loan restructuring with the EBRD; a decrease in the contribution to the Authorized Capital of the Company from the SS due to dividends from Kazzinc LLP; an increase in dividends in favor of Samruk-Kazyna JSC
Deviation from the planned budget for investment projects, %	0	(54)%	✗	Due to a shift in the implementation schedules of the Shalkiya and Alaigyr projects.
Net income, KZT billion	36,6	71,9	✓	Due to an increase in equity income from Kazzinc LLP; restoration of reserves for impairment of assets; increase in the volume of silver sales; decrease in GAE
Attracting investments from strategic partners, KZT billion	15,6	3,0	✗	Not executed in terms of the withdrawal of Tau-Ken Temir LLP and Silicon Mining LLP from the structure.
Operating income, KZT billion	0,4	7,5	✓	Due to the increase in production volume and prices
Return on capital employed, %	5,5	10,1	✓	Due to the growth of the Company's net profit, mainly due to an increase in equity income from Kazzinc; decrease in non-operating expenses and decrease in the actual income from an external loan.
Corporate Governance rating	-	BB	✓	According to the results of an independent assessment, the rating is at the BB level.

### EXECUTION OF STRATEGIC GOALS



The degree of execution of the roadmap is

**78%**

GOALS:

- Formation of a high-quality asset portfolio
- Attracting partners

# OVERVIEW OF THE ASSETS ACTIVITY

(GRI 102-6, 102-10)

## METALLURGY

### TAU-KEN ALTYN LLP REFINERY

Production indicators:

Name	UoM	2020 actual	2021 plan	2021 actual	Deviation, % plan/actual	Deviation,% actual 2021/ actual 2020
<b>Production volume</b>						
refined gold	tons	33,5	50,0	51,1	2%	53%
refined silver	tons	9,0	6,9	6,4	-1%	-29%
<b>Sales volume</b>						
refined gold	tons	33,1	50,0	52,4	5%	58%
refined silver	tons	0,5	6,9	14,9	116%	2 880%

**GOLD**

were produced

# 51,1

tons

which is 2% higher than the plan and 53% higher than in 2020

---

The growth is due to an increase in the volume of processing under the tolling agreement concluded with the National Bank of the Republic of Kazakhstan

<p><b>SILVER</b></p> <p>were produced</p> <h1 style="font-size: 2em;">6,4</h1> <p>tons</p> <p>which is 1% below the plan and 29% below the 2020 figure</p> <hr style="border-top: 1px dotted white;"/> <p>The decrease is due to a reduction in the volume of silver supplies</p>	<p>were shipped</p> <h1 style="font-size: 2em;">14,9</h1> <p>tons</p> <p>which is 116% higher than the plan and 2880% higher than in 2020</p> <hr style="border-top: 1px dotted white;"/> <p>The increase is due to the sale of 13.6 tons of refined silver to Kazzinc LLP</p>
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## CURRENT STATUS AND SUMMARY OF PLANNED ACTIVITIES

In 2021, Tau-Ken Altyn LLP successfully completed all the activities required within the framework of proactive monitoring and, once again, confirmed the high quality of products and services provided by receiving the GOLD certificate from LBMA.



Since the beginning of 2022, Tau-Ken Altyn LLP plans to introduce an automated precious metals accounting system based on the AIS Production Program Manager software, and production of 50 tons of refined gold is also planned for 2022.

In 2022, it is planned to complete all stages of R&D on the development of technology for processing waste from refining production of Tau-Ken Altyn LLP.



# EXTRACTION

## PROJECT

**Industrial Development of Shalkiya, Polymetallic Ores Deposit, with the Construction of the Processing Plant**



Project Operator:  
**ShalkiyaZinc LTD JSC**  
 .....  
 Project stage:  
**Implementation**  
 .....  
 Design capacity:  
**4 million tons of ore per year**  
 .....  
 Finished products:  
**246 thousand tons of zinc in zinc concentrate and 65 thousand tons of lead in lead concentrate per year**  
 .....  
 Actual number of employees:  
**275 people**  
 .....  
 Mine age:  
**29 years**

## BACKGROUND INFORMATION

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

## 2021 PERFORMANCE

- **In February 2021**, obtaining a positive conclusion of the state expert examination of the design and estimate documentation of stage “P” for the enrichment plant.
- **In July 2021**, signing a contract with a Mining contractor. Start of mining and capital works in November 2021.
- **In August 2021**, signing a contract with the RMS Project Management Engineer.
- **In October 2021**, signing a contract for Engineering, supply and installation supervision of technological equipment. Development by the company of Basic engineering of technological equipment.
- **In December 2021**, submission of the documentation of 2 tenders to the EBRD for approval: construction and installation works of the concentrator and tailings facilities.

## PLANS FOR 2022

- Construction of an underground mine according to the schedule.
- Issuance of documentation on Basic Engineering.
- Conclusion of contracts for the supply of technological equipment.
- Conclusion of contracts for the construction of a processing plant, tailings facilities and the beginning of construction and installation works.



## PROJECT

### Extraction and Processing of Polymetallic Ores of the Alaigyr Deposit in Karaganda Region



Project Operator:  
LLP JV Alaigyr  
.....

Project stage:  
Implementation  
.....

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

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

Actual number of employees:  
51 people  
.....

Operating life:  
23 years

## BACKGROUND INFORMATION

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

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

## 2021 PERFORMANCE

- Adjustment of the Technological Regulations in order to increase the extraction coefficient as part of the work under the EPC Contract.
- Obtaining a positive conclusion of the state expertise of the DED on the tailings storage and start of construction and installation work: removal and transportation of the top soil, filling of the pioneer dam, laying of the geomembrane.
- Development of an EIA, public hearings within the framework of the environmental state expertise of the design and estimate documentation by the PC.
- Start of the supply of technological equipment.
- Assessment of mineral resources according to the standards of the JORC-2012 Code.

- Completion of the construction of a flotation concentrate storage warehouse with a railway dead end, a production and administrative building consisting of a production canteen, office premises, a repair shop, a pit stop, warehouses of goods and materials, a fire station.
- Completion of drilling of operational water intake wells.
- Completion of the construction of an access road to the flotation concentrate warehouse.
- Completion of the development of the "Feasibility Study", including an assessment of the reserves of the Alaigyr deposit according to the standards of the JORC-2012 Code.

## PLANS FOR 2022

- Obtaining a positive conclusion of the state expert examination of the design and estimate documentation of the processing plant (stage "P").
- According to the terms of the EPC contract, construction and installation works and supply of technological equipment.
- Completion of construction and installation works on the shift settlement, industrial site facilities (fuel depot, water pipeline, on-site engineering networks).



## PROJECT

**Construction of a Mining and Metallurgical Complex on the Basis of the Massalskoye Iron Ore Deposit in the Akmola Region**

Project Operator:  
Massalski Mining and Processing Plant LLP

Project stage:  
Definition

Design capacity:  
11 million tons of ore per year

Finished products:  
high-grade and hot-rolled steel products

Mining age:  
67 years



## BACKGROUND INFORMATION

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

## 2021 PERFORMANCE

- To implement the “Iron ore mining at the Massal Deposit in Akmola Region” project, it is planned to attract a strategic investor for the joint implementation of the project.
- Performed work with the Research Institute on search for new technologies.



# PROJECTS AT THE DESIGN STAGE

## PROJECT

**Joint Development of Tungsten-Molybdenum Ores of the Severniy Katpar and the Verkhneye Kairaktinskoye Deposits in the Karaganda Region**



**Project Operator:**  
Severniy Katpar LLP  
.....

**Проектная мощность:**  
**Implementation**  
.....

**Design capacity:**  
— Severniy Katpar deposit:  
production of 3.0 million tons of ore per year  
— Verkhneye Kairaktinskoye deposit: production of 7.0 million tons of ore per year  
.....

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

**Actual number of employees:**  
13 people  
.....

**Mining age:**  
Severniy Katpar deposit — 20 years,  
Verkhneye Kairaktinskoye deposit — 30 years

## BACKGROUND INFORMATION

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

The Upper Kairakty deposit according to the SRC, contains 850,5 million tons of ore of category A+B+C1, with an average content of 0.148% tungsten trioxide (1,261 thousand tons), 0.005% molybdenum (43.1 thousand tons).

## 2021 PERFORMANCE

Severniy Katpar LLP performs research, pre-design and additional exploration of the Severniy Katpar and Verkhneye Kairaktinskoye deposits. The purpose of the Project is the construction of mining and processing plants at both deposits and a single metallurgical production.

### 2021 performance on the Severniy Katpar deposit:

- Completion of the complex of engineering surveys and geological exploration.
- Development of the technological regulations for the design of the processing plant.
- Development of a report on mineral resources in accordance with the requirements of the JORC Code.
- Completion of the work on the development of a feasibility study of industrial conditions and a report with inventory calculation.
- Completion of engineering surveys.
- Development and approval of a Mining plan and a Liquidation Plan by the competent authorities.
- Completion of the work on revaluation of the balance reserves of groundwater in the framework of hydrogeological studies.
- Completion of the work on determining the geomechanical justifications of the parameters of mountain range management.
- Completion of the work on the development of a preliminary feasibility study for the construction of the mine (Pre-Feasibility Study).
- Completion of the work on the development of a Mining Plan and a Liquidation Plan.
- Approval by the Board of Directors of JSC NMC Tau-Ken Samruk of the transition to the "Selection" stage, which includes pre-design work and design (including the development of a feasibility study) for the project in the period from 2022 to 2023.

### On the Verkhneye Kairaktinskoye deposit:

- Completion of the complex of geological exploration works.
- Development of a report on mineral resources in accordance with the requirements of the JORC Code.
- Completion of research works (R&D) on X-ray radiometric, X-ray luminescent and X-ray adsorption methods of ore pre-enrichment.
- Revaluation of the reserves of the Mashuransk underground water field.
- Completion of hydrogeological studies.
- Completion of the work on technological tests in terms of pre-enrichment and flotation.
- Completion of research works on heap leaching of poor ores and industrial products of preliminary enrichment.
- Completion of the development of feasibility reports of industrial conditions with the calculation of reserves.



- Completion of the work on the development of an Exploration Plan, amending the Contract regarding the extension of the exploration period until May 2023.
- Start of the research work “Development of Modern Technology for the Enrichment of Tungsten-Molybdenum Ore from the Verkhneye Kairaktinskoye deposit”.

PLANS FOR 2022

**On the Severniy Katpar deposit:**

- Execution of work on the development of a feasibility study for the construction of a concentrating plant at the Severniy Katpar field (including Feasibility Study according to JORC standards).
- Amendments to the Contract regarding the postponement of the start of mining operations to 2025.

**On the Verkhneye Kairaktinskoye deposit:**

- Completion of research works “Development of Modern Technology for the Enrichment of Tungsten-Molybdenum Ore from the Verkhneye Kairaktinskoye deposit”.
- Laboratory and semi-industrial tests of the technology of pre-enrichment, flotation, and PVA production. Development of technological regulations for design».
- Completion of work on the determination of geomechanical justifications of the parameters of the management of the mountain range during the development of the deposit.
- Development of the Feasibility Study report with the calculation of ore reserves in accordance with the JORC and KAZRC code.



# GEOLOGICAL EXPLORATION

## PROJECT

**Search for copper and associated components in the promising Kundyzdinsky and Berchogursky ore districts in the Aktobe region**

The project provides for geological exploration at the expense of own funds of JSC NMC Tau-Ken Samruk until the completion of the feasibility study. The implementation of the next stages is considered jointly with the strategic partner.



## JUSTIFICATION FOR THE IMPLEMENTATION OF THE PROJECT

The investment project on search for copper and associated components in the Zapadnyy Mugodzhar area, in the promising Kundyzdinsky and Berchogursky ore districts, corresponds to the priority activities of JSC NMC Tau-Ken Samruk, according to the approved Development Strategy of the company.

One of the strategic initiatives is the formation of a high-quality portfolio of assets. Achieving this goal will increase the investment attractiveness and profitability of the assets of JSC NMC Tau-Ken Samruk, optimize and concentrate resources on strategically important areas of development. Investment decisions of JSC NMC Tau-Ken Samruk will be based on the principles of commercial expediency, long-term interests, return on capital, maximizing profitability and return on investment in the long term.

## PURPOSE

The main objective of the Project is to organize and conduct a complex of geological exploration in the promising Kundyzdinsky and Berchogursky ore areas.

As a result of the Project, it is planned to assess mineral resources and reserves in accordance with the JORC Code (2012) and supply industrial copper reserves. Based on the results of geological exploration and technological research, an analysis of investment opportunities will be made, after which the feasibility of further development of the Project will be determined.

The Company selected 2 promising ore districts located in the Western Kazakhstan - Kundyzdinsky and Berchogursky ore districts.

## IMPLEMENTATION PERIOD

- The total implementation period — 18 years:
- Geological exploration — 6 years (2020–2025):
  - Exploration (2020–2022)
  - Evaluation stage and entry of reserves on the balance (2023–2025)
- Implementation of subsequent stages, Construction — 2 years (2025–2027)
- Mining and enrichment — 10 years (2028–2037).

## PROJECT PRODUCTS

Commercial products under the Project are copper concentrate with an average copper content of 18%.

## THE MAIN ACTIVITIES OF THE PROJECT

At the first stage, it is planned to carry out geological exploration on the area, including 2 stages — prospecting and evaluation work.

At the 1st stage of geological exploration (exploration stage), it is planned to carry out exploratory work (2020–2022), according to the results of which a final report will be prepared.

At the 2nd stage of exploration (evaluation stage), the work will be carried out on the main drilling in the identified promising ore areas, laboratory studies and semi-industrial/industrial ore tests, development of technological regulations, calculation and balancing of reserves, preparation of a report on mineral resources and reserves in accordance with the JORC Code (2012), conducting a preliminary feasibility study on the Project.

Further implementation of the Project will be carried out if the expected indicators are confirmed.



# JOINT ACTIVITY WITH INVESTORS



**Kazakhstan Fortescue LLP** (hereinafter — Fortescue) is a subsidiary of the public company Fortescue Metals Group Ltd. (hereinafter – Fortescue, ASX: FMG). Fortescue is a global leader in the iron ore industry, focused on providing a high culture of production and innovation. The company has received industry recognition for developing world-class infrastructure and selling mining assets in the Pilbara, Western Australia.

Innovations in exploration, ore processing and plant design are a key component of Fortescue's strategy to create an optimal and efficient supply chain of products from the mine to the end user. The company is considering exploration and development opportunities in Australia and South America, including Ecuador, Colombia and Argentina.

Fortescue values its relationships with all participants in the process, using a constructive approach in management and creating new opportunities for the local population, contributing to the development of regional communities and protecting the environment.

Cooperation between Tau-Ken Samruk and Fortescue started in 2020 for the implementation of geological exploration within the framework of a consortium on 48 licenses in four regions.

In 2021, large-scale prospecting work continued on a total area of 13.1 thousand km<sup>2</sup> in the Karaganda, Aktobe and Kyzylorda regions, including large-scale aerogeophysical survey and drilling.

Cooperation with Fortescue makes an important contribution to the development of rural districts of Karaganda, Aktobe and Kyzylorda regions, rental payments for the project are paid directly to the district akimats. Kazakhstani suppliers of works and services are involved in the project. Fortescue contributes to the development of the geologist profession in Kazakhstan, so Fortescue implemented an internship program for students of the K. Satpayev University.

## Discovery



**Discovery Ventures Kazakhstan Ltd. PE** (hereinafter – Discovery) is a Kazakhstani junior company, a wholly owned subsidiary of the British East Star Resources Plc., a company engaged in geological exploration and mining, whose shares are listed on the London Stock Exchange.

As part of the exploration project, together with Discovery in 2021, work was carried out on 4 licenses on the territory of three regions on a total area of about 1.2 thousand km<sup>2</sup>.

In 2021, the following results were achieved in terms of geological exploration:

- On the **Dalniy** section:
  - conduct of aeromagnetic exploration and obtaining data on an area of 481 km<sup>2</sup>;
  - obtaining additional historical data for study. Historical gold content in 7 samples from 2.10 to 7 g/t.
- On the **Apmintas** section:
  - conduct of aeromagnetic exploration and obtaining data on an area of 380 km<sup>2</sup>;
  - tested 3127 meters by 12 objects within the framework of licenses (RS drilling). Gold content on the Novoye section is 4.51 g/t.
- On the **Novo-1** and **Novo-2** sections:
  - collection of historical data for study;
  - analysis of available data for field work planning.

On October 07, 2021, Tau-Ken Samruk and Discovery signed a joint venture agreement. In 2022, it is planned to create two joint ventures on the site of the Astana International Financial Center with a split of the shares at a parity of 80%-20% in favor of Discovery and Tau-Ken Samruk, respectively. After the formation of joint ventures, it is planned to transfer the existing 4 licenses in favor of the joint venture.

After the transfer of licenses in favor of the joint venture and with the beginning of the field season, it is planned to continue exploration for polymetallic deposits until 2025.

## SH Minerals



Within the framework of the exploration project on one license with a total area of 41.54 km<sup>2</sup> in the Turkestan region, as part of cooperation of Tau-Ken Samruk with the Kazakh junior company SH Minerals LLP (hereinafter - SH), on July 28, 2021, a joint venture JV Nur Dala was established with the division of shares at a parity of 80%-20% for SH and Tau-Ken Samruk, respectively. On September 09, 2021, the license was transferred in favor of the joint venture.

In 2021, the project carried out active geological exploration, including core drilling and sampling for further laboratory analysis.

It is planned to continue geological exploration in 2022.



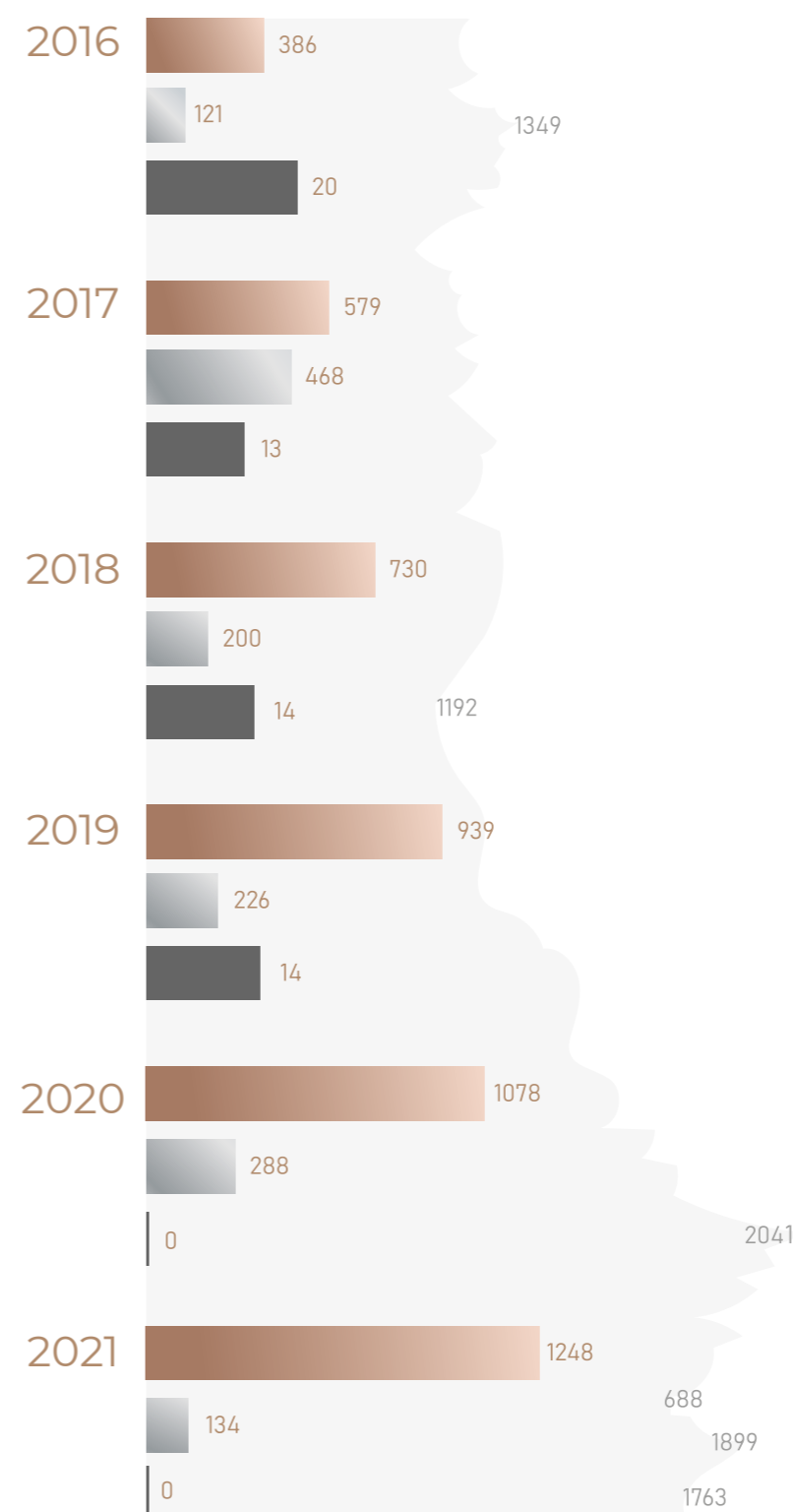
# REPORT ON FINANCIAL AND ECONOMIC ACTIVITIES

## KEY PERFORMANCE INDICATORS FOR M12 2021

	Plan	Fact	Percent growth	Degree of implementation of the plan
<b>Gold production</b> thousand ounces	1 608	1 641	52%	2%
<b>Silver production</b> thousand ounces	0	134	~5506%	0%
<b>Revenue</b> KZT billion	713	724	13%	2%
<b>EBITDA</b> KZT billion	37	65	20%	78%
<b>CAPEX</b> KZT million	30 654	14 753	37%	52%
<b>Loans</b> KZT million	50 002	21 201	~1328%	63%

\* F — fact and percentage of growth in relation to the same period last year  
P — plan the degree of implementation of the plan

## PRODUCTION RESULTS



Gold, thousand  
Silver, thousand  
Silicon, thousand tons  
Gold, USD per ounce (market)

01

The production of refined gold includes the processing of purchased (920 thousand ounces) and tolling (721 thousand ounces) raw materials.

02

The increase in gold production for M12 2021 is due to increase in the volume of refined gold.

03

The silver production is an associated activity.

04

The production of metallurgical silicon was suspended in Q4 2019 due to decrease in quotations for silicon.

## FINANCIAL INDICATORS

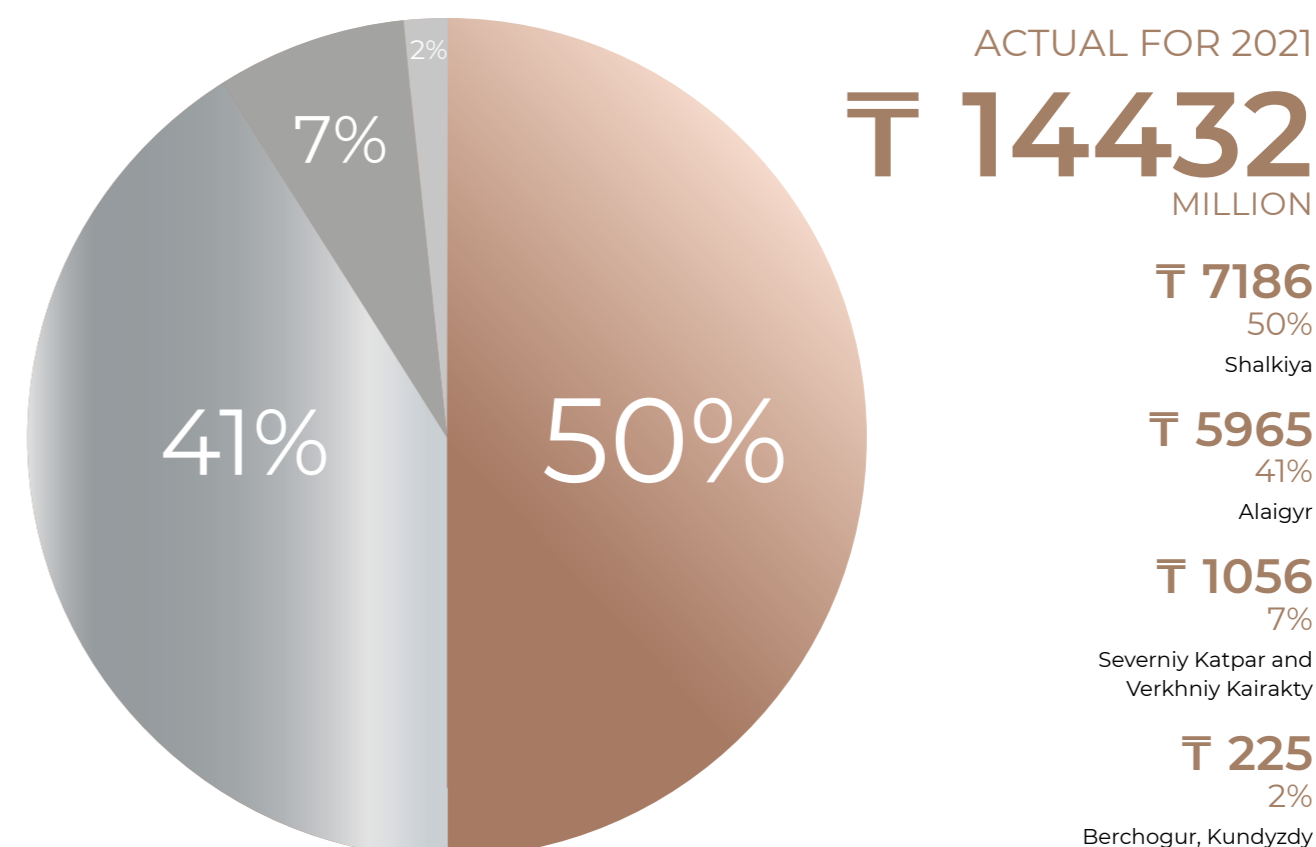
KZT million	Nº	9M 2020	9M 2021	Change	12M 2021
Revenue	[1] [2]	454812	521317	15%	724218
Cost	[3]	444999	520945	17%	723052
Gross income	[4]	9813	372	-96%	1165
Gross profit margin		2,2%	0,1%	-97%	0,2%
EBITDA		55868	44962	-20%	65399
EBITDA margin		12%	9%	-30%	9%
Net income	[5]	55496	48266	-13%	71853
Net income margin		12%	9%	-24%	10%
Net cash flow from operations	[6]	894	12429	1290%	9987
Capital expenses	[7]	6488	8110	25%	14753
KZT million	Nº	31.12.2021	31.09.2021	Change	31.12.2021
Loans		1730	6847	296%	21201
Equity capital		696040	703048	1%	734235
Assets		723766	738551	2%	789658

## Финансовые коэффициенты



- In the revenue structure, the main share was income from the sale of gold (about 99%).
- Increase in revenue is mainly due to growth in the volume of refined gold sales by 10% and increase in the gold price. The average price for M9 2021 was USD1 798 per ounce. The price for the same period in 2020 was USD1 770 per ounce.
- The cost of purchasing gold-containing raw materials (over 99%) dominated in the cost structure. The main other expenses were represented by labor costs, depreciation of fixed assets and materials used in the production of refined gold.
- The dynamics of gross income was caused by the gold price decline in February, March and June this year against the background of the global economic recovery due to the weakening of the COVID-19 impact and recovery of demand for risky assets.
- Decrease in income is due to declined equity income from associated organizations.
- Significant increase in net cash flow from operations is associated with operational measures taken by Tau-Ken Altyn in order to minimize price risk by reducing inventory balances.
- The capital expenses incurred in the reporting period are related to the implementation of investment projects Shalkiya, Alaigyr and Severniy Katpar (please, see the «Capital Expenses» section).

## CAPITAL EXPENSES



### SHALKIYA ZINC

**2021** — expenses are mainly represented by the costs of capital mining operations (more than 60%).

### ALAIGYR

**2021** — capital expenses were mainly represented by the CAWs for the following facilities: flotation concentrate warehouse, railway dead end, industrial site, rotation camp, and so on.

### SEVERNIY KATPAR AND VERKHNIY KAIRAKTY

**2021** — geological exploration work was carried out at the Verkhniy Kairakty field and pre-FS was developed for the construction of the mine at the Severniy Katpar field.

In 2022, it is planned to pay dividends received from Kazzinc LLP and Tau-Ken Altyn LLP based on the results of 2021.

There is no information on compliance with the terms of agreements with the Sole Shareholder. Information about the concluded contracts can be found in the Annex of the Annual Report (see “Information on Concluded Contracts”).

(LR 9.8.4 — disclosure of information under the LSE Listing Rules)

## ANALYSIS OF THE EXTERNAL AND LEGISLATIVE ENVIRONMENT

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

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

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

In compliance with the Entrepreneurial Code of the Republic of Kazakhstan, the Company

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

The Message of the Head of State Kassym-Jomart Tokayev to the people of Kazakhstan “Unity of the People and Systemic Reforms – a Solid Foundation for the Prosperity of the Country” of September 1, 2021, raised the issue of the need to expand investors' access to high-quality geological information with the creation of the National Geological Service on the basis of disparate subordinate organizations.

The Decree of the Government of the Republic of Kazakhstan of September 10, 2021 No. 628 approved the National Action Plan for the implementation of the Message of the Head of State to the People of Kazakhstan of September 1, 2021, in the work on implementation of items 8-11 of which the Company takes an active part.



# INVESTMENT CLIMATE

## GOLD MARKET OVERVIEW

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

High risk	Low interest rates	Positive price dynamics
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## DYNAMICS OF THE PRICE AND DEMAND FOR GOLD

Gold prices rose by almost 18% in 2022 to about \$2050 per ounce amid the ongoing Russian-Ukrainian conflict, and there are more growth opportunities in the next few months, according to Goldman Sachs analysts, who expect prices to rise by another 25% to \$2,500 per ounce by the end of the year.

Earlier in January, Goldman Sachs raised its 12-month forecast for gold prices to \$2,150 per troy ounce, believing that the impending slowdown in growth in the United States will lead to increased fears about a recession in the United States and will stimulate the influx of 300 tons of gold into gold ETFs.

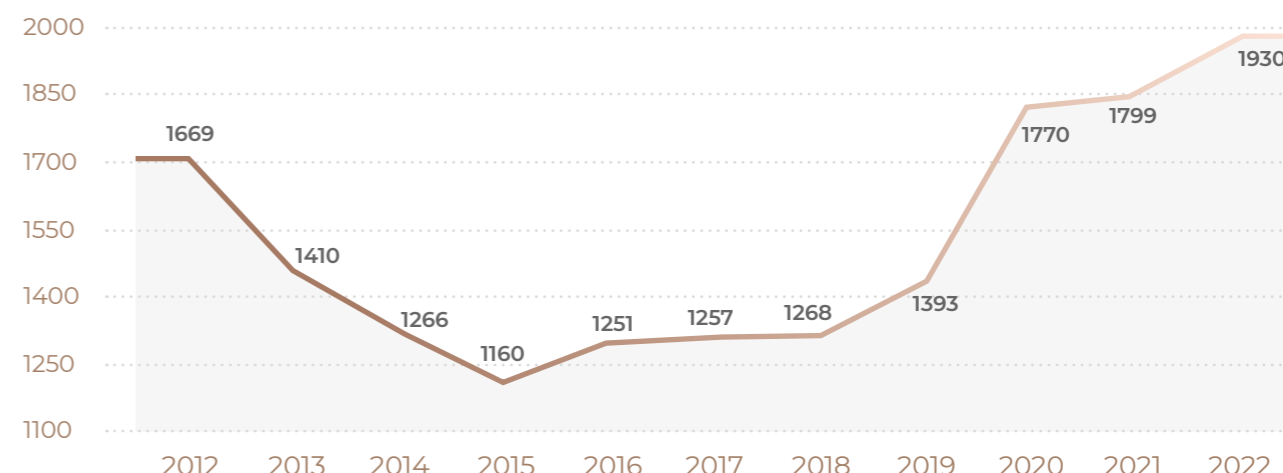
At the beginning of the Russian-Ukrainian tensions, Goldman Sachs suggested that the rally in commodities caused by this could further worsen the inflationary mix of growth in developed markets, increase fears about a recession in the United States and increase the inflow of gold into ETFs to 600 tons, which in turn will push gold prices up to \$2,500 per ounce for 12 months. This scenario, according to the company, is now becoming the basic one.

According to the historical data below, it can be seen that since the end of 2021, gold prices have had a stable upward trend since 2015, and geopolitical tensions between Russia and Western countries will only increase the upward pressure on gold prices.

According to representatives of Goldman Sachs, another consequence of the Russian-Ukrainian conflict will be that Russia will not only not sell its gold reserves, but will probably return to the role of a major buyer of gold after the stabilization of the ruble. Given Russia's experience with foreign exchange reserves, it is quite possible that other countries will also prefer to keep most of their reserves in gold in the long term.

There is also a possible scenario in which the Russian-Ukrainian conflict will soon be resolved, which will affect the short-term fall in gold prices and their further stabilization. However, even in this scenario, there are other actual factors exerting upward pressure on prices. In addition, gold prices, over the past five years, are prone to growth, with sharp jumps associated with the geopolitical and economic situation in the world.

## AVERAGE GOLD PRICE ON LBMA, USD PER TROY OUNCE



Source: Argus Media. \*price as of 06.04.2022

## GOLD PRICE FORECAST

Goldman Sachs expects that in H2 2022, the demand for gold from central banks will reach its historical maximum, since they have both strong diversification and geopolitical reasons for transferring reserves to gold around the world.

“We expect global central bank demand to reach a record 750 tons per year by H2 2022, compared to 450 tons in 2021. This, together with an upward revision of our ETF growth forecast, should lead to an increase in gold prices by the end of the year to \$ 2,500 per troy ounce,” the company said in a statement.

In addition to demand from central banks, Goldman Sachs expects retail demand to remain robust also in Asia in the future amid

economic recovery and a lack of investment options.

“China is stimulating its growth, and India is benefiting from the recovery from Covid infection and has not tightened monetary policy yet. In Q4 2021, consumer demand for gold reached its highest level since 2013. In China, real estate prices are falling, and last year the stock was affected by tighter regulation. At the same time, interest rates in both India and China remain near historical lows in conditions of high inflation”.

According to a number of companies and agencies, by the end of 2022, gold prices will be between \$1,890 and \$2,500.

Source	Price at the end of 2022, USD per troy ounce
Goldman Sachs	\$2 500
Fitch Solutions	\$1 900
Capital Economics Ltd.	\$1 890
Commerzbank AG	\$1 900

Source: Bloomberg

Analysts expect production to expand until 2023, given that prices significantly exceed production costs. Uncertainty about the end of the economic downturn and higher inflation rates may lead to an increase in gold prices.

Also, according to a number of agencies, the price of gold will grow in 2024, and a significant drop is not expected. However, investors should keep in mind that this growth

will be slow. There is good news for long-term investors - volatility is expected to be low in 2024.

Regarding the period 2025-2030, it is difficult to say for sure for such a long period of time, experts from various sources agree that gold will continue to grow. However, they have opposite opinions about the speed of this growth.

Source	Average price at the end of the year, USD per tr.oz.			
	2023	2024	2025	2026
Goldman Sachs	\$2 150	-	-	-
Fitch Solutions	\$1 800	\$1 700	\$1 610	\$3 106
Capital Economics Ltd.	\$1 580	-	-	-
Commerzbank AG	\$2 025	-	-	-
Westpac Banking Corp	\$1 541	\$ 1700	\$1 540	-
Intesa Sanpaolo SpA	\$1 950	\$1 900	\$1 850	\$1 800
Emirates NBD PJSC	\$1 556	-	-	-

Источник: Bloomberg

According to these historical data and forecasts of various companies and agencies, it can be assumed that gold prices will continue to rise both in the short and long term. The only differences in the various forecasts are the growth rates.

In 2022, there are two scenarios regarding gold prices: with the deterioration of the geopolitical situation in the world, in particular with the deterioration of the Russian-Ukrainian conflict,

gold prices will increase sharply in the short term; with the settlement of the conflict, gold prices will fall in the short term, but by the end of the year, they will increase again.

In both scenarios, in addition to the above-mentioned conflict, there are other actual factors exerting upward pressure on gold prices, which will lead to an increase in prices by the end of 2022 and in the next few years, with possible falls during the year.

## DEMAND

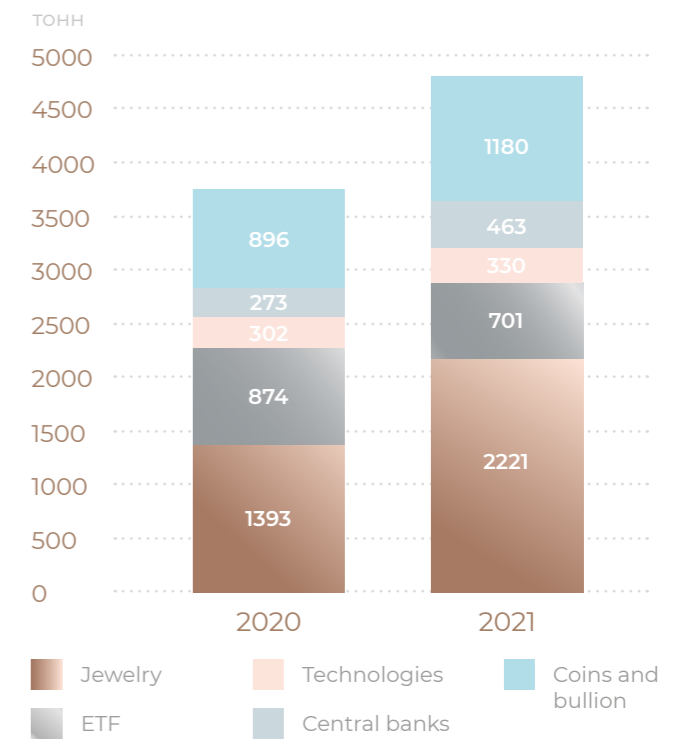
Demand for gold for the whole of 2021 increased to 4,021 tons (excluding OTC investments), helped by demand in Q4, which jumped by almost 50% to a maximum in 10 quarters.

Demand offset most of the COVID-related losses incurred in 2020.

Gold demand from consumers in the jewelry and technology sector has been recovering throughout the year in line with economic growth and sentiment, while central bank purchases have also far exceeded 2020 figures.

Investment demand was mixed in the face of opposing forces: high inflation competed with rising yields for the attention of investors.

## THE DEMAND FOR GOLD IN 2021 INCREASED TO 4895 TONS



Source: World Gold Council

## JEWELRY

Jewelry production recovered significantly in 2021. It grew by 67% to 2,221 tons to satisfy a sharp recovery in consumer demand for jewelry, which increased by 52% in 2021 to 2,124 tons, which corresponds to the overall indicator of 2019. This was largely due to demand in Q4, which totaled 713 tons and was the highest quarterly consumption of jewelry since Q2 2013.

## INVESTMENT

Global stocks of gold ETFs fell by 173 tons in 2021, which is in sharp contrast to the record growth of 874 tons in 2020. The outflow in Q4 2021, amounting to only 18 tons, was only part of a much larger outflow observed in Q4 2020.

## CENTRAL BANKS AND FINANCIAL INSTITUTIONS

The demand of Central banks amounted to 463 tons of gold in 2021, which is 82% more than in 2020, and increased global reserves to almost a 30-year high. The pace of purchases slowed in H2 of the year, down 22% year-on-year in Q4.

## TECHNOLOGIES

The amount of gold used in technology increased by 9% in 2021 and reached a three-year high of 330 tons. Annual growth slowed in Q1 (to 2%), which indicates a rapid recovery of the sector in Q4 2020.

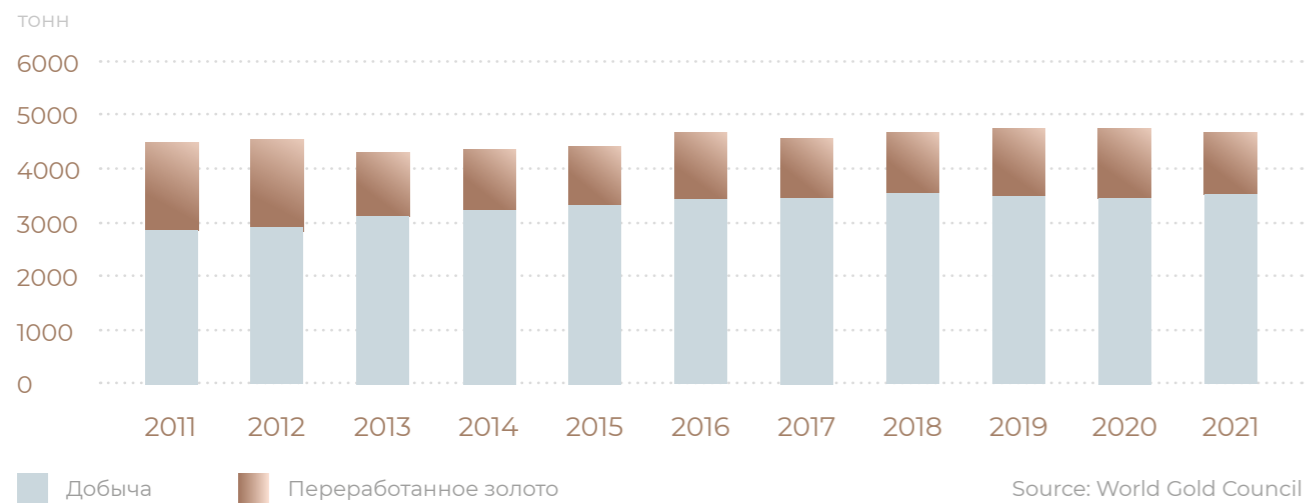


## SUPPLY

In 2021, the total supply for gold amounted to 4666.1 tons of gold, which is 54.9 tons less or 1.16% compared to 2020.

The annual production at the mines of the total annual supply, amounted to 3560.6 tons, 86 tons more than in 2020; the annual supply of processed gold was 1149.9 tons, 142.3 tons less than in 2020, while the global hedging portfolio fell by 63.4 tons in 2021, which, despite an increase of 1.4 tons compared to 2020, the slight increase in hedging volumes observed at the beginning of the year has more than prevented.

### SUPPLY DYNAMICS, 2011–2021



## INNOVATIVE ACTIVITY

The implementation of the innovation process determines the success and increase in the efficiency of the activities of JSC NMC Tau-Ken Samruk in the future, ensuring the reality of achieving the set strategic goals, in this regard, the Company on

work (R&D) on the development of technology and technological solutions for the creation of an enrichment conversion in order to extract precious metals from the waste of refining production of Tau-Ken Altyn LLP.

### Research work on the processing of solid industrial waste of the refining plant.

**Brief description:**

about 10 tons are accumulated annually at the refining plant of Tau-Ken Altyn LLP.

Solid industrial waste containing at least 10 kg of gold. At the same time, Tau-Ken Altyn LLP does not have its own technology for processing such gold-containing raw materials and is forced to sell it to foreign processors.

In 2021, an agreement was signed with the company PG MBM (Metallurgy of Precious Metals) to conduct research and development

### Research work on the processing of catalysts containing platinum group metals.

**Brief description:**

at the moment there are no enterprises in Kazakhstan for processing catalysts containing platinum group metals. At that, about 300-400 tons of spent catalysts are exported from the Republic of Kazakhstan annually.

Tau-Ken Altyn LLP conducts benchmarking of catalyst processing technologies available on the market, marketing analysis of the quality and quantity of raw materials, search for investments for research and project implementation.



# SUSTAINABLE DEVELOPMENT

## SUSTAINABILITY REPORT

(GRI 102-46, 102-56)

The Sustainability Report has been prepared in accordance with the principles of the Global Reporting Initiative (GRI). The table indicating the location of standard elements in the Report is disclosed in the Annex of the Annual Report (see GRI Index).

This report has not been certified by external independent experts, but the company's management at the same time confirms the reliability of the data and their compliance with international standards. It should be noted that in the future for 2022-2023, the company plans to receive an ESG rating.

In compiling this report, the company adhered to the principles of materiality, interaction with stakeholders, the context of sustainable development, completeness, balance, comparability, accuracy and reliability, timeliness, clarity.

The previous sustainability report for 2020 was published in June 2020, available on the official website of JSC NMC Tau-Ken Samruk (GRI 102-51).



We strive to achieve strategic goals without compromising its sustainability in the long term



# THE COMPANY'S COMMITMENT TO SUSTAINABLE DEVELOPMENT GOALS

JSC NMC Tau-Ken Samruk strives to contribute to the achievement of the UN Global Sustainable Development Goals by implementing the principles and values of sustainable development, implementing good business practices, taking economically feasible measures to minimize the impact of operational activities on the environment and the local population, and increasing the value for all stakeholders.



THE COMPANY CONTRIBUTES TO THE ACHIEVEMENT OF THE FOLLOWING SUSTAINABLE DEVELOPMENT GOALS:

**GOAL 3**  
 “Good health and well-being” — information is disclosed in the section “Occupational health and safety”

**GOAL 4**  
 “Quality education” — information is disclosed in the section “Training and advanced training”

**GOAL 5**  
 “Gender equality” — information is disclosed in the section “Social responsibility and personnel development”

**GOAL 8**  
 “Decent work and economic growth” — information is disclosed in the sections “Information on staff turnover for the Company Group”, “HR Policy”

**GOAL 9**  
 “Infrastructure, industrialization, innovation” — information is disclosed in the section “Overview of assets activity”;

**GOAL 12**  
 “Ensuring sustainable consumption and production patterns” — information is disclosed in the section “Environmental responsibility”

**GOAL 16**  
 “Promoting the building of a peaceful and open society for sustainable development, ensuring access to justice for all and creating effective, accountable and participatory institutions at all levels” — information is disclosed in the section “Interaction with stakeholders”, “Business Ethics and Anti-corruption”

Sustainable development is managed by the Management Board and the Board of Directors of the company. According to the results of 2021, the implementation of the action plan for sustainable development for 2021 is 100%. An independent diagnostic of corporate governance was also carried out in 2021, according to the results of the diagnostics, the rating under the section “Sustainable Development” was BB. Based on the recommendations issued, new plans have been drawn up to furtherer improvement of the rating.

## INTERACTION WITH STAKEHOLDERS

(GRI 102-40, 102-42, 102-43, 102-44)

Interaction with stakeholders is a continuous and cyclical process, implying constant analysis, improvement and development

JSC NMC Taken Samruk considers its stakeholders as a group of individuals or organizations that influence its activities or are affected by the Company’s activities. One of the key actual factors for achieving the Company’s goals is effective interaction with stakeholders through the implementation of a system of planned and consistent activities.

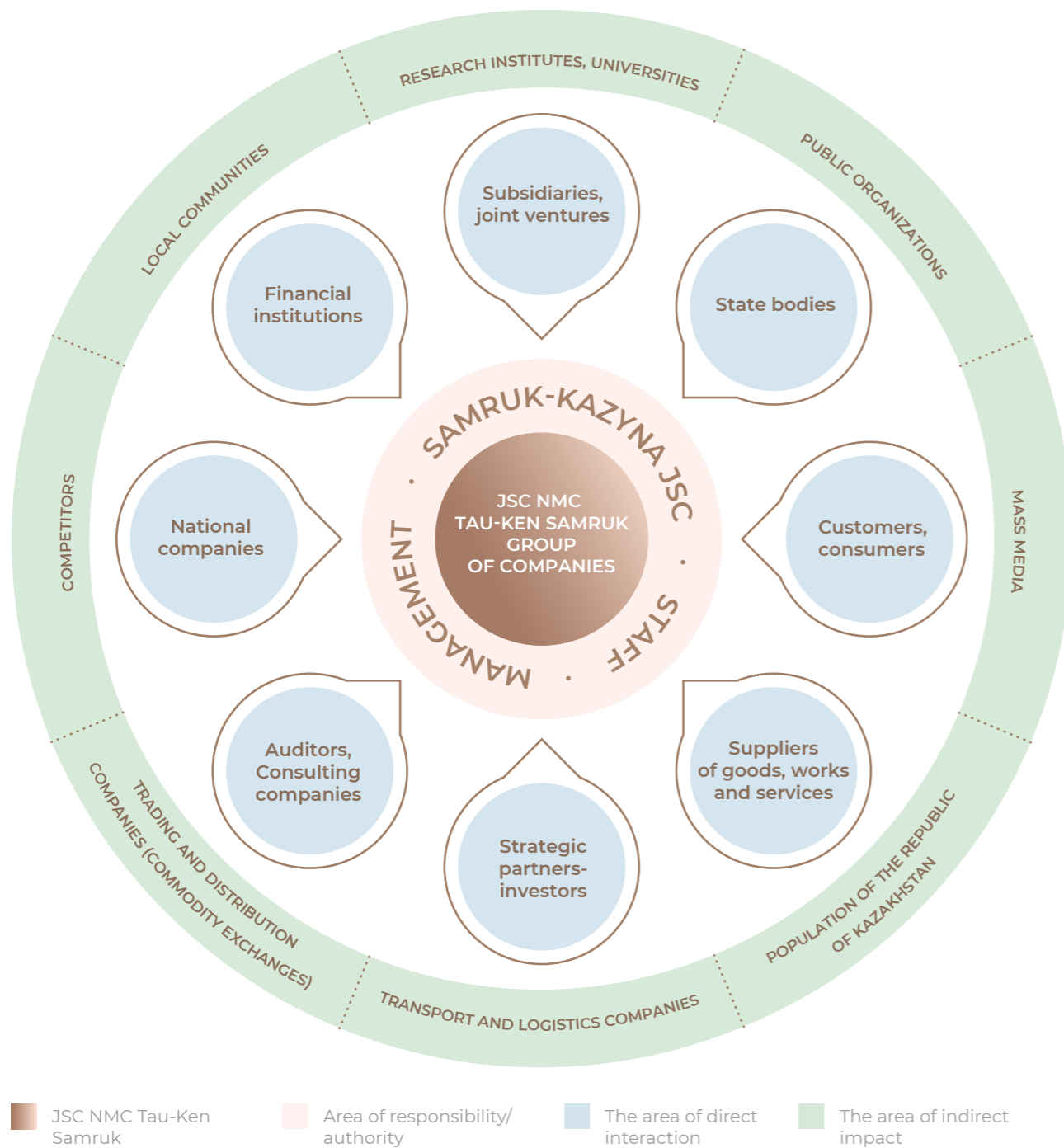
The interaction of JSC NMC TauKen Samruk with stakeholders is based on the following principles:

- Respect and consideration of the interests, opinions and preferences of stakeholders
- Timely and regular informing of stakeholders
- Responsible fulfillment of the obligations assumed

The process of interaction with stakeholders includes five main stages:

- 01 Bidentification of stakeholders and identification of material issues and expectations;
- 02 classification and prioritization of stakeholders and their expectations;
- 03 planning of activities for interaction with stakeholders;
- 04 implementation of measures;
- 05 evaluating the effectiveness of measures for interaction with stakeholders, learning lessons and taking them into account in future periods. This stage also includes reporting;

To this end, the stakeholders were ranked according to the degree of impact on the Company's activities.

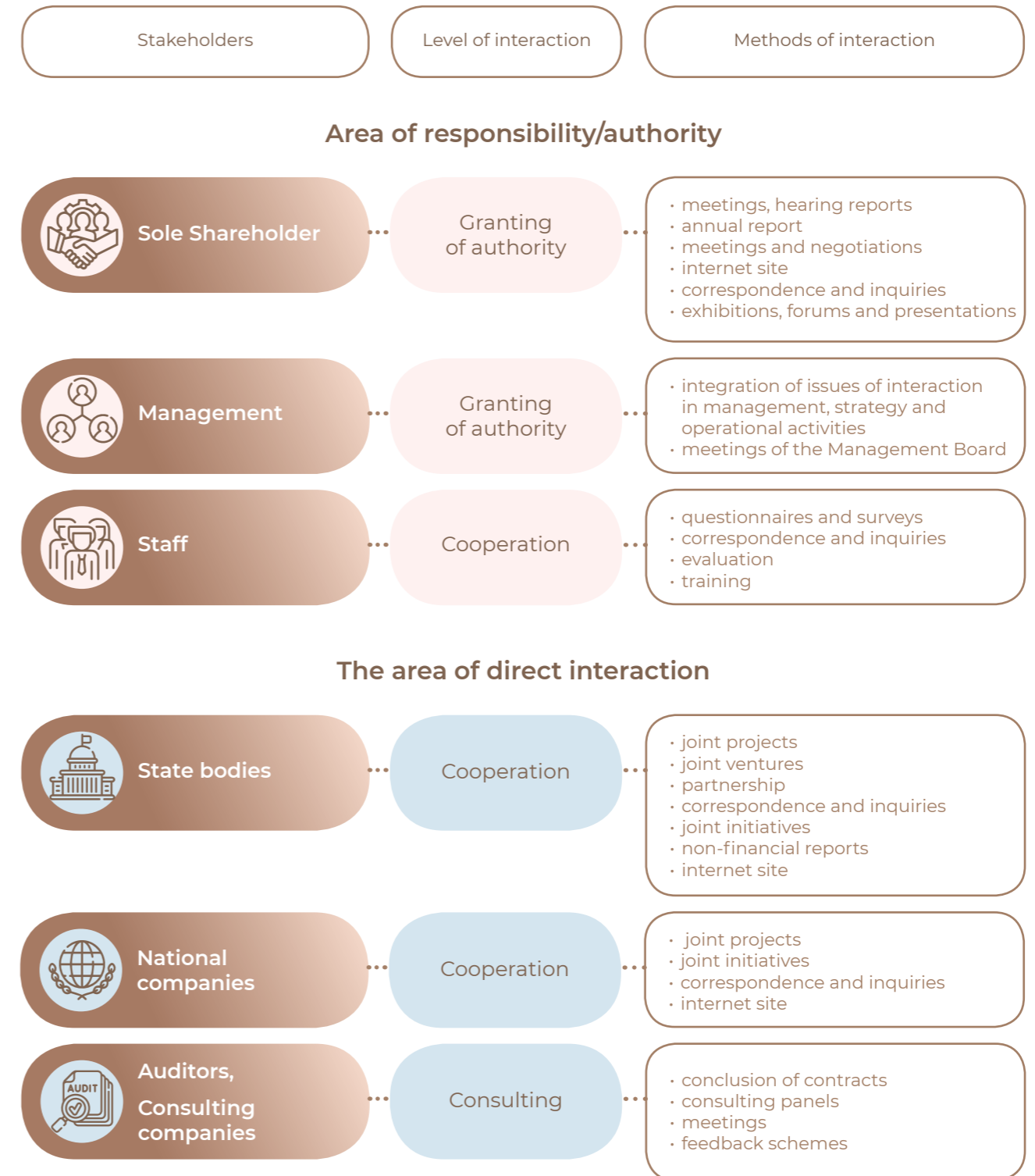


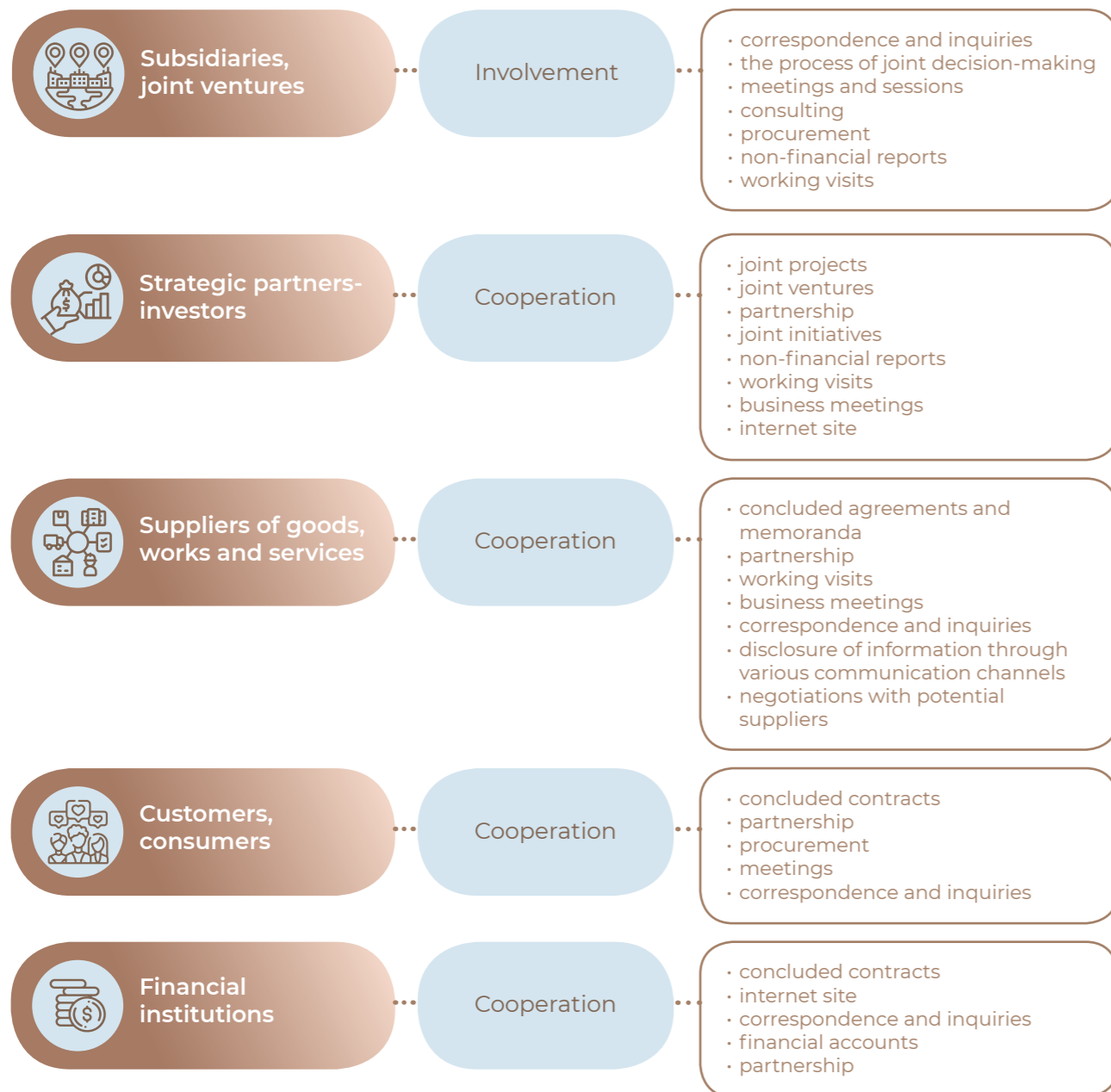
The main forms of interaction with stakeholders are:

joint programs and projects, memoranda of cooperation, joint working groups, reporting on activities, meetings, sessions, publications, interviews.

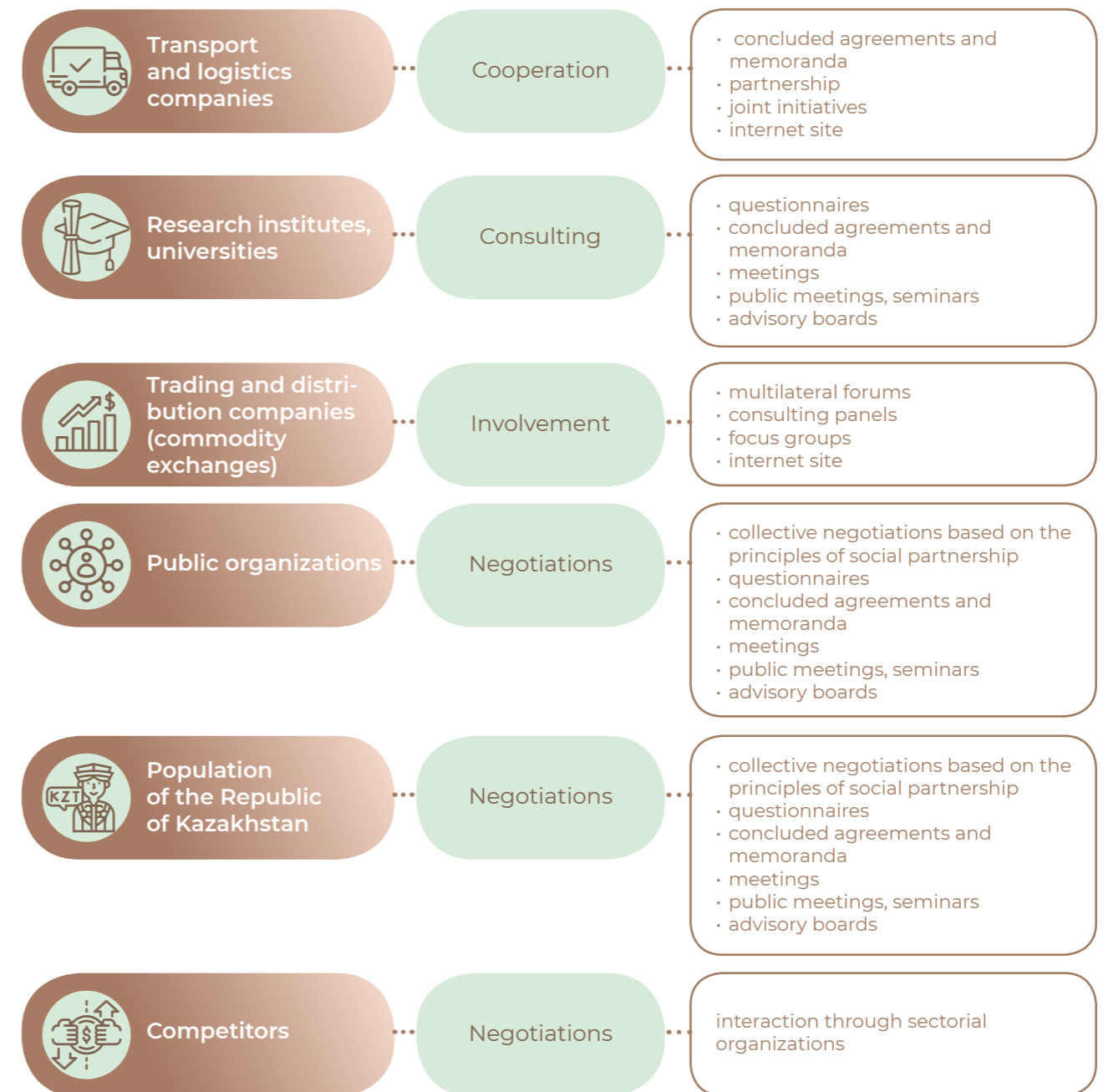
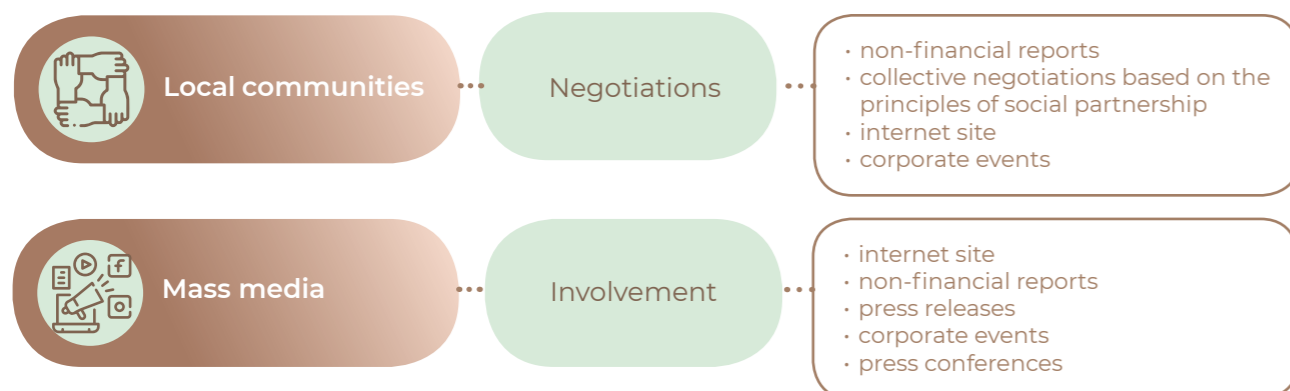
The main areas of interaction with stakeholders:

strategic planning, financial activities, project management, environmental safety, supply of goods, works and services, lawmaking, operational activities, interaction with the media





**The area of indirect impact**



# MATERIAL ASPECTS AND BOUNDARIES

(GRI 102-47, 102-49, 103-1)

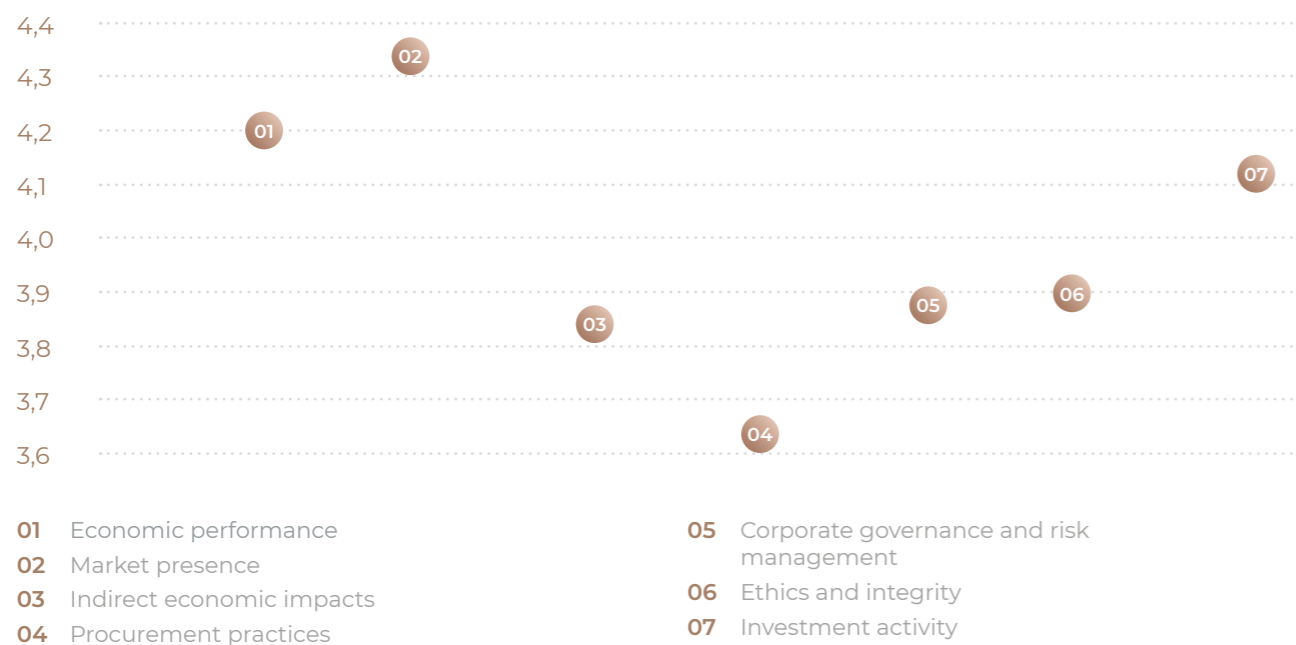
The report includes information about the activities of the Company and its subsidiaries. In the reporting year, the Company continued the practice of disclosing indicators in dynamics. Additionally, for a more complete presentation of information, the Report mentions events that occurred before or after the reporting period. The Report also reflects information regarding plans for 2022, which are forward-looking in nature, since their implementation is influenced by a number of external actualors independent of the Company.

The company conducted a survey of stakeholders to disclose significant topics in the report, so the categories included: economic, environmental, social, please find below a diagram of the survey results (on a scale from 1 to 5).

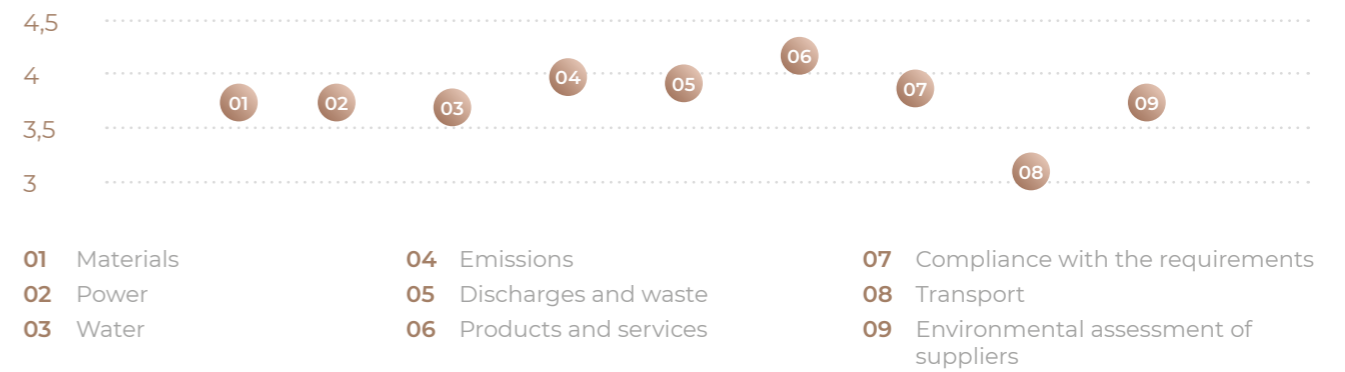
**According to the survey results, stakeholders showed the greatest interest in social aspects.**

The detailed information is provided for the three components of GRI in the sections:  
**Economic:** economic aspects, corporate governance and ethics, risk management and internal control, joint activities with investors;  
**Environmental:** environmental responsibility;  
**Social:** social responsibility and staff development, analysis of the external environment, business ethics and anti-corruption.

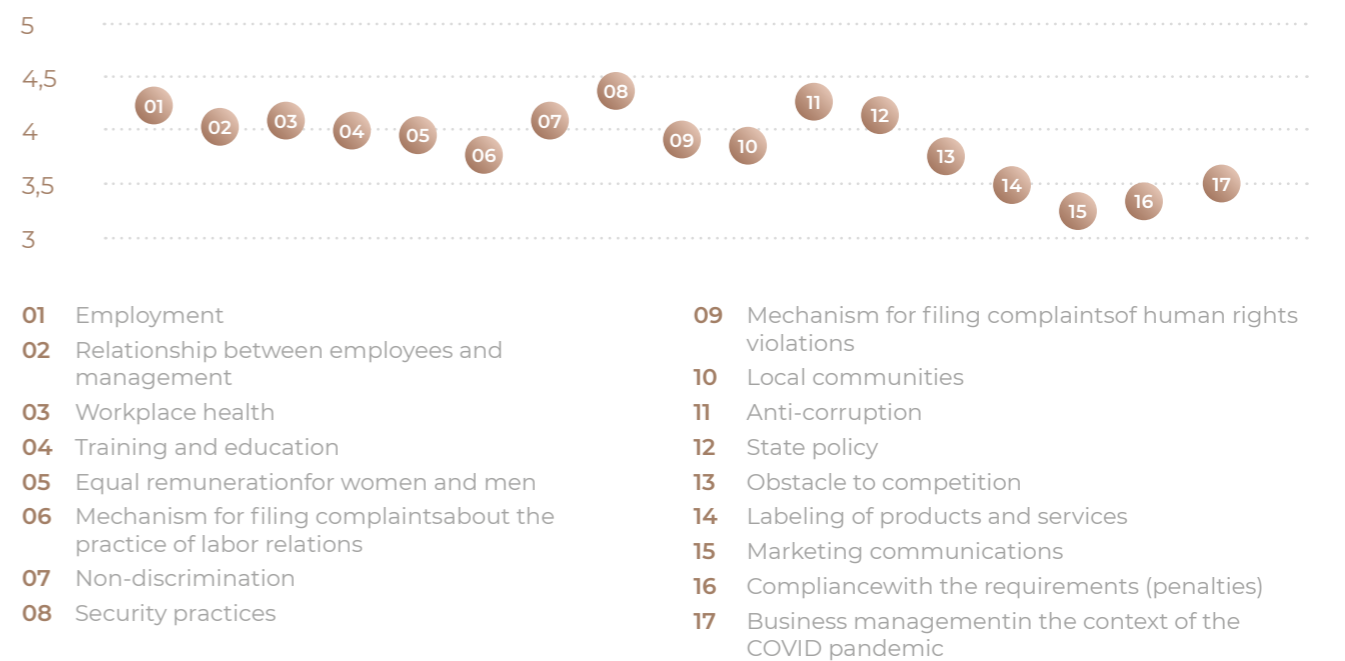
## ECONOMIC



## ENVIRONMENTAL



## SOCIAL



# SOCIAL RESPONSIBILITY AND STAFF DEVELOPMENT

(GRI 102-8, 103-2, 405-1, 406-1)

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

The HR Policy approved by the company defines the management system, as well as key areas and approaches to human resource management. The provisions of this policy apply to all subsidiaries of the Company.

## THE OBJECTIVES OF THE COMPANY'S HR POLICY ARE AS FOLLOWS:

- 01** Ensuring the success of the company's investments by creating and supporting the development of human resources and talents for effective competition and ensuring the Company's ability to adapt and respond to changes in a global, highly competitive and constantly evolving market
- 02** Creating a working atmosphere in the team, when employees will be maximally involved, highly productive, motivated and loyal to the company
- 03** Human resource planning through the assessment of personnel potential, forecasting future needs, identifying gaps in the necessary competencies and integrating with the strategic objectives of the company of a plan for attracting, retaining, developing and motivating professional and highly effective employees with the necessary competencies;
- 04** Development of a corporate culture focused on meritocracy, introduction of new behaviors to achieve high productivity, "commercial thinking" and readiness for change

## KEY AREAS OF THE HR POLICY

Effective employment of staff

Improvement of corporate culture

Training and staff development

Personnel evaluation

Staff motivation

Social support of the staff



The average number of employees in JSC NMC Tau-Ken Samruk and its subsidiaries in 2021

was **842** PEOPLE

According to the results of the analysis, the average age of employees is **41** YEARS

### STAFF STRUCTURE BY AGE

**25,1%**

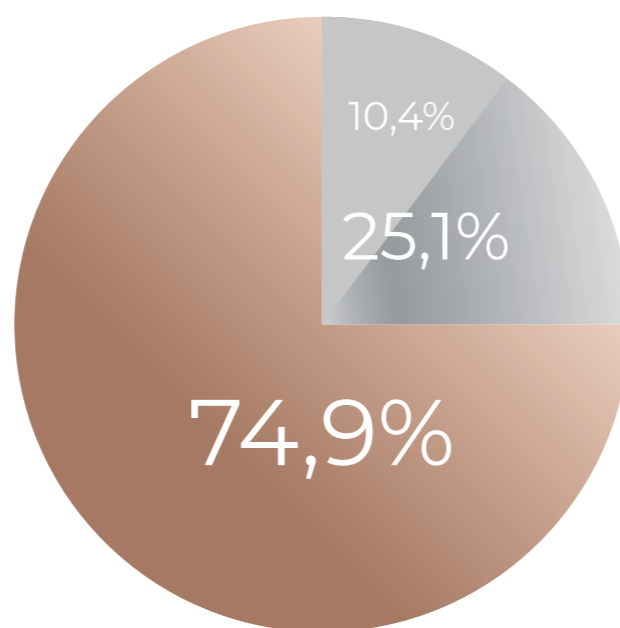
Share of administrative and managerial personnel (AMP)

**74,9%**

The share of production personnel (PP)

**10,4%**

The share of the managerial position



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

### LABOR RELATIONS PRACTICE

(GRI 103-2, 202-1, 401-1, 402-1)

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

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

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

JSC NMC Tau-Ken Samruk provides employees with benefits and incentives, providing maternity/paternity leave, life insurance, financial assistance and disability compensation.

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

**GENDER STRUCTURE OF THE STAFF** as of 31.12.2021

In the general staff structure, the proportion of men is about

**82%** MEN  
689 PEOPLE

**18%** WOMEN  
153 PEOPLE

The difference in the ratio of men and women is due to the specifics of the company's activities.

Company Name	The average number of employees in total, people	including	
		men	women
		КОЛ-ВО	КОЛ-ВО
<b>Company Group</b>	<b>842</b>	<b>689</b>	<b>153</b>
Nur-Sultan	144	99	45
Karaganda region	139	102	37
Kyzylorda region	559	488	71
<b>including the Central Office</b>	<b>66,00</b>	<b>36,00</b>	<b>30,00</b>



## SOCIAL PACKAGE OF EMPLOYEES OF THE COMPANY AND ITS SUBSIDIARIES

### JSC NMC Tau-Ken Samruk and Subsidiaries

Incentives	Employee category	
	Full-time employee	Temporary or part-time employee
Life insurance	Compulsory legal liability insurance	Compulsory legal liability insurance
Healthcare	Provided	
Disability compensation	Sick leave payments	Sick leave payments
Maternity/paternity leave	According to the Labor Code of the Republic of Kazakhstan	According to the Labor Code of the Republic of Kazakhstan
Providing for the pension	According to the legislation of the Republic of Kazakhstan	According to the legislation of the Republic of Kazakhstan
Allotment of Company shares	not provided	not provided
Other	Material assistance: 1) due to the birth/adoption of a child in the amount of 1 MOS, but not more than 100 MCI; 2) due to the death of the employee in the amount of 1 MOS, but not more than 200 MCI; of spouse, children, parents of the employee in the amount of 1 MOS, but not more than 100 MCI; 3) for treatment of an employee in case of illness  Environmental surcharge of 30% to the official salary, 9 days of additional leave, financial assistance for recovery to the labor leave in the amount of 1 official salary  Financial assistance for recovery to the labor leave in the amount of 2 official salaries	Material assistance: 1) due to the birth/adoption of a child in the amount of 1 MOS, but not more than 100 MCI; 2) due to the death of the employee in the amount of 1 MOS, but not more than 200 MCI; of spouse, children, parents of the employee in the amount of 1 MOS, but not more than 100 MCI; 3) for treatment of an employee in case of illness

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

## STRUCTURE OF MATERNITY/PATERNITY LEAVE FOR 2021

(GRI 401-3)

### JSC NMC Tau-Ken Samruk and subsidiaries

Maternity/paternity leave	Total, of them	Men	Women
Total number of employees who were entitled to maternity/ paternity leave (who had children in 2020)	102	85	17
Total number of employees who took maternity/ paternity leave	16	0	16
Total number of employees who returned to work at the end of maternity/paternity leave and continued to work 12 months after returning to work	12	0	12
% of return to work and retention of employees who have taken maternity/ paternity leave (%)	75%		75%

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

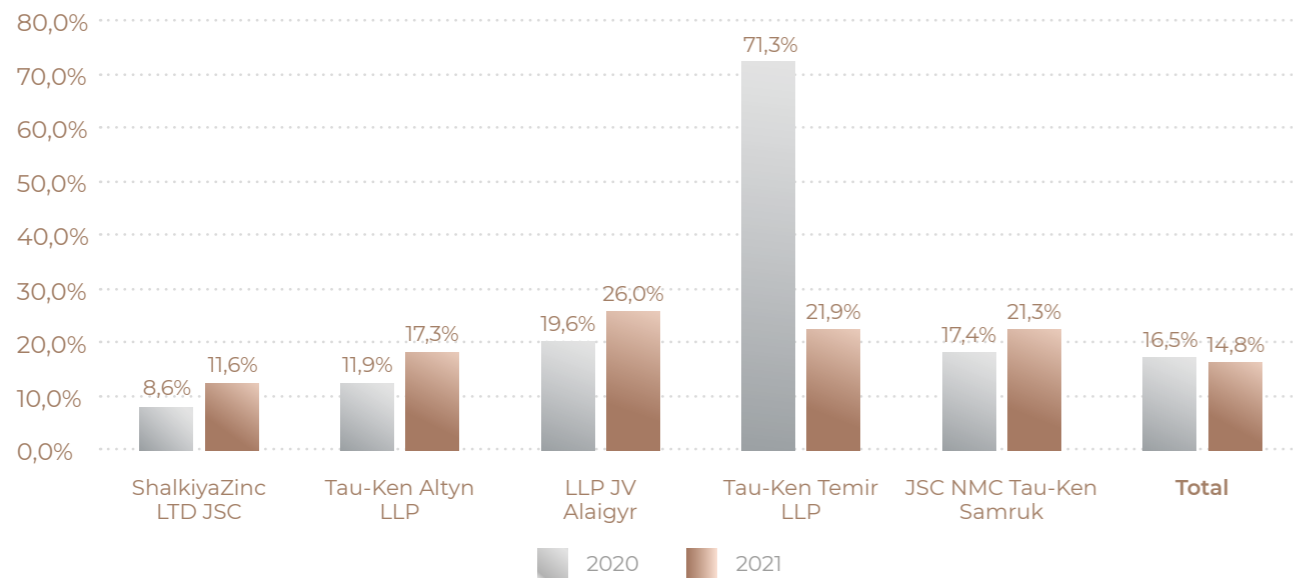
The Company updated the Rules for Competitive Selection for Vacant Positions, Recruitment and HR Adaptation in JSC NMC Tau-Ken Samruk and its subsidiaries. The Company's vacancies are posted on the single Fund's portal, Samruk Qyzmet, as well as on the Head Hunter website. The process of collecting and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



### INFORMATION ON STAFF TURNOVER IN THE COMPANY GROUP

The staff turnover rate in 2021 is in the target value zone and is 14.8%. The high indicator for Tau-Ken Temir LLP is associated with planned decrease in the number of personnel due to the conservation of the plant in late 2019 and early 2020. At the moment, the number of personnel is provided for ensuring the vital activity of the plant.

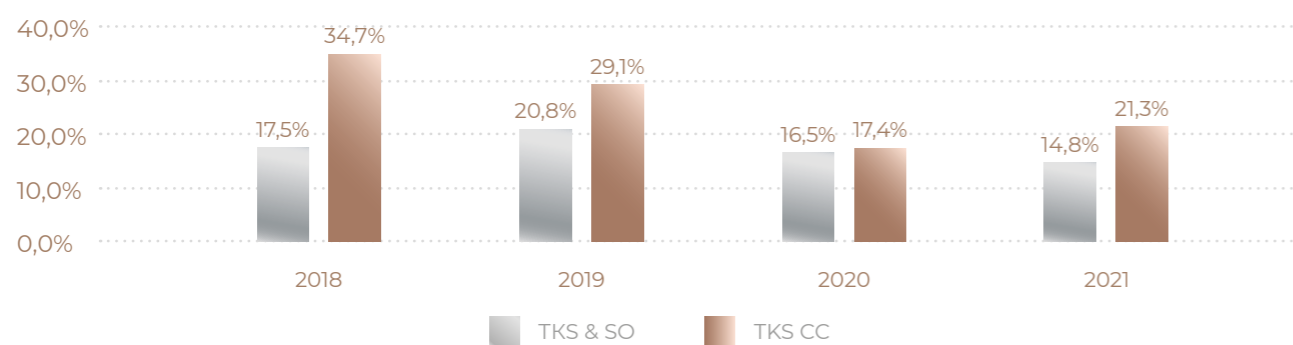
Таблица в разрезе дочерних организаций



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

- Good working conditions (working hours, social package)
- Opportunities for professional training
- The opportunity to participate in interesting projects
- The employer's brand
- good perspectives for professional and career growth

Staff turnover in dynamics for the last 4 years



In total, the Company employed 98 people in the reporting period. The total number of dismissed employees was 405 people, including 359 men and 46 women.

### Structure of dismissed and employed employees in 2021 by age category and gender

Dismissed					
Men			Women		
Up to 30 years	from 30 to 50	50 and more	Up to 30 years	from 30 to 50	50 and more
45	206	108	9	30	7

Employed					
Men			Women		
Up to 30 years	from 30 to 50	50 and more	Up to 30 years	from 30 to 50	50 and more
20	45	5	3	21	4

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

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

Minimum amount of the salary in Kazakhstan in 2021	Minimum subsistence level in Kazakhstan in 2021	The average minimum salary in the Company in significant regions of activity
42 500	34 302	153 267

### DEVELOPMENT AND ADVANCED TRAINING

(GRI 404-1, 404-2, 404-3)

In 2021, 277 short-term training events were organized, in the conditions of the pandemic, the main training events were held remotely (99 of 277), which is much cheaper than full-time training, and does not require additional travel expenses for training. This fact permitted to achieve savings on the budget for training.

## The average annual number of training hours per employee in 2021 of JSC NMC Tau-Ken Samruk

(GRI 404-1)

JSC NMC Tau-Ken Samruk and subsidiaries

Employee category	Men	Women
<b>Administrative personnel, including</b>		
Heads (from CEO to the Head of a Division)	740,97	558,8
Specialists	478,6	909,3
<b>Production personnel, including</b>		
Engineering manpower	1211,54	91,75
Workers	3004	128

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

## The number of employees for whom periodic performance and career development evaluation are conducted in 2021

(GRI 404-3)

Employee category	The number (share) of employees for whom periodic performance and career development evaluation are conducted (*)		
	Total	Men	Women
<b>Administrative personnel, including</b>			
Heads (from CEO to the Head of a Division)	54	40	14
Specialists	91	46	45
<b>Production personnel, including</b>			
Engineering manpower	93	82	11
Workers	441	385	56

## CORPORATE CULTURE DEVELOPMENT

In 2021, experts of the Corporate University "Samruk-Kazyna" carried out diagnostics of corporate culture for the JSC NMC Tau-Ken Samruk group of companies, with participation of the CEOs of subsidiaries. Based on the diagnostics results, a new competence model of JSC NMC Tau-Ken Samruk was approved, which includes one managerial and five general corporate competencies. The target culture was approved as a project-market one. The target culture is planned to develop in three directions: development of project management, development of risk culture, development of Green mindset culture, in this regard, the Company's Roadmap for the development of Corporate Culture for 2019 - 2028 has been updated (hereinafter - the Roadmap).

### As part of implementation of the Roadmap in 2021, the following activities were carried out:

01. Town Hall with the Heads of the directions and members of the Board of Directors;
02. Development and introduction of a program for the adaptation of new employees;
03. In connection with the reduction of quarantine measures and the opportunity to go to the office in Q4 2021, the celebration of the 30th anniversary of Independence of Kazakhstan with the solemn awarding of employees with state badges, certificates of honor and letters of thanks from Samruk-Kazyna JSC and JSC NMC Tau-Ken Samruk;

Also, in 2021, despite quarantine measures, work on forming a pool of change agents started and was actively carried out in the online format, which helped to involve more employees and increase the number to 30 agents. As a result, the change agents implemented 2 projects "Corporate Portal" and "Role Exchange", which favorably influenced the development of internal communications and increased the involvement and interest of the Company's employees in improving the efficiency of the Company's processes and activities as a whole. As a result, the change agents implemented 2 projects "Corporate Portal" and "Role Exchange", which favorably influenced the development of internal communications and increased the involvement and interest of the Company's employees.

As part of approval of the Code of Business Ethics in the new edition, the Company's corporate values have been updated.

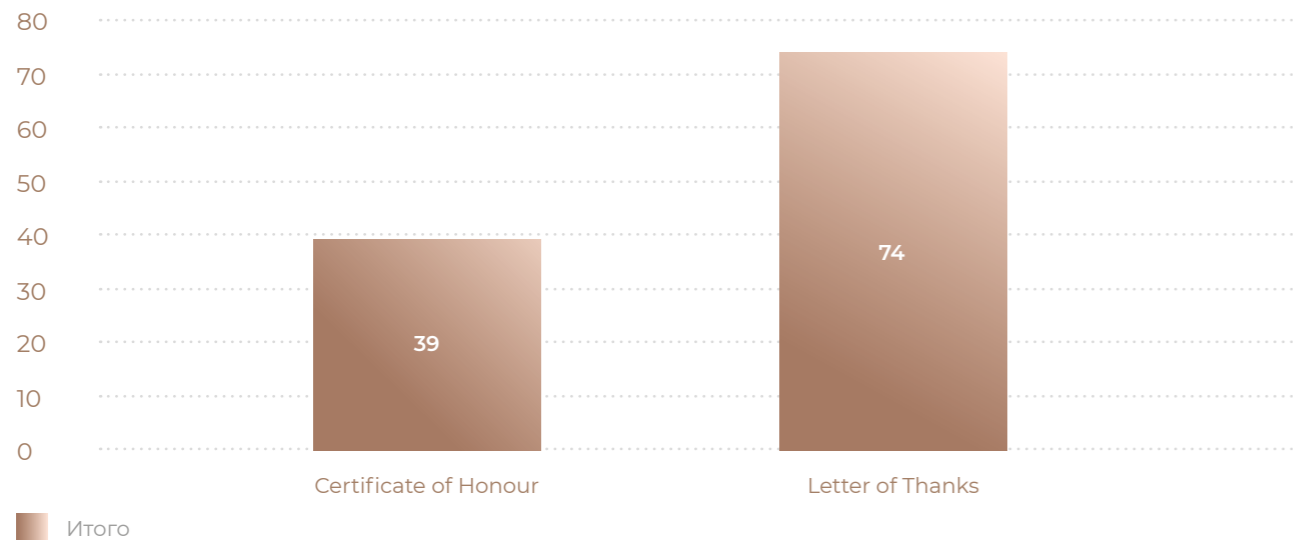
In 2022, it is planned to take measures to introduce and popularize updated values and competency models, to promote the employer's internal brand. In order to develop a single target corporate culture in the JSC NMC Tau-Ken Samruk group of companies, it is planned to approve roadmaps at the level of subsidiaries in 2022. The work will also continue within the framework of the Roadmap: development of an internal EVP (employer brand) and its promotion, holding events that strengthen the employer's value proposition, teamwork, loyalty, a favorable and creative atmosphere in the collective of the Company and its subsidiaries.

## IMPROVING THE SOCIAL SUPPORT SYSTEM FOR EMPLOYEES

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

### In the field of non-material incentives for employees:

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



Thus, in the reporting year, more than 10% of the Company's staff and employees were awarded for high achievements in their work, as well as for their professionalism in the implementation of projects and were awarded Certificates of Honor of Samruk-Kazyna JSC, a Certificate of Honor, Letters of Thanks of the Company's CEO.

- Makulbekov Rustem Nurlanovich — Chief Business Development Officer, a member of the Management Board of JSC NMC Tau-Ken Samruk- Jubilee Medal of the President of the Republic of Kazakhstan;
- Ilyubayev Nurlan Muratovich — Chief Technologist of Tau-Ken Altyn LLP — Jubilee Medal of the President of the Republic of Kazakhstan;
- Sydykova Aisha Kaliyevna — Chemical Engineer of Tau-Ken Altyn LLP — Jubilee Medal of the President of the Republic of Kazakhstan;
- Dastanov Nurlan Azhibayevich — Senior Dispatcher of ShalkiyaZinc Ltd JSC — Jubilee Medal of the President of the Republic of Kazakhstan.



## ECONOMIC ASPECTS

(GRI 103-2, 201-1)

JSC NMC Tau-Ken Samruk, being a national company, carries out its activities in the interests of the State and Samruk-Kazyna JSC, contributes to the development of the mining industry of the country through the search for promising subsurface use facilities, construction and launch of deposits for the production of various metals and management of operational assets. The company's regions of influence are Nur-Sultan city, Karaganda and Kyzylorda regions, where the Company is an employer and taxpayer. The distribution of the created economic value occurs in the process of payment of wages, dividends, taxes and other payments in favor of the state, procurement of goods and services.

### Created and distributed direct economic value in accordance with GRI disclosure requirements for the Group of Companies, KZT thousand

Indicator	2020	2021
<b>Created economic value</b>		
Income	639 246 870	724 217 524
<b>Distributed economic value</b>		
Operating costs	1 104 249	713 348
Salaries and other payments, benefits to employees	2 192 416	2 160 846
Taxes	22 829	207 815
CIT	1 099 180	106 851
Payments to capital suppliers	30 777 857	713 001
Retained economic value	604 050 339	720 529 365

# ENVIRONMENTAL RESPONSIBILITY

(GRI 103-2)

## Environmental protection

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

In the spring of 2021, JSC NMC Tau-Ken Samruk updated and approved its Environmental Policy, under which the Company and its subsidiaries express their commitment to the principles of sustainable development and include environmental protection and prevention of negative environmental impacts among the main priorities of their activities.

In order to implement the Policy in the field of Environmental protection (Environmental policy) of JSC NMC Tau-Ken Samruk, the Company's management assumes the following obligations, which it will fulfill, and require their fulfillment by subsidiaries and contractors:

- 01** Strictly comply with the requirements of the legislation of the Republic of Kazakhstan, applicable norms and standards, and internal documents in the field of environmental protection.
- 02** Ensure the advantage of preventive measures to prevent negative environmental impacts over measures to eliminate the consequences of such impacts.
- 03** Carry out a comprehensive environmental impact assessment of the production facility by the Company's subsidiaries, from the construction stage to the liquidation stage, with mandatory informing of the public and stakeholders and posting this information in open sources.
- 04** Provide for minimization of risks of negative impact on the environment at all stages of implementation of investment projects;
- 05** Ensure trouble-free operation and operation of all production equipment in order to minimize the risks of environmental pollution in case of accidents and emergency situations.
- 06** Compensate in full for the environmental damage caused by the negative impact of the group's activities.
- 07** Ensure open communication, awareness and regular reporting to the public, the sole participant, the state authorized body in the field of environmental protection and other stakeholders about significant environmental aspects of the Group of Companies.
- 08** Ensure continuous improvement of the management system and indicators in the field of environmental protection by allocating commitments and responsibilities, granting powers for its maintenance and effective functioning

The Company's obligations expressed in the Environmental Protection Policy (Environmental Policy) of JSC NMC Tau-Ken Samruk are the basis for setting goals in the field of environmental protection, apply to subsidiaries, contractors and are included in the system of business relations of the Group of Companies with partners.

## ENERGY RESOURCES USAGE

(GRI 302-1)

In total, during the reporting period, the consumption of fuel and energy resources by subsidiaries of JSC NMC Tau-Ken Samruk amounted to 90 399.56 GJ, including 57 146.16 GJ of electric energy. Significant decrease in electricity consumption is due to the fact that the silicon plant of Tau-Ken Temir LLP was idle during 2020-2021.

### Energy consumption within the Company for 2021

Fuel and energy resources	Consumption volume, GJ 2019	Consumption volume, GJ 2020	Consumption volume, GJ 2021
Total fuel consumption from non-renewable sources (diesel fuel, gasoline, fuel oil):	36260,67 GJ	12048,6 GJ	7931 GJ
Total fuel consumption from renewable sources	0 GJ	0 GJ	0 GJ
Total electricity consumption	884 471,26 GJ	57146,16 GJ	60368,4 GJ
Total energy consumption for heating	5696,76 GJ	19329,4 GJ	8822 GJ
Total energy consumption for cooling	64,152 GJ	13,6 GJ	0
Electricity sold	0 GJ	1861,8 GJ	3920,3 GJ
<b>TOTAL</b>	<b>926492,5 GJ</b>	<b>90 399,56 GJ</b>	<b>81041,7 GJ</b>

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

## GREENHOUSE GAS EMISSIONS

(GRI 305-1)

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

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

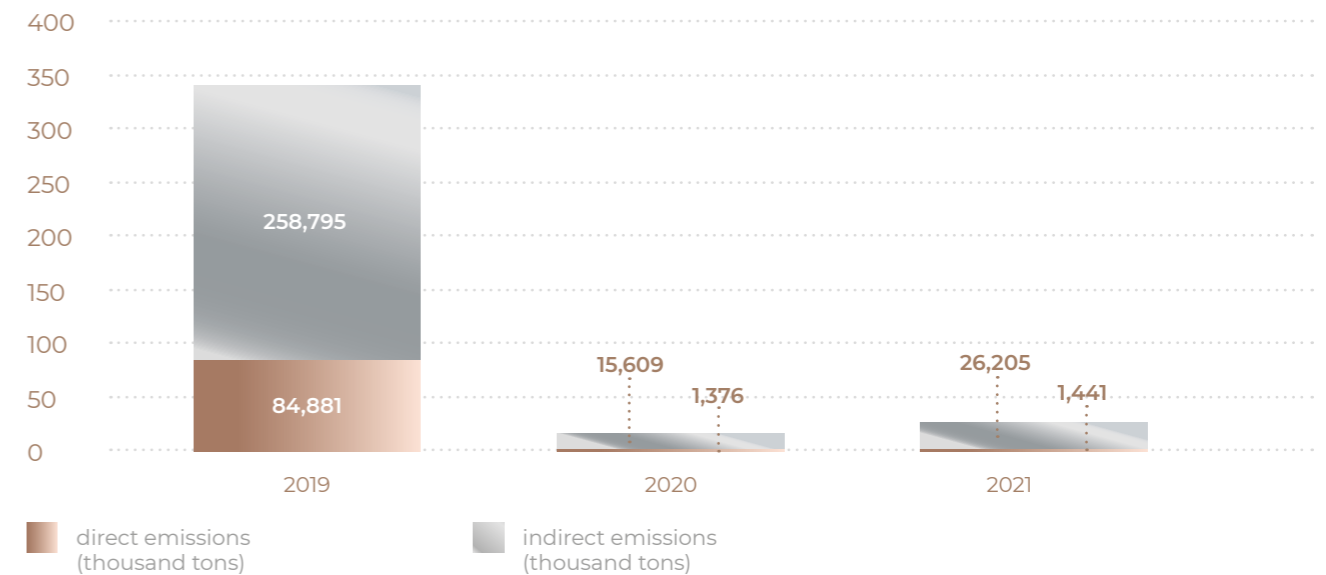
Tau-Ken Temir LLP is included in the National Quota Distribution Plan for 2018-2020. However, due to the fact that the silicon plant was idle, there were no greenhouse gas emissions in 2021.

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

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

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

### Volume of direct and indirect CO2 emissions



At the same time, on September 30, 2021, the Concept of Energy Transfer of JSC NMC Tau-Ken Samruk for 2022-2060 was approved, where a Roadmap was developed with a list of measures to reduce greenhouse gas emissions and energy efficiency, which provides for a reduction of its greenhouse gas emissions by 10% by 2030 in relation to 2025 (2025 – commissioning operation of all production facilities of the Company's Group).

The Company is conducting comprehensive work to improve energy conservation and energy efficiency of production, and as part of implementation of the Concept, this work will continue along with new tasks to reduce the carbon footprint, such as: use of renewable energy sources, transfer of assets of the southern region to gas, construction of a modular boiler house with higher efficiency (key performance indicators) and etc.

## ATMOSPHERIC AIR PROTECTION

(GRI 305-7)

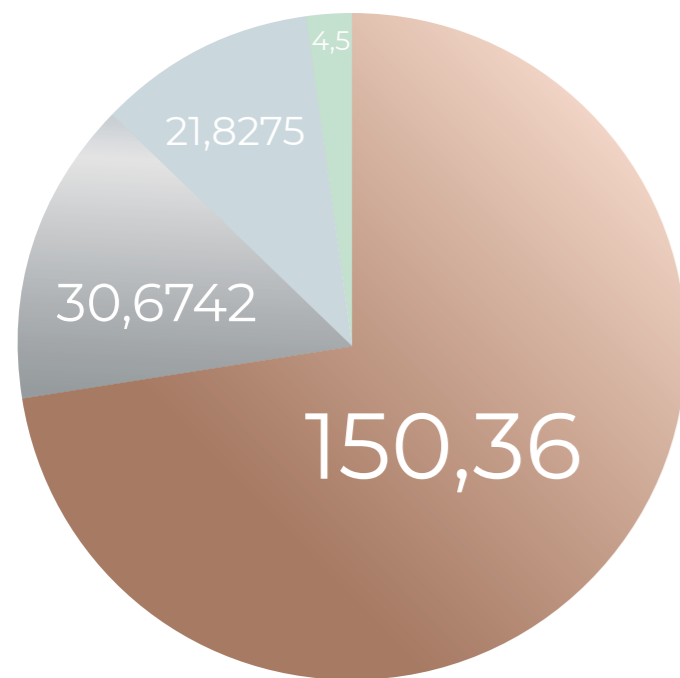
One of the main environmental tasks in the implementation of JSC NMC Tau-Ken Samruk activities is the protection of atmospheric air, within the framework of which industrial environmental control is carried out and measures are taken to reduce emissions of pollutants into the atmosphere.

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

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

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

	2019 год	2020 год	2021 год
Mining projects	218,237	40,34	193,962
Metallurgical projects	134,76	94,37	20,195
<b>TOTAL</b>	<b>352,997</b>	<b>134,71</b>	<b>214,157</b>



### Structure of gross emissions of pollutants into the atmosphere, tons in 2021

The total volume of gross emissions of pollutants in 2021 increased due to the fact that mining operations at the Alaigyr fields were resumed in 2021, and reduction of emissions from metallurgical projects is associated with the temporary conservation of the silicon plant.

- Particulate pollutants
- Nox emissions
- Volatile organic compounds (VOC)
- Sox emissions

## WATER RESOURCES USE

(GRI 303-1, 303-2, 303-4, 303-5)

Currently, the objects of JSC NMC Tau-Ken Samruk use underground water and water from municipal water supply systems for production and household needs.

Underground water is the source of domestic drinking and industrial water supply at the Shalkiya deposit. There are own wells for underground water intake: Kutykozha (well 6g-bis) drinking water intake, Zhanakorgan industrial water intake. At that, the mine provides drinking water to Shalkiya village.

When calculating the volume of water taken, the Rules for Primary Water Accounting approved by Order of the Minister of Agriculture of the Republic of Kazakhstan in 2015, were used.

### Volumes of intake water

Water source	Water volume, thousand m <sup>3</sup>		
	2019	2020	2021
From underground sources	384,36	437,52	429,75
From municipal and other water supply systems	11,42	6,94	11
<b>Total</b>	<b>395,78</b>	<b>444,46</b>	<b>440,75</b>

The discharge of mine and household wastewater was carried out in 2021 in accordance with approved permits of the authorized body. Industrial environmental control of wastewater of the facilities of the Subsidiaries is also carried out on an ongoing basis.

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

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

In addition, a small volume of mine water is used for dust suppression.

The total volume of water discharge in 2021 amounted to **902,31 THOUSAND M<sup>3</sup>**

### Total water discharge amount, thousand m<sup>3</sup>

2019	1206,15
2020	1148,431
2021	902,31

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

Receiving object	Volume
Storage pond	891 310
Transfer to third parties	11
Reused	47 949

**WASTE MANAGEMENT**

(GRI 306-2)

The volume of waste formed in 2021 consists of the activities of ShalkiyaZinc LTD JSC, LLP JV Alaigyr, Tau-Ken Altyn LLP and partially Tau-Ken Temir LLP.

The bulk of the waste is waste rock formed during stripping and mining operations at ShalkiyaZinc LTD JSC and LLP JV Alaigyr. Growth of the volume of waste is associated with the resumption of mining operations at the Alaigyr field. The waste rock is mainly reused for construction of intra-quarry roads, and the remainder is placed on its own rock dumps.

In order to reduce the volume of waste generation, separate waste collection (scrap metal, plastic and wastepaper) has been introduced in all Subsidiaries. All waste is transferred to specialized organizations for utilization/disposal.

**Waste generation**

Waste name	Formation, ton		
	2019	2020	2021
<b>Waste (total), tons</b>	<b>837 558</b>	<b>102 690</b>	<b>925 431</b>
Overburden, tons	832 400	101 795	924 980
Production waste, tons	4996	23	59
Solid waste (solid household waste), tons	162	872	392

**Total mass of waste by type and method of disposal**

Type and method of placement	Total weight		
	2019	2020	2021
Total mass of hazardous and non-hazardous waste,	837 558	102 690	925 431
reuse, tons	46 762	101 795	484 938
placement on the landfill, tons	162	872	392
storage on the site of the enterprise, tons	785 638	0	440 042
other removal method, tons	4 996	23	59

**MONETARY VALUE OF SUBSTANTIAL PENALTIES AND TOTAL NUMBER OF NON-FINANCIAL SANCTIONS**

(GRI 307-1)

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

In 2021, there were no inspections and penalties on the part of the authorized body.



# OCCUPATIONAL HEALTH AND SAFETY

(GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-5, 403-7)

## HEALTH AND SAFETY IN THE WORKPLACE

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

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

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

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

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



## OCCUPATIONAL INJURY STATISTICS

(GRI 403-9)

In 2021, the facts of accidents and man-made emergencies were not recorded at JSC NMC Tau-Ken Samruk and the production sites of Subsidiaries.

Name	2019	2020	2021
Number of group accidents	0	0	0
Number of fatalities	0	0	0
Number of lost time accidents	2	0	0
Number of accidents with contractors	0	0	0
Number of man-made emergencies	0	2	0

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

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



## OCCUPATIONAL HEALTH AND SAFETY

(GRI 403-6)

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

Due to the coronavirus pandemic in the world and related quarantine restrictions in 2021, the Company and its subsidiaries have taken the following measures to combat COVID-19:

- Informational posters about the first symptoms and preventive measures of COVID-19 were distributed.
- A headquarters for managing the emergency situation in view of the pandemic has been established.
- To ensure the continuity of the Company's activities, considering the quarantine regime, at most 20% of the full-time staff work in the office.
- Personal protective equipment, including medical masks and antiseptic products, were purchased and issued to employees.
- The health of employees of the Company and Subsidiaries is monitored daily.
- PCR/EIA testing of the employees with symptoms of illness, contact and others is carried out at the expense of the employer.
- Employees were informed about methods of infection prevention and the need to vaccinate employees, so 506 employees were vaccinated, which is 92.3% of the total number of employees of the Company and Subsidiaries.

The following documents have been developed and approved, which apply in general to the Company and its Subsidiaries:

- |  |  |
|--|--|
| <b>01</b> Action plan on preventing the spread of coronavirus infection.                                     | <b>04</b> Plans for the implementation of risks associated with the coronavirus infection.   |
| <b>02</b> The order "On strengthening measures to prevent the spread of the COVID-19 coronavirus infection". | <b>05</b> The plan for a phased exit from quarantine.  |
| <b>03</b> The algorithm of actions for responding to the epidemic of the coronavirus infection.              | <b>05</b> The Rules for Staying at the Workplace during the Post-quarantine Period in JSC NMC Tau-Ken Samruk and its subsidiaries. |

To improve skills of the staff in accordance with the requirements of legislative and normative documents of the Republic of Kazakhstan in the field of labor protection and civil protection, training and testing of knowledge on Safety Regulations, Fire Safety Regulations, Technical Operation Rules, Industrial Safety Requirements, Electrical Safety, as well as on the ongoing emergency response and firefighting training (exercises) with the use of specialized organizations to rescue and liquidation of emergency situations in the operation of hazardous production facilities and technological devices is being conducted.

JSC NMC Tau-Ken Samruk in compliance with the Manual on Engagement with its Subsidiaries on HSE issues conducts constant monitoring and control over the HSE activities of Subsidiaries.

The members of the Management Board of JSC NMC Tau-Ken Samruk are provided with a report on the main indicators on a quarterly basis. In addition, the Company audits the activities of its subsidiaries for compliance with the legislation on labor protection, industrial safety and environmental legislation. Based on the results of the audits, the Corrective Action Plans are developed to eliminate the identified inconsistencies and the implementation of the approved documents is monitored.

At the same time, the HSE Committee was established in Samruk-Kazyna JSC to improve the HSE management system (occupational safety, industrial, fire and environmental safety), which included JSC NMC Tau-Ken Samruk.

Based on the results of work of the HSE Committee for 2021, Road Maps and Plans in the HSE (occupational safety, industrial, fire and environmental safety) of Samruk-Kazyna JSC for 2022 were approved and sent to the Company for further development of its own measures for the introduction of the HSE management system in Companies and their Subsidiaries in accordance with the requirements of international standards.

# PROCUREMENT SYSTEM AND LOCAL CONTENT DEVELOPMENT

## PROCUREMENT MANAGEMENT

JSC NMC Tau-Ken Samruk is guided by the principles of transparency, openness and competitiveness in the implementation of procurement procedures.

**Procurement procedures for the Company group are carried out on the basis of:**

- The Procurement Procedure by Joint Stock Company “Sovereign Wealth Fund “Samruk-Kazyna” and Legal Entities at Least Fifty Percent of Voting Shares (Equity Interest) of which are Directly or Indirectly Owned by Samruk-Kazyna JSC approved by the decision of the Board of Directors of Samruk-Kazyna JSC of July 03, 2019;
- The Procurement Management Standard of Joint Stock Company “Sovereign Wealth Fund “Samruk-Kazyna” and legal entities, more than fifty percent of the voting shares (interest) of which is directly or indirectly owned by Samruk-Kazyna JSC on the right of property or trust management approved by the decision of the Management Board of Samruk-Kazyna JSC of September 09, 2019.

Taking into account that the group of JSC NMC Tau-Ken Samruk companies includes manufacturing companies, the issue of occupational safety and health is under special control. Thus, all agreements concluded provide for the relevant sections on requirements and control in the field of occupational safety and health.

## CONTROL AND MONITORING OF PROCUREMENT PROCEDURES

The Procurement Service of JSC NMC Tau-Ken Samruk continuously monitors the procurement processes of Subsidiaries. The Procurement Service has introduced the practice of on-site inspections to Subsidiaries of the company in order to minimize the facts of violation of the requirements of documents regulating procurement procedures.

All procurement processes (planning, supplier selection, conclusion of contracts, execution of contracts, etc.) for the Company group are carried out through the Unified E-Procurement System of Samruk-Kazyna JSC



which simplifies the process of control over and analysis of procurement for the Company group.

All companies of the JSC NMC Tau-Ken Samruk group submit reports to the Authorized Body on carried out procurement and concluded contracts by means of the E-Procurement System.

## DEVELOPMENT OF LOCAL CONTENT

Particular attention is paid to the issue of supporting domestic entrepreneurs by conducting the bulk of procurement among domestic commodity producers, as well as concluding off-take contracts.

So, by the end of 2021, 3 off-take contracts were concluded for procurement of fire extinguishers, switches and radio stations for the Company group.



## Volumes and procurement methods by the end of 2021



GWS types	Total volume of the procurement plan, KZT million	Amount of contracts, KZT million	Savings, KZT million
Goods	846 585,2	846 421,1	164,1
Works	2 420,9	2 339,5	81,4
Services	2 069,7	1 946,9	122,8
<b>Total</b>	<b>851 075,8</b>	<b>850 707,5</b>	<b>368,3</b>

**Procurement for the JSC NMC Tau-Ken Samruk group are carried out in the following ways:**

- 01** Tenders (open, by holding competitive negotiations);
- 02** Request for Price quotations (RPQ)
- 03** Within intra-holding cooperation (IHC)
- 04** From single source (SSP)

Following 2021, more than 99% of procurement was carried out through tender, the remaining 1% was divided into RPQ, IHC and SSP. Detailed information is provided in the following table:

Total,	Tenders	Share	RPQ	Share	IHC	Share	SSP	Share
851 075,8	849 386,6	99%	792,8	0,05%	325,5	0,02%	570,9	0,03%

KZT million

# CORPORATE GOVERNANCE AND ETHICS



The corporate governance system of JSC NMC Tau-Ken Samruk is a set of processes that ensure the management and control over the Company's activities, as well as a system of relationships between the Executive Body, the Board of Directors, the Sole Shareholder (Samruk-Kazyna JSC) and stakeholders.

The principles of corporate governance are defined in the Corporate Governance



THE COMPANY ADHERES TO THE PROVISIONS OF THE CORPORATE GOVERNANCE CODE IN ACCORDANCE WITH THE FOLLOWING SECTIONS:

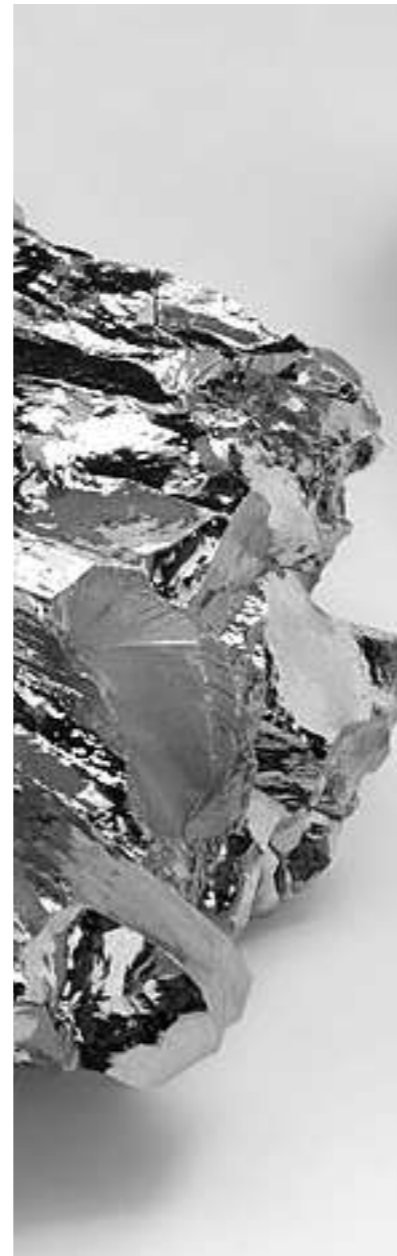
- The Government as a Shareholder
- Interaction of the Sole Shareholder and organizations
- Sustainable development
- Shareholders' rights and fair treatment of shareholders
- Effectiveness of the Board of Directors and the Executive Body
- Risk management, internal control and audit
- Transparency



**KEY POINTS OF CORPORATE GOVERNANCE BY THE END OF 2021:**

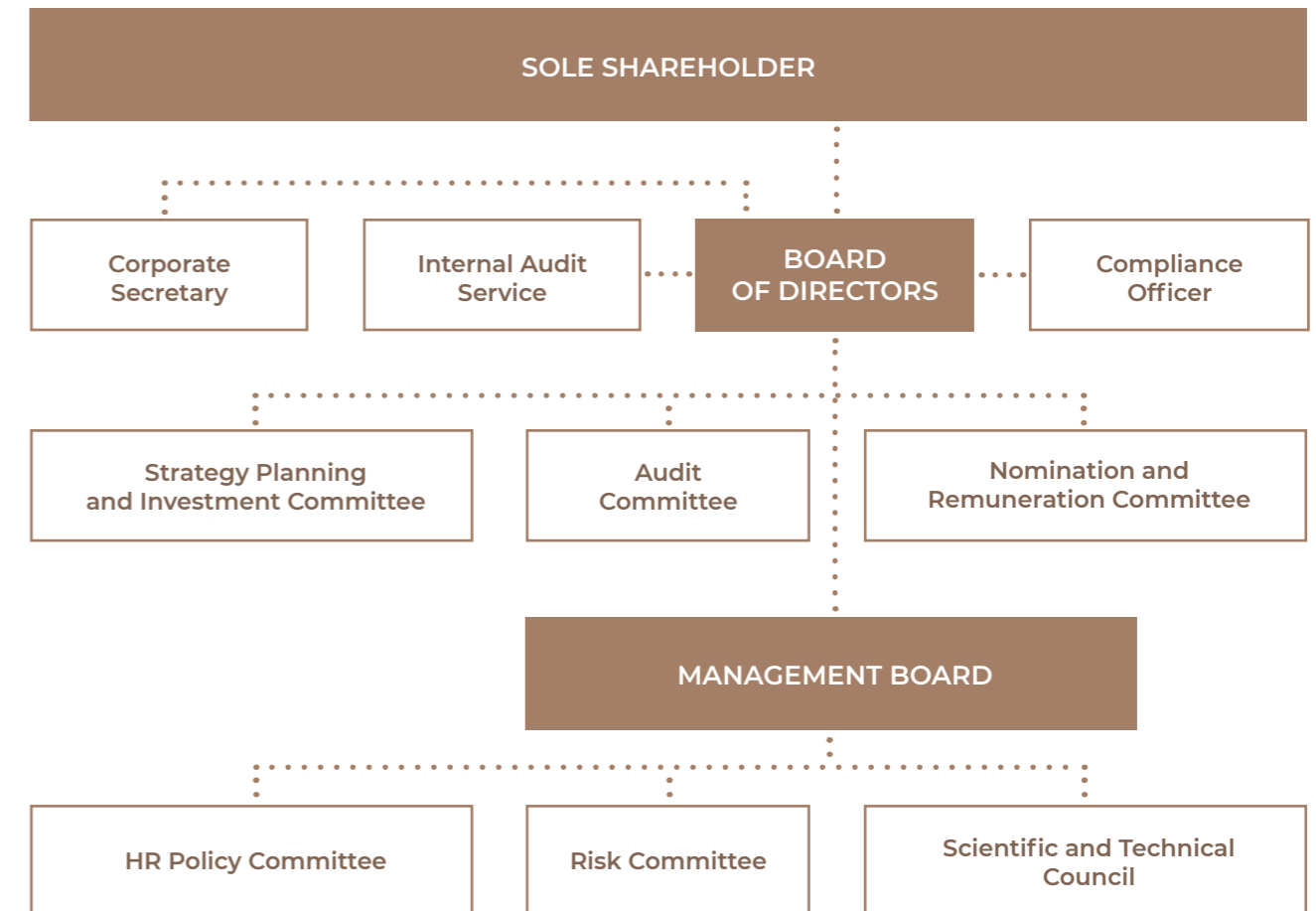
- The independent diagnostics of corporate governance in the Company was carried out, according to its results, the corporate governance rating was “BB” for each of its sections.
- The degree of implementation of the Corporate Governance Improvement Plan for 2021 is 90%.
- The Action Plan has been developed and approved for the implementation of best corporate governance practices in accordance with the requirements of the LSE listing rules, the AIFC (London Stock Exchange, Astana International Financial Center) for 2022, in terms of information disclosure in the Annual Report.
- The Internal Control Rules for Distinguishing the Rights of Access to Insider Information and Preventing the Possibility of Illegal Use of Such Information by Insiders were developed and approved;

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

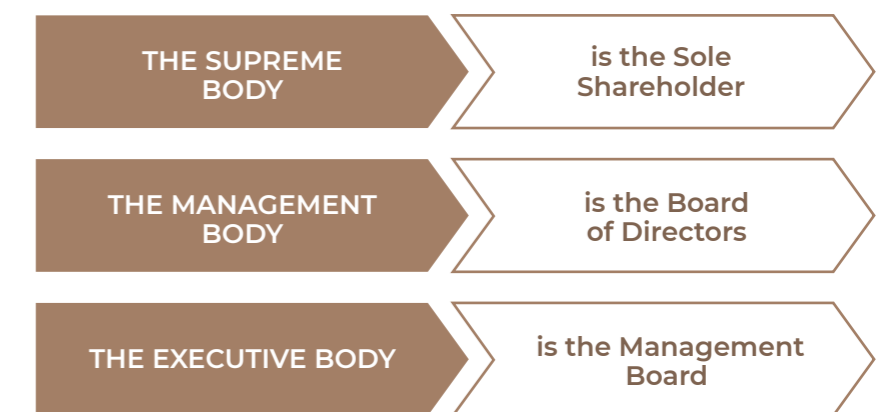


# CORPORATE GOVERNANCE STRUCTURE

(GRI 102-18)

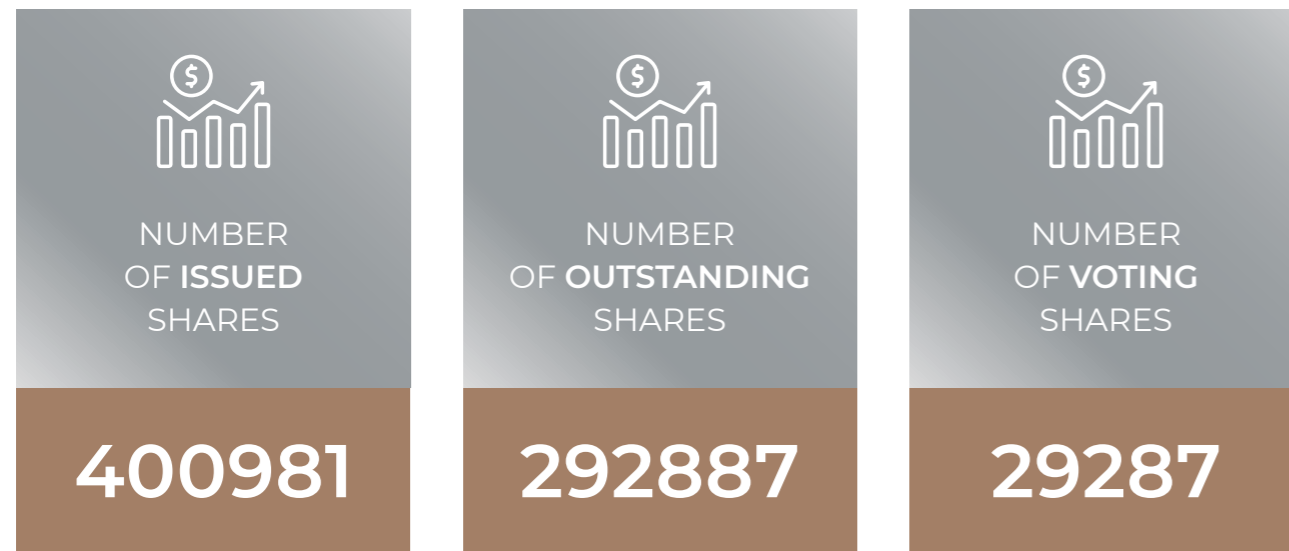


In compliance with the Charter of JSC NMC Tau-Ken Samruk, approved by the Sole Shareholder, the Company bodies are:



## OWNERSHIP STRUCTURE

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



## PROCEDURE FOR THE DISPOSAL OF PROPERTY RIGHTS

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



## SOLE SHAREHOLDER

(GRI 102-23)

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

Samruk-Kazyna JSC is the Sole Shareholder of JSC NMC Tau-Ken Samruk.

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

The Government of the Republic of Kazakhstan is the Sole Shareholder of Samruk-Kazyna JSC.



## BOARD OF DIRECTORS

(GRI 102-23)

The Board of Directors exercises general management of the activities of JSC NMC Tau-Ken Samruk, except for resolving issues referred by the Law of the Republic of Kazakhstan “On Joint Stock Companies” and the Company’s Charter to the exclusive competence of the Sole Shareholder and the Executive Body of the Company.

As of December 31, 2021, the composition of the Board of Directors has been increased to 7 persons, the term of office of the newly elected members of the Board of Directors is set until the expiration of the term of office of the Board of Directors as a whole (May 20, 2022). The Sole Shareholder elects the members of the Board of Directors.

In compliance with best practices of corporate governance, the presence of Independent Directors is ensured, which are a guarantee of taking objective decisions that best meet the interests of the Company. The procedure on searching and nominating candidates to the Board of Directors, as well as the procedure on including issues to the Agenda are carried out in accordance with the Company’s Corporate Governance Code.

The Board of Directors of the Company consists of 3 representatives of the Sole Shareholder, 3 Independent Directors, which is 50% of the total number of elected members of the Board of Directors.

### THE COMPOSITION OF THE BOARD OF DIRECTORS OF JSC NMC TAU-KEN SAMRUK AS OF DECEMBER 31, 2021:

- 01. Yernar Beisenuly Zhanadil**  
Chairman of the Board of Directors of JSC NMC Tau-Ken Samruk, representative of the Sole Shareholder.
- 02. Kanysh Amanbayevich Tuleushin**  
the member of the Board of Directors of JSC NMC Tau-Ken Samruk, representative of the Sole Shareholder.
- 03. Karim Gabitkhanovich Zhanassov**  
the member of the Board of Directors of JSC NMC Tau-Ken Samruk, representative of the Sole Shareholder.
- 04. Dimitri Nugzarovich Kalandadze**  
the Senior Independent Director of JSC NMC Tau-Ken Samruk.
- 05. Assel Anuarovna Hairava**  
the Independent Director of JSC NMC Tau-Ken Samruk.
- 06. Abdikarim Abzhalelovich Zeinullin**  
the Independent Director of JSC NMC Tau-Ken Samruk.





**Yernar Beisenuly Zhanadil**

Chairman of the Board of Directors

.....  
Date of the first election to the Board of Directors:

April 26, 2021

.....  
Citizenship:

Republic of Kazakhstan

.....  
Date of birth:

December 15, 1984



**Kanysh Amanbayevich Tuleushin**

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

.....  
Date of the first election to the Board of Directors:

August 26, 2021

.....  
Citizenship:

Republic of Kazakhstan

.....  
Date of birth:

December 06, 1983

**Education:**

- Manchester Business School, Master in Finance and Accounting
- University of Manchester, United Kingdom

**International professional certificates:**

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

**Work experience:**

- Over the years, he worked in PhilipMorrisKazakhstan, ElitStroi LLP, PricewaterhouseCoopers, the international audit firm. After joining Samruk-Kazyna JSC, he was responsible for the activities of the Internal Audit Service, and served as the Secretary of the Audit Committee and the Transformation Program Oversight Committee under the Board of Directors of the Fund and was a member of the Audit

Committees under the Board of Directors of a number of Fund's subsidiaries.

- **In 2016** — he was appointed to the position of Financial Controller of Samruk-Kazyna JSC and since November 2016, he has been acting as Managing Director for Finance and Operations.
- **Since 2021** — Managing Director for Investments, Privatization and International Cooperation of Samruk-Kazyna JSC.
- **Since February 21, 2022** — Managing Director for Development and Privatization of Samruk-Kazyna JSC.

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

He is the member of the Boards of Directors/ Supervisory Board of other Subsidiaries of Samruk-Kazyna JSC: JSC NAC Kazatomprom, JSC NC KazMunayGas.

**Ownership of the shares:**

- He doesn't own ownership of the company's shares
- He does not own shares of suppliers and competitors.

**Education:**

- **2000–2004** — Gumilyov Eurasian National University – Bachelor's degree (Finance)
- **2005–2005** — Oxford Brookes University — Innovation and Entrepreneurship
- **2017–2018** — MIT Sloan School of Management, Cambridge — MBA

**Work experience:**

- **2006–2008** — Ministry of Industry and Trade of the Republic of Kazakhstan — Head of the Department, Expert
- **2008–2011** — Executive Office of the President of the Republic of Kazakhstan — Deputy Head of the Social and Economic Monitoring Department, Consultant
- **2011–2013** — Ministry of Investment and Development of the Republic of Kazakhstan — Deputy Minister

- **2013–2016** — Baiterek National Managing Holding — Managing Director, Member of the Management Board
- **2016–2017** — Damu Development Fund — Chief Executive Officer
- **2018** — present — Whiteshield Partners, Partner
- **2021** — present — Alawwal Partners, Managing Partner

**Ownership of the shares:**

- He doesn't own ownership of the company's shares
- He does not own shares of suppliers and competitors.





**Karim Gabitkhanovich Zhanassov**

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

Date of the first election to the Board of Directors:

December 23, 2021

Citizenship:

Republic of Kazakhstan

Date of birth:

November 03, 1981

**Education:**

- Moscow State Geological Exploration University, Mining Engineer.
- Oxford University, Master of Business Administration

**Work experience:**

- 2017–2020 — ERG Africa (Johannesburg, Africa), Chief Executive Officer.
- 2015–2016 — AltynEx Company (Almaty, Kazakhstan), Chairman of the Board of Directors
- 2014–2015 — Ordabasy Group (Almaty, Kazakhstan), Deputy Chief Executive Officer, Head of Business Development.
- 2012–2014 — ENRC PLC (London, UK), Head of the Capital Investment Program.

- 2008–2012 — ENRC Kazakhstan (Astana, Kazakhstan), Advisor to the Chief Executive Officer.
- 2006–2008 — National Innovation Fund (Almaty, Kazakhstan), Investment Manager.
- 2003–2004 — Kazakhmys, Project Engineer.

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

He is a member of the Boards of Directors/ Supervisory Board of other Samruk-Kazyna JSC Subsidiaries: none

**Ownership of the shares:**

- He doesn't own ownership of the company's shares
- He does not own shares of suppliers and competitors.



**Dimitri Nugzarovich Kalandadze**

Senior Independent Director, member of the Board of Directors

Date of the first election to the Board of Directors, date of the current election to the Board of Directors:

decisions of the Management Board of JSC SWF Samruk-Kazyna of April 23, 2018, May 20, 2019.

Citizenship:

Georgia

Date of birth:

January 28, 1969

**Education:**

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

**Work experience:**

- 2001–2004 — he worked in various positions at the World Bank, at the Center for Enterprise Restructuring and Management (CERMA).

- 2004–2012 — the General Director, First Vice-President of Geopromining LLC.
- 2012–2013 — the General Director of ReachMetalsGroup OJSC;
- 2014–2018 — the Chief Operating Officer of Friona Commerce OJSC.

**Ownership of the shares:**

- He doesn't own ownership of the company's shares
- He does not own shares of suppliers and competitors.



**Assel Anuarovna Hairova**

Independent Director, member of the Board of Directors

Date of the first election to the Board of Directors:

June 10, 2021

Citizenship:

Republic of Kazakhstan

Date of birth:

February 04, 1972

**Education:**

- **1994–1996** — Master’s degree, Kazakhstan Institute of Management, Economics and Forecasting, specialization: Master of Public Administration (MPA)
- **1989–1994** — Kazakh Political Institute, Faculty of Automation and Control Systems, Diploma with Honours: Electrical Engineer
- **С 2001 года** — the Certified Public Auditor of the State of Maine, USA (US CPA)
- **С 2008 года** — the Certified Auditor and member of the Chamber of Auditors of the Republic of Kazakhstan

**Work experience:**

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

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

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

**Ownership of the shares:**

- She doesn't own ownership of the company's shares
- She does not own shares of suppliers and competitors.



**Zeinullin Abdikarim Abzhalevich**

Independent Director, member of the Board of Directors

Date of the first election to the Board of Directors:

August 26, 2021

Citizenship:

Republic of Kazakhstan

Date of birth:

January 21, 1957

**Education:**

- **1979** — he graduated from the Kazakh Polytechnic Institute, Almaty, Mining Faculty (Mining Engineer).
- **1985–1989** — Postgraduate study at the Moscow Mining Institute, Moscow, Candidate of Technical Sciences
- Academic degree: **1996** — Doctor of Technical Sciences, **1998** — Professor

**Work experience:**

- **1977–1982** — East Zhezkazgan mine of Zhezkazgan Mining and Metallurgical Plant — mining foreman, technical supervisor of the site
- **1982–1985** — Karaganda Polytechnic Institute (branch in Zhezkazgan — Junior researcher
- **1985–1989** — Moscow Mining Institute — postgraduate student, junior researcher
- **1989–2001** — Baikonurov Zhezkazgan University - Senior Lecturer, Associate Professor, Head of the Department of Underground Mining of MPI, Deputy Dean of Zhezkazgan Mining and Technological

Institute, Vice-Rector for Research and International Relations

- **2001–2008** — Ministry of Education and Science of the Republic of Kazakhstan — Deputy Director of the Department of Science, Head of the Department of Scientific and Technical Programs of the Science Committee
- **2008–2014** — JSC NSTH Parasat — Director of the Project Management Department, Managing Director, Member of the Management Board, Deputy Chief Executive Officer, Chief Executive Officer
- **2014–2016** — Satpayev KazSTU (reorganized into NAO Satpayev KazSTU) — Vice-Rector for Strategic Issues
- **2016** — present — Kazakhstan National Academy of Natural Sciences — Chief Scientific Secretary, Vice-President.

**Ownership of the shares:**

- He doesn't own ownership of the company's shares
- He does not own shares of suppliers and competitors.

### INFORMATION ON CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS OF JSC NMC TAU-KEN SAMRUK:

During 2021, the composition of the Board of Directors was changed as follows:

#### THE POWERS PREMATURELY TERMINATED :

- from April 23 — **Ye.B. Tutkushev**
- from April 26 — **I.A. Adyrbek**
- from May 21 — **A.Zh. Narbayeva**
- from August 26 — **Ye.K. Berdigulov**
- from December 23 — **K.Zh. Kudaibergen**

#### THE FOLLOWING PERSONS WERE ELECTED TO THE BOARD OF DIRECTORS OF THE COMPANY:

- **Yernar Beisenuly Zhanadil** — as the Chairman of the Board of Directors;
- **Kanysh Amanbayevich Tuleushin** — as the representative of the Sole Shareholder;
- **Karim Gabitkhanovich Zhanassov** — as the representative of the Sole Shareholder;
- **Assel Anuarovna Hairova** — as the Independent Director;
- **Abdikarim Abzhalelovich Zeinullin** — as the Independent Director.

## ACTIVITIES OF THE BOARD OF DIRECTORS IN 2021

(GRI 102-24)

### Contribution of Independent Directors

In accordance with international practice, Independent Directors are called upon to make a significant contribution to the discussion and decision-making on issues such as the development of a Company's development strategy, performance evaluation of the executive body, strengthening internal control and risk assessment of the Company. In addition, the introduction of corporate governance practices by Independent Directors into the work of the Board of Directors, as well as the preparation of recommendations within the functioning Committees, makes a tangible contribution to the Company activities and decisions of the Board of Directors.

Independent Directors of the Company are members of all Committees of the Board of Directors of the Company.

### Number of meetings and attendance by each Director

In 2021, 13 meetings were held, at which 137 issues were considered and decisions were taken. Due to the pandemic and the closure of borders, 12 meetings of the Board of Directors were held online, 1 meeting in offline format, the participation of members of the Board of Directors is 100%.

## Information on issues considered in 2021

The Board of Directors took key decisions on a number of the Company's main activities:	
<b>Reports</b>	<ul style="list-style-type: none"> <li>✓ Monthly Report of the Management Board (CEO Report);</li> <li>✓ Monthly Report on financial results of operations (CFO Report);</li> <li>✓ Financial statements for M6/M9</li> <li>✓ Annual financial statements for 2020</li> <li>✓ Quarterly Implementation Reports of the Business Plan</li> <li>✓ Quarterly monitoring report on the implementation of investment projects.</li> </ul>
<b>Strategic issues</b>	<ul style="list-style-type: none"> <li>✓ Approval of the Business Plan;</li> <li>✓ Approval of the Company's organizational structure;</li> <li>✓ Approval of the financial strategy of JSC NMC Tau-Ken Samruk for 2022-2026;</li> <li>✓ Consideration of the Report on Implementation of the Development Strategy of JSC NMC Tau-Ken Samruk for 2020;</li> <li>✓ Approval of key performance indicators of the CEO and members of the Management Board.</li> </ul>
<b>Corporate governance issues</b>	<ul style="list-style-type: none"> <li>✓ Approval of the Work Plan of the Board of Directors;</li> <li>✓ Introducing amendments to the composition of the Committees under the Board of Directors;</li> <li>✓ Monitoring of the Action Plan for improving the corporate governance system and sustainable development;</li> </ul>
<b>Issues of subsidiaries and dependent organizations</b>	<ul style="list-style-type: none"> <li>✓ Amendments to the Charters of subsidiaries and dependent organizations;</li> <li>✓ Election of members of the Supervisory Boards / Board of Directors;</li> <li>✓ Establishment of joint ventures;</li> </ul>
<b>Issues of the IAS, Compliance Officer, Risk Management Service</b>	<ul style="list-style-type: none"> <li>✓ Consideration of Reports of the IAS, Compliance Officer, Risk Management Service</li> <li>✓ Approval of the Risk Register</li> <li>✓ Approval of the KPIs of the Compliance Officer, IAS</li> </ul>
<b>Issues of concluding transactions</b>	<ul style="list-style-type: none"> <li>✓ Consideration of issues related to the Company's investment projects</li> </ul>

In addition, according to the best corporate governance practices, on December 28, 2021, a field meeting of the Board of Directors of the Company was held at Tau-Ken Altyn LLP. Members of the Board of Directors inspected the key workshops of the enterprise and got acquainted with the peculiarities of production, as well as heard information about the results of the year and plans of the enterprise for the near future.

1. In view of decision of the Management Board of Samruk-Kazyna JSC of September 15, 2021, No.40/21, the powers of K.Zh. Kudaibergen as the Chief Executive Officer of JSC NMC Tau-Ken Samruk were terminated, respectively, participation as a member of the Board of Directors amounted to 75%.



## INFORMATION ON THE EVALUATION OF THE BOARD OF DIRECTORS

(GRI 103-3)

According to the results of the independent diagnostics of the Company's corporate governance for 2020-2021, the efficiency rating of the Board of Directors is "BB".

### The assessment of the corporate governance level was carried out in the context of:

- Performance evaluation of the Board of Directors and the Executive Body;
- Risk management, internal control and audit;
- Sustainable Development;
- Shareholders' Rights;
- Transparency.

An action plan for improving the Company's corporate governance for 2022-2023 has been prepared to ensure that the Company's corporate governance is brought in line with advanced standards and best international practices, as well as in accordance with PwC recommendations.

## INFORMATION OF THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE

The principles of corporate governance are defined in the Corporate Governance Code of the Group of JSC NMC Tau-Ken Samruk companies (hereinafter — Code).

### Company adheres to the provisions of the Code in accordance with the following sections:

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

The action plan for improving the corporate governance of JSC NMC Tau-Ken Samruk for 2021 was approved by the decision of the Board of Directors of April 07, 2021, Minutes No.03/21. Following 2021, the Plan is implemented for 90%, 2 measures are being implemented.

There are no refusals of Directors from remuneration (future remuneration) for 2021.

(LR 9.8.4 – disclosure of information under the LSE Listing Rules)

# COMMITTEES OF THE BOARD OF DIRECTORS

Audit Committee

Nomination and Remuneration Committee

Strategy Planning and Investment Committee

## ACTIVITIES OF THE AUDIT COMMITTEE FOR 2021

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

### COMPOSITION OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

As of December 31, 2021, the composition of the Audit Committee is as follows:

- **Assel Anuarovna Hairova**  
the Chairman of the Committee, Independent Director
- **Dimitri Nugzarovich Kalandadze**  
the member of the Committee, Senior Independent Director
- **Abdikarim Abzhalelovich Zeinullin**  
the member of the Committee, Independent Director

### ROLE OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

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

## NUMBER OF MEETINGS AND ATTENDANCE BY EACH DIRECTOR

In 2021, the Audit Committee held 10 meetings in the in-presence format, 52 issues were considered and elaborated recommendations on them.

Date	25.02	02.04	14.05	25.06	01.08	28.09	01.10	26.10	23.11	24.12	% <sup>2</sup>
A.Zh. Narbayeva <sup>3</sup>	+	+	+								100
A.A. Hairova				+	+	+	+	+	+	+	100
D.N. Kalandadze	+	+	+	+	+	+	+	+	+	+	100
A.Zh. Zeinullin							+	+	+	+	100

## INFORMATION ON ISSUES CONSIDERED IN 2021

During 2021, the Audit Committee provided for appropriate recommendations to the Board of Directors, including:

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

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

### External audit issues, including:

- results of the audit of the consolidated financial statements of the Company and its subsidiaries for 2020;
- letter to management on the results of the audit of the consolidated financial statements of Tau-Ken Samruk and its subsidiaries for 2020;
- results of the audit of the consolidated financial statements of the Company and its subsidiaries for H1 and M9 2021.

### Risk management and internal control system:

- quarterly risk reports were discussed and evaluated;
- risk appetite statement, risk register and risk management action plan, risk map

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

- amendments and additions to internal documents on compliance issues;
- approval of KPIs and performance reports of the Compliance Officer.

2. The percentage of participation of Committee members is determined considering participation in meetings from the moment of election until termination of office.

3. The term of office as a member of the Board of Directors was terminated prematurely from May 21, 2021.

As part of the Audit Committee's activities, the interaction of the Compliance Officer, the Internal Audit Service and the Risk Management and Internal Control Service has been strengthened to improve the quality of materials submitted to the Company's Board of Directors. Measures are being taken to improve the quality of reports submitted for consideration of the Audit Committee on an ongoing basis.

## ACTIVITIES OF THE NOMINATION AND REMUNERATION COMMITTEE FOR 2021

### THE COMPOSITION OF THE NOMINATION AND REMUNERATION COMMITTEE OF THE BOARD OF DIRECTORS

As of December 31, 2021, the composition of the Nomination and Remuneration Committee is as follows:

- **Abdikarim Abzhalelovich Zeinullin**  
the Chairman of the Committee
- **Dimitri Nugzarovich Kalandadze**  
the member of the Committee, Senior Independent Director
- **Assel Anuarovna Hairova**  
the member of the Committee, Independent Director
- **Kanysh Amanbayevich Tuleushin**  
the member of the Committee, representative of the Sole Shareholder
- **Chingiz Nurbai**  
the non-voting expert of the Committee.

### ROLE OF THE NOMINATION AND REMUNERATION COMMITTEE OF THE BOARD OF DIRECTORS

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

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

## NUMBER OF MEETINGS AND ATTENDANCE BY EACH DIRECTOR

During the reporting period, the Nominating and Remuneration Committee held 10 in-presence meetings, at which 51 issues were considered and relevant recommendations were provided for to the Board of Directors.

Date	25.02	02.04	14.05	25.06	02.08	31.08	28.09	26.10	23.11	24.12	%
A.Zh. Narbayeva <sup>4</sup>	+	+	+								100
I.A. Adyrbek <sup>5</sup>	+	+									100
D.N. Kalandadze	+	+	+	+	+	+	+	+	+	+	100
Ye K. Berdigulov <sup>6</sup>				+	+	-	-				50
A.A. Hairova				+	+	+	+	+	+	+	100
A.A. Zeinullin								+	+	+	100
K.A. Tuleushin								+	+	+	100

## INFORMATION ON ISSUES CONSIDERED IN 2021

Key issues considered by the Nomination and Remuneration Committee in 2021:

- Consideration of the termination of powers and appointment of candidates to the Management Board of JSC NMC Tau-Ken Samruk.
- Performance evaluation of the members of the Management Board based on the performance of KPIs, the Internal Audit Service, the Compliance Officer, the Corporate Secretary.
- Consideration of motivational key performance indicators for members of the Management Board of JSC NMC Tau-Ken Samruk and their target values.
- Change and election of the Supervisory Boards of subsidiaries of JSC NMC Tau-Ken Samruk.

4. The term of office as a member of the Board of Directors was terminated prematurely from May 21, 2021.

5. The term of office as a member of the Board of Directors was terminated prematurely from April 26, 2021.

6. He was appointed as a member of the Board of Directors on April 26, 2021, his powers were terminated prematurely from August 26, 2021

## ACTIVITIES OF THE STRATEGY PLANNING AND INVESTMENT COMMITTEE FOR 2021

### COMPOSITION OF THE STRATEGY PLANNING AND INVESTMENT COMMITTEE OF THE BOARD OF DIRECTORS

The composition of the Strategy Planning and Investment Committee as of December 31, 2021, is as follows:

- **Dimitri Nugzarovich Kalandadze**  
the Chairman of the Committee, Senior Independent Director
- **Assel Anuarovna Hairova**  
the member of the Committee, Independent Director
- **Abdikarim Abzhalelovich Zeinullin**  
the member of the Committee, Independent Director
- **Kanysh Amanbayevich Tuleushin**  
the member of the Committee, representative of the Sole Shareholder
- **Chingiz Nurbai**  
non-voting expert of the Committee;
- **Mirat Maratovich Utepov**  
the non-voting expert of the Committee
- **Sabigat Maratovich Rakhmetov**  
the non-voting expert of the Committee

### ROLE OF THE STRATEGY PLANNING AND INVESTMENT COMMITTEE OF THE BOARD OF DIRECTORS

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



### NUMBER OF MEETINGS AND ATTENDANCE BY EACH DIRECTOR

During the reporting period, the Strategy Planning and Investment Committee held 10 in-presence meetings, at which 43 issues were considered and relevant recommendations were provided to the Board of Directors.

Date	25.02	02.04	17.05	25.06	02.08	24.08	28.09	26.10	23.11	24.12	%
D.N. Kalandadze	+	+	+	+	+	+		+	+	+	100
I.A. Adyrbek A.	+	+									100
A.Zh. Narbayeva <sup>7</sup>	+	+	+								100
A.A. Hairova				+	+	+	+	+	+	+	100
A.A. Zeinullin								+	+	+	100
Ye K. Berdigulov				+	+	-	-				50
K.A. Tuleushin								+	+	+	100

### INFORMATION ON ISSUES CONSIDERED IN 2021

During 2021, the Strategy Planning and Investment Committee provided appropriate recommendations to the Board of Directors, including on the following issues:

- Consideration of Monitoring Reports on the Implementation of Investment Projects.
- Consideration of the Development Strategy Implementation Report.
- CBDO Reports.
- Approval of transactions on investment projects, including the creation of joint ventures.
- Reports on the implementation of the action plan for sustainable development.
- Strategies of Subsidiaries.

7. The term of office as a member of the Board of Directors was terminated prematurely from May 21, 2021.

## ACTIVITIES OF THE MANAGEMENT BOARD

The Management Board is a collegial executive body that carries out its activities in accordance with the legislation of the Republic of Kazakhstan, the Charter, decisions of the Sole Shareholder and the Board of Directors, the Corporate Governance Code and the Regulations on the Management Board.

### During 2021, the composition of the Board of Directors was changed as follows:

- In September, the powers of K. Zh. Kudaibergen, the Chief Executive Officer, member of the Management Board, were terminated prematurely.
- In October, the powers of N.M. Absametov, the Chief Director for Business Development - member of the Management Board, were terminated prematurely, and R.N. Makulbekov was also elected to the post of the Chief Director for Business Development - member of the Management Board.
- In December, the powers of B.A. Orynbekov, the Chief Director for Project Management - member of the Management Board, were terminated prematurely, and A.S. Rakhimova was also elected to the post of the Chief Director for Project Management - member of the Management Board

### THE COMPOSITION OF THE MANAGEMENT BOARD AS OF DECEMBER 31, 2021:

- 01. Nurlan Gaisanovich Itemgenov**  
Acting Chief Executive Officer – Chief Business Support Director
- 02. Bauyrzhan Seitzhanovich Kuanshaliyev**  
Chief Economics and Finance Officer
- 03. Rustem Nurlanovich Makulbekov**  
Chief Business Development Officer
- 04. Assel Serikovna Rakhimova**  
Chief Director for Project Management of JSC NMC Tau-Ken Samruk





**Nurlan Gaisanovich  
Itemgenov**

Acting Chief Executive Officer –  
Chief Business Support Director

Date of election:  
the decision of the Board of  
Directors of JSC NMC Tau-Ken  
Samruk of July 26, 2019, he was  
appointed Acting Chief Executive  
Officer by the decision of the  
Management Board of JSC SWF  
Samruk-Kazyna

Citizenship:  
Republic of Kazakhstan

Year of birth:  
1968



**Bauyrzhan Seitzhanovich  
Kuanshaliyev**

Chief Economics and Finance  
Officer

Date of election:  
the decision of the Board of  
Directors of JSC NMC Tau-Ken  
Samruk of April 18, 2019

Citizenship:  
Republic of Kazakhstan

Year of birth:  
1985

**Education:**

- **1992** — Karaganda State Medical Institute, specialty – Dentist
- **2004** — Rudnensk State Industrial Institute, specialty – Economist-Manager
- **2005** — □ Kazakh University of Humanities and Law, specialty - Jurisprudence

**Work experience:**

- **1992** — He began his career as a dentist
- **since 2001** — he held the position of the Vice-President of Sokolovsko-Sarbaisky Mining and Processing Production Association JSC
- **2004–2007** — he was the Deputy of the Majilis of the Parliament of the Republic of Kazakhstan
- **2010–2012** — he held the position of the Director of the Forensic Examination Center of the Ministry of Justice of the Republic of Kazakhstan

- **2012–2014** — he held senior positions in the Agency of the Republic of Kazakhstan for Combating Economic and Corruption Crimes
- **2014–2016** — he was appointed the Head of the Administrative and Personnel Department of Trade and Transport Company LLP, JSC National Atomic Company Kazatomprom
- **2016–2019** — he held senior positions in the Forensic Examinations Center of the Ministry of Justice of the Republic of Kazakhstan
- **since 2019** to the present, he is the Chief Business Support Director of JSC NMC Tau-Ken Samruk.

**Ownership of the shares:**

- He does not own shares of the company.

**Education:**

- **2007** — Kazakhstan Institute of Management, Economics and Forecasting (KIMEP), specialty — Finance

**Work experience:**

- He started his career as an auditor at Deloitte LLP and Sat&Company JSC
- **2012–2013** — he held the position of the Managing Director, Member of the Management Board at Standart IC JSC
- **2013–2014** — Managing Director of ATF Bank OJSC
- **2014–2015** — he held the position of the Financial Director of Taraz Metallurgical Plant

- **2015–2016** — he was appointed Managing Director of the Budgeting and Investment Projects Department of Sat&Company JSC
- **2016–2018** — General Director of Sat&Company JSC, he held the position of the President of Ecoton+ JSC
- **from 2019** 2019 to present he is the Chief Director for Economy and Finance of JSC NMC Tau-Ken Samruk.

**Ownership of the shares:**

- He does not own shares of the company.





**Rustem Nurlanovich Makulbekov**

Chief Business Development Officer

Date of election:  
decision of the Board of Directors of JSC NMC Tau-Ken Samruk of October 28, 2021

Citizenship:  
Republic of Kazakhstan

Year of birth:  
1979

**Education:**

2002 — Anglia Polytechnic University, Cambridge, UK, specialty — Business Management

**Work experience:**

- He started his career as a manager of the Production Technology Department at KazTransGaz LNG CJSC
- 2003–2006 — he was appointed Deputy Director of the Gas Transportation and Marketing Department at Intergaz Central Asia CJSC
- 2006 — Vice-President for Development at Altynalmas JSC
- since 2007 — General Director at Altyn TET LLP
- since 2010 — Deputy General Director for Long-term Development at Almatyenergosbyt LLP
- since 2011 — Deputy General Director for Commerce at Astana Solar LLP

- 2012–2014 — Managing Director for Corporate Governance, Managing Director of the HPP and RES Division - Member of the Management Board of Samruk-Energy JSC
- since 2015 — Advisor on KAZ PV issues at Astana Solar LLP
- 2016 — he held the position of Deputy General Director for Asset Sales of Kazatomprom-Damu LLP
- 2016–2018 — Chief of Staff of Ulba Metallurgical Plant JSC
- с 2018 по октябрь 2021 — Director of Tau-Ken Altyn LLP
- October 2021 to present — the Chief Business Development Director of JSC NMC Tau-Ken Samruk.

**Ownership of the shares:**

- He does not own shares of the company.



**Assel Serikovna Rakhimova**

Chief Director for Project Management of JSC NMC Tau-Ken Samruk

Date of election:  
decision of the Board of Directors of JSC NMC Tau-Ken Samruk of December 28, 2021

Citizenship:  
Republic of Kazakhstan

Year of birth:  
1984

**Education:**

- 2007 — Karaganda State Technical University, specialty – Economics and Management at the enterprise
- 2010 — University of Birmingham, Business School, England, specialty – Economics

**Work experience:**

- She started her career as an expert analyst of the Public Administration Department in National Analytical Center under the Government and the National Bank of the Republic of Kazakhstan JSC
- 2010–2011 — Manager of the Investment Projects Department in JSC SEC Astana
- 2011–2016 — she held the positions of Chief Manager, Director of the Project Management Department, Director of the Accounting of Capital Expenditures Department in Samruk-Energy JSC»

- from 2016 to June 2021 — Director of the Capital Construction and Repairs Management Department in Samruk-Energy JSC
- from July to December 2021 — Managing Director for Projects of JSC NMC Tau-Ken Samruk
- in December 2021 — appointed Chief Director for Project Management of JSC NMC Tau-Ken Samruk.

**Ownership of the shares:**

- She does not own shares of the company.

### INFORMATION ABOUT THE WORK OF THE MANAGEMENT BOARD

Members of the Management Board in their activities are governed by principles of objectivity, openness, honesty, integrity.

Indicator	2019	2020	2021
Number of meetings	36	39	48
Number of issues considered	307	278	258

### REMUNERATION POLICY

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

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

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

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

### PROCEDURES ON DECISION-MAKING ON DETERMINING THE AMOUNT OF REMUNERATION AND ITS PAYMENT TO MEMBERS OF THE MANAGEMENT BOARD

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

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

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

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

1. Not meeting the threshold values of individual corporate key performance indicators;
2. Final effectiveness of the performance of functional key performance indicators is less than 50% (inclusive).

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

### CONSIDERATION

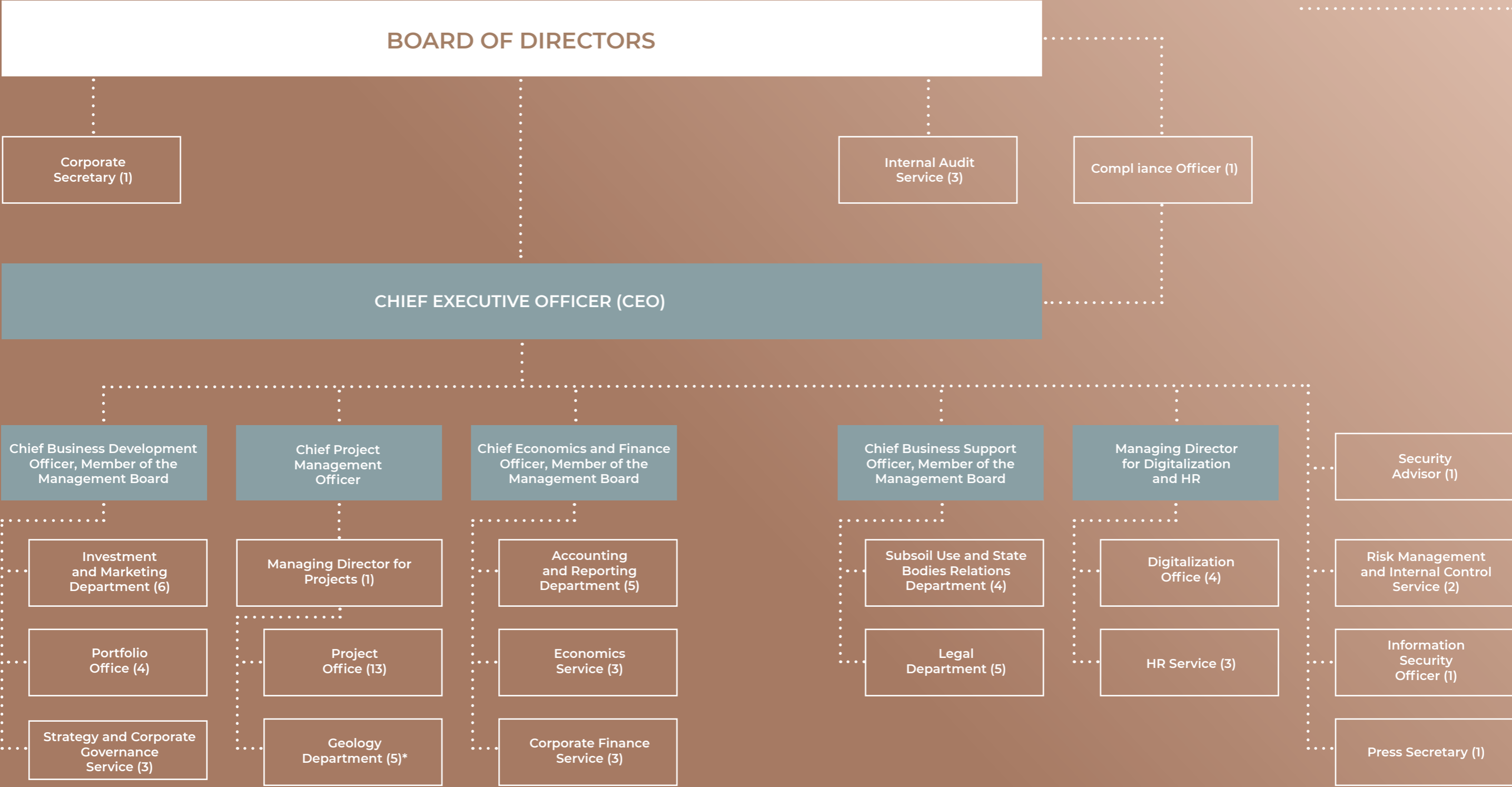
In 2021, the members of the Management Board and Directors of the Board of Directors of the Company received remuneration, the total amount of remuneration to key management personnel included in general and administrative expenses in the consolidated income and loss statement amounted to KZT141,6 million.



# ORGANIZATIONAL STRUCTURE

TOTAL STAFF NUMBER:

75



# BUSINESS ETHICS AND ANTI-CORRUPTION

(GRI 102-16, 205-1, 205-3)

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

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

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

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



## OUR VALUES

### Safety:

- we put people, their life and health as an absolute priority;
- we make every effort to ensure safe working conditions and preserve health;
- we are personally responsible for compliance with occupational safety and health standards;
- compliance with safety requirements comes before economic interests and production results;
- we ensure the protection of confidential information.

### Team:

- we work in the atmosphere of confidence and mutual support;
- we are positive, open and enjoy team working;
- we freely express our opinions and hear others;
- we believe that the knowledge, experience and ideas of each team member are important for achieving the best result

**Меритократия:**

- we evaluate given the achievements and promote by results;
- we encourage initiative;
- we value every employee and promote the best.

**Continuous improvement/development:**

- we are ready to learn new things and improve our competencies;
- we learn from mistakes and suppress misconduct;
- we help professionals become the best by encouraging their personal growth and professional development.

**Integrity/Honesty:**

- we take decisions based on the conscience, morality and interests of the Company;
- we act honestly and conscientiously even when no one finds out about it;
- we do our work in such a way that we are proud of it;
- we are consistent and fair in our decisions and actions.

**Respect:**

- we strictly comply with the laws and do not accept any manifestations of discrimination;
- we are aware of our social responsibility, we respect society and nature;
- we value our business reputation and trust in us;
- we respect each other and observe the norms of business etiquette;
- it is important for us that our partners share our values.

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

- The Company's executives and employees should familiarize themselves with the internal documents regarding the confidentiality of information and take care to prevent its disclosure to any third parties outside the Company, and place special emphasis on preventing the loss or destruction of data.
- Avoiding conflicts of interest is an important condition for ensuring the protection of the Company's interests, its employees and the Sole Shareholder. All employees are

responsible for taking transparent, timely and adequate decisions in which there is no conflict of interests.

- Prevention of corruption and other illegal actions for the purpose of obtaining or preserving unjustified benefits and property both on the part of stakeholders and on the part of executives and employees of the Company.
- Executives and employees of the Company contribute to the development of corporate culture of the Company by understanding the requirements of the Code, sharing with other colleagues their knowledge in the field of business ethics principles, accepted

rules of business conduct, observing the requirements of business ethics and preventing violations.

- The Company complies with the HSE requirements in accordance with the requirements of legislation in this area. The Company's executives and employees strive to evaluate their actions from the point of view of the impact on the environment and minimize the impact on it.
- Compliance with high ethical standards in relations with the public and the media. Prevention of the dissemination of false information, concealment and/or distortion of facts in public speeches of executives, information and advertising materials or other public events. The Company has a corporate website:

[www.tks.kz](http://www.tks.kz)

- According to the control measures, the Company's executives and employees adhere to the requirements of the Code. The Company has established information channels, including through a "hotline".
- The Company established the Compliance Function that ensures compliance with mandatory regulatory requirements and best international practices on anti-corruption issues among all employees and creates conditions for doing business in accordance with international standards, internal policies and the legislation of the Republic of Kazakhstan.
- During the reporting period, the Compliance Officer conducted appropriate audits on the reliability of counterparties to prevent the risks of cooperation between the Company and Subsidiaries with unfair

counterparties. In terms of the activities of the Company's Group, 7 appeals via hotline of Samruk-Kazyna JSC were received in 2021, including, according to the results of consideration of which, all complaints were processed and settled through official appeal mechanisms.

- In the period from April to May 2021, the working group conducted an internal analysis of corruption risks in the Company, based on the results of the analysis, appropriate recommendations were developed, which the Company fully implemented.
- There are no confirmed cases of corruption following results of 2021 in the Company.
- The Company's Board of Directors approved the Anti-Corruption Policy of JSC NMC Tau-Ken Samruk and its subsidiaries. The management and employees of the Company, as well as the CEOs of subsidiaries, are familiar with all the internal regulatory documents of the Company in terms of compliance. As the relevant internal regulatory documents regarding compliance are adopted, the documents are submitted to the subsidiaries for familiarization and taking appropriate measures.
- Business partners, including suppliers of goods, works and services, get acquainted with the Company's draft contracts, including anti-corruption clauses.
- Each employee is responsible for compliance with ethical standards within the framework of their behavior. Compliance with the Code of Ethics standards is mandatory for all executives and employees of the Company. Violation of the Code of Ethics standards entails disciplinary responsibility in accordance with the established procedure.



# RISK MANAGEMENT AND INTERNAL CONTROL

(GRI 102-11)

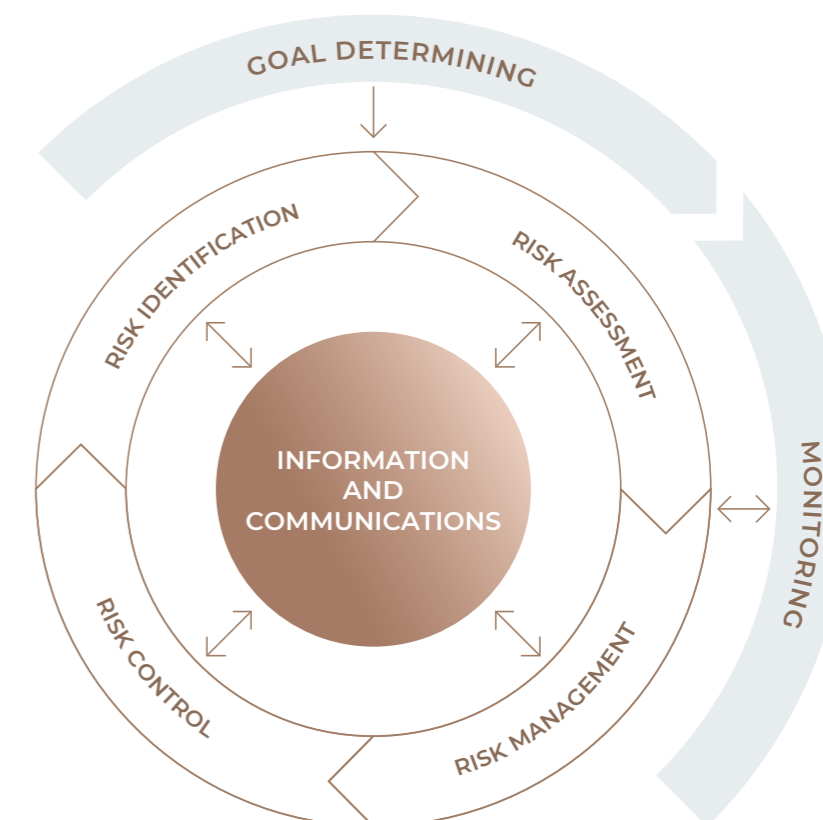
To reduce the uncertainty of the risks impact on the achievement of goals and minimize the possible consequences from the implementation of risks of JSC NMC Tau-Ken Samruk, the corporate risk management system is operating, which is integrated into business processes and taken into account when taking decisions at all levels.

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

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

The corporate risk management system is designed to provide reasonable assurance of achieving the following goals:

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



# STRUCTURE OF THE RISK MANAGEMENT SYSTEM

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

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

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

**The Audit Committee** under the Company’s Board of Directors assists the Company’s Board of Directors on issues of control over the reliability and effectiveness of the corporate

risk management system and internal control.

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

**The Risk Committee** under the Company’s Management Board provides assistance to the Company’s Management Board in the field of corporate risk management, improvement and strengthening of the risk management system, immediate response to critical risks of the Company. Following 2021, 6 meetings of the Risk Committee under the Management Board were held in in-present and absentee format, where issues of draft internal and other documents of the Company on risk management and internal control were considered;

**Risk coordinators** play a key role in the process of identifying, evaluating and developing risk management measures. These are employees who are responsible for the organization of operational risk management of a specific department, functionally subordinate to these departments. In 2021, the knowledge of risk coordinators of JSC NMC Tau-Ken Samruk and its Subsidiaries was trained in the field of risk management and internal control on the topic “Integration of the risk management process into the existing business processes of the company (including the decision-making process) in accordance with ISO 31000:2018 and COSO ERM:2017”

**Each and every employee of the Company is the risk owner.**

JSC NMC Tau-Ken Samruk annually calculates risk appetite, forms a Risk Register and a Risk Map for the upcoming year, which are

approved by the Board of Directors. The identified risks are systematized in the form of a Risk Register, assessed by the degree of impact, the probability of occurrence and the time of impact, with their further display on the Risk Map.

## RISK APPETITE

The risk appetite is formed in parallel with the strategic planning process. The risk appetite takes into account the mission, vision and strategic goals, is determined in relation to investment, financial and operational activities in the context of creating, preserving and realizing the value of the Company’s assets. Compliance with the Risk Appetite is mandatory for the Company’s

employees when conducting transactions, initiating transactions, analyzing projects and for the Company’s officials when taking management decisions. In 2021, the Risk Management and Internal Control Service approved the risk appetite for 2022, based on three types of activities: operational, financial and investment.

## KEY RISKS OF JSC NMC TAU-KEN SAMRUK ARE FACTORS AND MANAGEMENT PRACTICES

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

The Risk Reports with an updated risk map and plans for managing them are submitted

for consideration of the Company’s Board of Directors, Boards of Directors/Supervisory Boards of subsidiaries on a quarterly basis.

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

<p><b>The risk of deterioration of the project profitability indicators when calculating the FEM</b></p> <p>This risk is caused by the volatility of prices for base metals, falling demand, as well as the lack of sources of financing from potential investors for joint implementation of projects</p>	<p>To manage this risk, the Company conducts weekly monitoring of prices for base metals. As necessary, the FEM is recalculated given the current metal prices. Measures are taken to find a source of financing on an ongoing basis (a strategic partner or for the independent implementation of the project).</p>
<p><b>The risk of not finding promising investment-attractive projects</b></p> <p>The occurrence of this risk is associated with the lack of reliable geological information about promising areas of subsoil use</p>	<p>As part of the integration of risk management into the main key business processes, the Company updated the current rules for entering projects, supporting their implementation, as well as exiting projects, considering the lessons learned and using an assessment of potential risks. Close cooperation is carried out with state institutions for timely access to geological funds, the study of geological data for finding promising objects and timely geological and economic assessment.</p> <p>In addition, there is a systematic search for investors (participation in forums, conferences, meetings, sending out information teasers), conducting additional technological research.</p>
<p><b>Credit risk</b></p> <p>The risk caused by the lack of stability in the banking system</p>	<p>To manage credit risk, the Company monitors the financial condition of second-tier banks, including settlement limits, controls over the placement of temporarily available funds in the most financially stable banks of the Republic of Kazakhstan. Monitoring the status of accounts receivable, the financial condition of counterparties, as well as the introduction of a system of internal ratings of the counterparties solvency are also one of the tools for reducing credit risk. Currency risk management measures include maintaining a balance of requirements and liabilities in foreign currency (natural hedging) by managing the timing of payments and proceeds. The Company also carries out daily monitoring of indicators that affect the exchange rate.</p>

<p><b>Risk of loss of the subsoil use right</b></p> <p>This risk can be realized through poor-quality planning of measures for the LCC implementation, the lack of personal responsibility for the completeness and correctness of filling out LCC reports, as well as the lack of control over the LCC implementation contract holders.</p>	<p>To avoid the realization of this risk, the Company has taken the following measures:</p> <ul style="list-style-type: none"> <li>The KPIs of CEOs of the Subsidiaries include items on the execution of Work Programs, and timely changes to them, if necessary;</li> <li>Recommendations has been developed for filling out LCC reports;</li> <li>The job descriptions of responsible persons enshrine the responsibility for the completeness and correctness of filling out LCC reports;</li> <li>The Company constantly monitors the LCC implementation by the Subsidiaries.</li> </ul>
<p><b>The risk of industrial accidents that caused damage to health</b></p> <p>Non-compliance by employees with the established rules in the field of labor protection, violation of industrial discipline is a source of threat to the life and causing damage to the health of employees</p>	<p>To prevent accidents at work, the Company carries out organizational and technical measures to ensure:</p> <ul style="list-style-type: none"> <li>Implementation of measures to ensure safety and labor protection, life insurance of employees from accidents;</li> <li>Providing of personnel with certified personal protective equipment and tools, insurance of employees against accidents when executing their labor (official) duties;</li> <li>Implementation of measures to prevent occupational injuries and improve working conditions;</li> <li>Control and monitoring of compliance with the requirements of the technological process, accounting and statistics of industrial injuries;</li> <li>Training of personnel in labor techniques.</li> </ul>
<p><b>The risk of failure of tenders and the conclusion of Contracts for construction and assembly work at the EBRD site for the Shalkia project</b></p> <p>The risk may be realized in view of the following:</p> <ul style="list-style-type: none"> <li>Unprocessed market environment</li> <li>Low competencies of bidders</li> <li>Incompetence of the Shalkia Project Team (poorly developed terms of reference, untimely announcement of the competition, etc.)</li> </ul>	<p>To avoid the realization of this risk, the Company has taken the following measures:</p> <ul style="list-style-type: none"> <li>Preliminary market research for potential performers and price monitoring;</li> <li>Setting high qualification requirements for bidders;</li> <li>Providing participants with the full volume of the necessary DED and IPD.</li> </ul>



## INTERNAL CONTROL

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

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

While the corporate risk management system is focused on achieving the goals in the four

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

### The tasks of the Corporate Risk Management and Internal Control System are:

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

According to the results of the Independent diagnostics of corporate governance conducted in 2021, the rating under the Risk Management and Internal Control section, of the audit was "BB".

## INTERNAL AUDIT

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

The main IAS purpose is to provide the Board of Directors with independent and objective guarantees and consultations aimed at improving the risk management systems, internal control and corporate governance in the Company.

When developing the annual audit plan, the IAS uses a risk-based approach. The audits are carried out on the basis of the annual audit plan approved by the Audit Committee and approved by the Board of Directors.

### Guided by the main goals and objectives set by the Board of Directors for the IAS, in 2021, audit assignments were completed in the Corporate Center and its Subsidiaries:

01. Evaluation of documents submitted by ShalkiyaZinc JSC on issues of ZhiIStroy-Taraz Corporation LLP.
02. Verification of calculations of key performance indicators and calculations of remuneration amounts for the company's senior and managerial employees based on the results of 2020.
03. Audit on the comments and findings specified in the instruction of the Accounting Committee for Control over the Execution of the Republic Budget.
04. Procurement audit, including elimination of violations based on the results of the conclusion of the Monitoring and Procurement Control Department, the authorized body of Samruk-Kazyna JSC for consideration of appeals in the field of procurement.
05. Audit of Severny Katpar LLP subsidiary.
06. Audit of strategy and business planning processes for the group of JSC NMC Tau-Ken Samruk companies.
07. Organization of external evaluation of the Internal Audit Service.

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

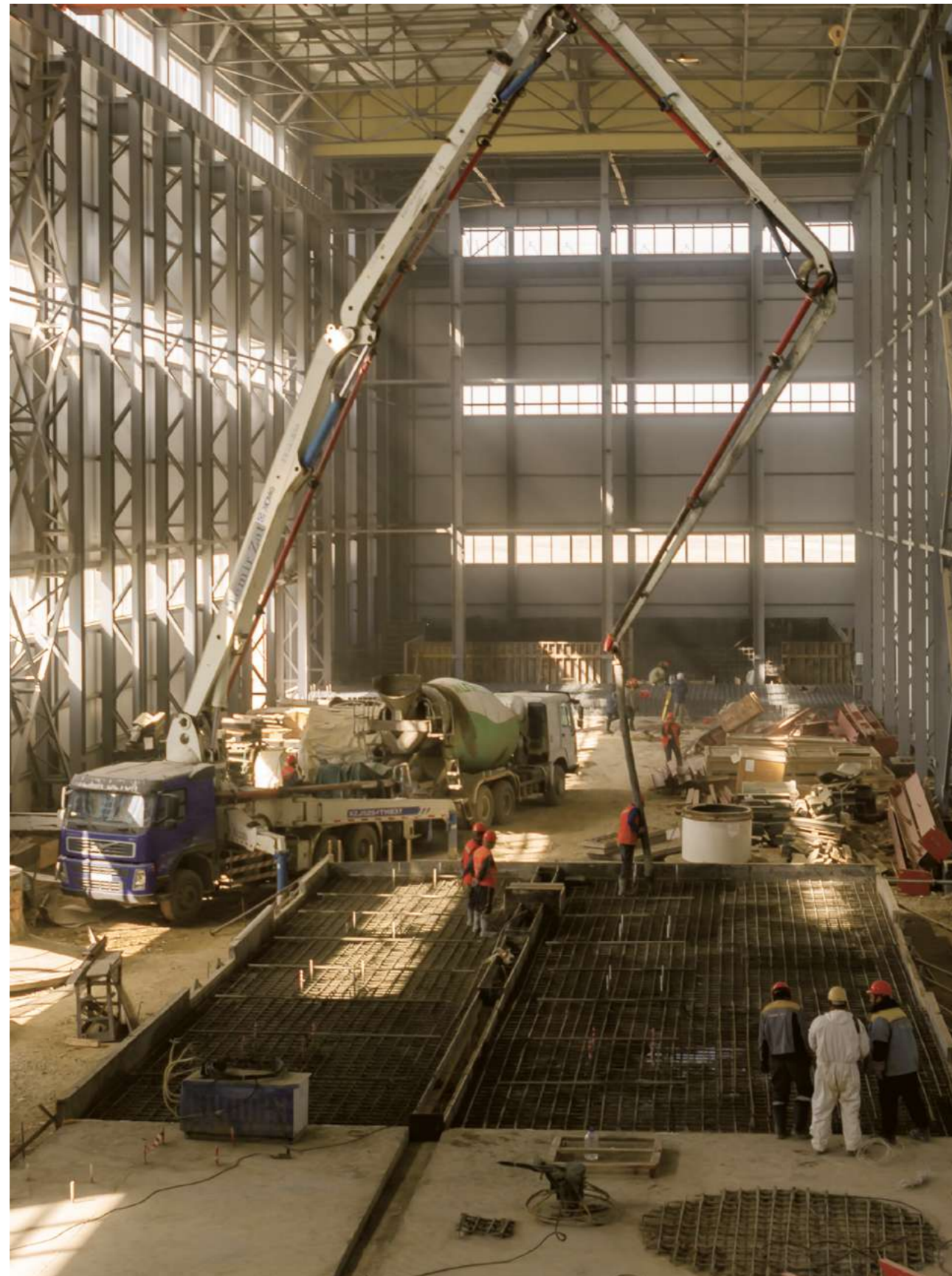
In 2021, the implementation of recommendations issued by both the IAS and the external auditor was monitored on a quarterly basis. To coordinate activities to ensure proper coverage and minimize double work, the IAS provided information about the Company's internal control system to the external auditor.

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

Based on the results of the independent diagnostics of the level of corporate governance organized by Samruk-Kazyna JSC to further improve corporate governance practices, the IAS



performance in accordance with the requirements of the international standard of internal audit 1312, was evaluated with the assignment of the “BB” rating, which is higher than the results of the evaluation of the corporate governance diagnostics in 2018 (“C” rating) for two positions.



# INFORMATION ABOUT THE EXTERNAL



When engaging the services of audit organizations, JSC NMC Tau-Ken Samruk is guided by the Policy on the Engagement of the Services of Audit Organizations of Tau-Ken Samruk JSC, approved by the Board of Directors of the Company on November 26, 2021. The main provisions provided for in the Rules give the Company with the opportunity to engage auditors to render certain audit and non-audit services without compromising the objectivity or independence of the auditor and avoiding conflicts of interest. The Company is guided by the Rules for Selection of the Audit Organization for Organizations 50% or more of voting shares of which is directly or indirectly owned by Samruk-Kazyna JSC of April 16, 2021, to conduct an audit of financial statements and interim financial statements with an audit review based on the results of activities for the reporting period during the year.

Grand Thornton LLP has been the auditor of JSC NMC Tau-Ken Samruk since 2016.

Detailed information about the external auditor at:

[www.grantthorntonkz.com](http://www.grantthorntonkz.com)

The amount of remuneration of the external auditor:

Period	Service name	Remuneration amount, including VAT, KZT
2021	Audit of annual and review of semi-annual separate and consolidated financial statements	23 758 560

# ANNEXES

## INFORMATION ON CONCLUDED CONTRACTS

As of December 31, 2021, the Company and its Subsidiaries have the following Subsurface Use Contracts:

s/i No.	Contract name	No. date	Subsoil user
1	Polymetallic Ores Production Agreement at the ShalkiyaZinc deposit in Kyzylorda region	No.935 of May 21, 2002	ShalkiyaZinc LTD JSC
2	Tungsten, Molybdenum and Copper Production Agreement at the Northern Katpar deposit in Karaganda region	No.1032 of November 04, 2002	Severny Katpar LLP
3	Tungsten-Molybdenum Ores Combined Exploration and Production Agreement at the Upper Kairakty deposit in Karaganda region	No.4838-ТПИ of May 27, 2016	
4	Iron Ore Exploration and Production Agreement at the Massalskoye deposit in Akmola region	No.2519 of December 24, 2007	Massalski Mining and Processing Plant LLP
5	Vein Quartz Production Agreement at the Aktas deposit in Karaganda region	No.2810 of October 09, 2008	Silicon Mining LLP
6	Polymetallic Ores Production Agreement at the Alaigyr deposit in Karaganda region	No.4187-ТПИ of February 20, 2013	LLP JV Alaigyr
7	Agreement on exploration of gold-bearing ores on the Yuzhno-Moiyntiskaya area of Karaganda region (it expired on February 4, 2021, work is underway to return the contract territory)	No.4535-ТПИ of February 04, 2015	JSC NMC Tau-Ken Samruk

In 2021, the following measures were carried out to introduce amendments and additions to existing contracts:

Addendum No.8 (No.5851-ТПИ of April 12, 2021) and Addendum No.9 (No.5981 of December 30, 2021) to Agreement No.935 of May 21, 2002, for the extraction of polymetallic ores at the Shalkiya field of Kyzylorda region amended the Work Program on Financial Obligations and production start dates according to the Agreement, the postponement of the production start from 2021 to 2023, and financial obligations from 2020 to 2022 and in terms of mining allotment under the Agreement.

Addendum No.3 (No.5891-ТПИ of June 30, 2021) to Agreement No.4838-ТПИ of May 27, 2016, for combined exploration and production of tungsten-molybdenum ores at Verkhneye Kairaktinskoye field in Karaganda region amended the extension of the term of the Agreement until July 30, 2023, for exploration.

As of December 31, 2021, there are 54 exploration licenses, including:

s/i No.	Object name according to the License	No., license date	Subsoil user
1	Aktas-3 deposit	Exploration license No.217-EL of July 22, 2019, re-registration in September 29, 2020	Silicon Mining LLP
2	Nadyrbaiskoye ore deposit	Exploration license No.229-EL of July 25, 2019, re-registration in September 29, 2020	Silicon Mining LLP
3	Valeriyenov-1	Exploration license No.605-EL of March 17, 2020	JSC NMC Tau-Ken Samruk
4	Valeriyenov-2	Exploration license No.552-EL of February 19, 2020	JSC NMC Tau-Ken Samruk
5	Valeriyenov-3	Exploration license No.557-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
6	Valeriyenov-4	Exploration license No.609-EL of March 17, 2020	JSC NMC Tau-Ken Samruk
7	Valeriyenov-5	Exploration license No.608-EL of March 17, 2020	JSC NMC Tau-Ken Samruk
8	Valeriyenov-6	Exploration license No.627-EL of April 27, 2020	JSC NMC Tau-Ken Samruk
9	Valeriyenov-7	Exploration license No.558-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
10	Valeriyenov-8	Exploration license No.559-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
11	Valeriyenov-9	Exploration license No.607-EL of March 17, 2020	JSC NMC Tau-Ken Samruk
12	Valeriyenov-10	Exploration license No.560-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
13	Valeriyenov-11	Exploration license No.553-EL of February 19, 2020	JSC NMC Tau-Ken Samruk
14	Valeriyenov-12	Exploration license No.561-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
15	Valeriyenov-13	Exploration license No.562-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
16	Valeriyenov-14	Exploration license No.563-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
17	Valeriyenov-15	Exploration license No.564-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
18	Valeriyenov-16	Exploration license No.565-EL of February 21, 2020	JSC NMC Tau-Ken Samruk

s/i No.	Object name according to the License	No., license date	Subsoil user
19	Valeriyenov-17	Exploration license No.554-EL of February 19, 2020	JSC NMC Tau-Ken Samruk
20	Valeriyenov-18	Exploration license No.566-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
21	Valeriyenov-19	Exploration license No.606-EL of March 17, 2020	JSC NMC Tau-Ken Samruk
22	Valeriyenov-20	Exploration license No.567-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
23	Valeriyenov-21	Exploration license No.568-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
24	Valeriyenov-22	Exploration license No.569-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
25	Valeriyenov-23	Exploration license No.623-EL of April 27, 2020	JSC NMC Tau-Ken Samruk
26	Valeriyenov-24	Exploration license No.626-EL of April 27, 2020	JSC NMC Tau-Ken Samruk
27	Valeriyenov-25	Exploration license No.555-EL of February 19, 2020	JSC NMC Tau-Ken Samruk
28	Valeriyenov-26	Exploration license No.629-EL of April 27, 2020	JSC NMC Tau-Ken Samruk
29	Valeriyenov-27	Exploration license No.556-EL of February 19, 2020	JSC NMC Tau-Ken Samruk
30	Valeriyenov-28	Exploration license No.570-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
31	Valeriyenov-29	Exploration license No.571-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
32	Valeriyenov-30	Exploration license No.572-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
33	Valeriyenov-31	Exploration license No.573-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
34	Valeriyenov-32	Exploration license No.574-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
35	Valeriyenov-33	Exploration license No.575-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
36	Valeriyenov-34	Exploration license No.576-EL of February 21, 2020	JSC NMC Tau-Ken Samruk

s/i No.	Object name according to the License	No., license date	Subsoil user
37	Valerianov-35	Exploration license No.577-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
38	Valeriyarov-36	Exploration license No.578-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
39	Valeriyarov-37	Exploration license No.579-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
40	Valeriyarov-38	Exploration license No.580-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
41	Valeriyarov-39	Exploration license No.581-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
42	Zhezdy-1	Exploration license No.582-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
43	Zhezdy-2	Exploration license No.641-EL of June 01, 2020	JSC NMC Tau-Ken Samruk
44	Zhezdy-3	Exploration license No.583-EL of February 21, 2020	JSC NMC Tau-Ken Samruk
45	Zhezdy-4	Exploration license No.661-EL of June 23, 2020	JSC NMC Tau-Ken Samruk
46	object in Turkestan region (SH Minerals)	Exploration license No.640-EL of May 26, 2020	LLP JV Nur-Dala
47	Berkara	Exploration license No.657-EL of June 18, 2020	JSC NMC Tau-Ken Samruk
48	Severny Samombet	Exploration license No.658-EL of June 18, 2020	JSC NMC Tau-Ken Samruk
49	TMO ZSKh	Exploration license No.669-EL of June 27, 2020	JSC NMC Tau-Ken Samruk
50	Dalny	Exploration license No.670-EL of June 27, 2020	JSC NMC Tau-Ken Samruk
51	Kundyzdinskoye and Berchegurskoye	Exploration license No.671-EL of June 27, 2020	JSC NMC Tau-Ken Samruk
52	Apmintas	Exploration license No.774-EL of August 26, 2020	JSC NMC Tau-Ken Samruk
53	Novo-2	Exploration license No.847-EL of October 07, 2020	JSC NMC Tau-Ken Samruk
54	Novo-1	Exploration license No.914-EL of November 03, 2020	JSC NMC Tau-Ken Samruk

In February 2021, 5 licenses located on Kaskyrmys area No.628-EL, No.622-EL, No.624-EL, No.625-EL of April 27, 2020, No.652-EL of June 15, 2020, were returned by the Company to the competent authority, on September 09, 2021, Exploration License No.640-EL of May 26, 2020, was transferred to LLP JV Nur-Dala (JSC NMC Tau-Ken Samruk - 20%, SH Minerals LLP - 80%).

## GRI INDEX

GRI Standards	Number	Content	Section and Notes
<b>GRI 102: General information (2016)</b>			
	102-1	Organization name	"About the Company" section
	102-2	Types of activities, brands, products and services	"About the Company" section
	102-3	Headquarters location	"Contacts" section
	102-4	Geography of activity	"Geography of activity" section
	102-5	Ownership nature and organizational and legal form	"About the Company" section
	102-6	Markets of the Company presence	"Overview of the assets activity" section
	102-7	Organization scale	"About the Company" section
	102-8	Information about employees	"Social responsibility and HR development" section
	102-9	Supply chain	"Business Model" section
	102-10	Significant changes in scale, structure and ownership	"Overview of the assets activity" section The main activity of the Company is the construction and launch of production facilities, which affects the scale of the Company's work.
	102-11	Application of the precautionary principle	"Risk management and internal control" section
	102-12	Support for external initiatives	"Commitment of the Company to sustainable development goals" section
	102-13	Participation in associations	"About the Company" section
	102-14	Address of the Chief Executive Officer	"Address of the Acting Chief Executive Officer" section
	102-16	Values, principles, standards and norms of the organization's behavior	"Business Ethics and Anti-corruption" section
	102-18	Organization management structure.	"Corporate governance structure" section

GRI Standards	Number	Content	Section and Notes
	102-18	Organization management structure.	"Corporate governance structure" section
	102-23	Supreme management bodies	"Sole Shareholder", "Activities of the Board of Directors" sections
	102-24	Procedure for the nomination and selection of candidates for members of the Supreme Corporate Governance Body	"Activities of the Board of Directors" section
	102-40	List of stakeholder groups	"Interaction with stakeholders" section
	102-41	Percentage of all employees covered by the collective agreement	The Company has no practice of concluding collective agreements
	102-42	Principles of identification and selection of stakeholders	"Interaction with stakeholders" section
	102-43	The organization's approach to interaction with stakeholders	"Interaction with stakeholders" section
	102-44	Key topics and concerns raised by stakeholders	"Interaction with stakeholders" section
	102-45	Legal entities whose financial statements were included in the organization's financial statements	"Preparation of the annual report" section
	102-46	Methodology for the Report Content Determining and the Topics Boundaries	"Sustainable development" section
	102-47	List of significant topics	"Essential aspects and boundaries" section
	102-48	Results of all reformulations of indicators published in previous reports	"Preparation of the annual report" section
	102-49	Significant change in the Scope and Boundaries of topics as compared to previous reporting periods	"Essential aspects and boundaries" section
	102-50	Reporting period	"Preparation of the annual report" section
	102-51	Date of publication of the previous report	"Sustainability Report" section
	102-52	Reporting cycle	"Preparation of the annual report" section
	102-53	Contact person for requests for the report	"Contacts" section
	102-54	The option of preparing the report "in accordance" with the GRI standards	"About the Report" section
	102-55	GRI Index Table	"GRI Index" section
	102-56	The organization's practice with regard to providing external certification of financial statements	"Sustainability Report" section

GRI Standards	Number	Content	Section and Notes
<b>SPECIFIC ELEMENTS</b>			
<b>GRI 200: Economic topics</b>			
<b>ECONOMIC PERFORMANCE</b>			
GRI 103: Information on Management Approaches (2016)	103-1	Explanation of the significance of topics and their boundaries	"Essential aspects and boundaries" section
	103-2	Management approach to essential topics	"Economic aspects" section
	103-3	Evaluation of the management approach to significant topics	"Information on the evaluation of the Board of Directors" section
GRI 201: Economic Performance (2016)	201-1	Direct economic value created and distributed	"Economic aspects" section
<b>MARKET PRESENCE</b>			
GRI 103: Information on Management Approaches (2016)	103-1	Explanation of the significance of topics and their boundaries	"Essential aspects and boundaries" section
	103-2	Management approach to essential topics	"Labor Relations Practice" section
	103-3	Evaluation of the management approach to significant topics	"Information on the evaluation of the Board of Directors" section
GRI 202: Market Presence (2016)	202-1	The ratio of the standard entry-level salary of employees of different sexes to the established minimum wage in significant regions of the organization's activity	"Labor Relations Practice" section
<b>ANTI-CORRUPTION</b>			
GRI 103: Information on Management Approaches (2016)	103-1	Explanation of the significance of topics and their boundaries	"Essential aspects and boundaries" section
	103-2	Management approach to essential topics	"Business Ethics in the Company" section
	103-3	Evaluation of the management approach to significant topics	"Information on the performance evaluation of the Board of Directors" section
GRI 205: Anti-Corruption (2016)	205-1	Informing about and training in anti-corruption policies and methods	"Business Ethics and Anti-corruption" section
	205-3	Confirmed cases of corruption and actions taken	"Business Ethics and Anti-corruption" section
<b>GRI 300: Environmental topics</b>			
GRI 103: Information on Management Approaches (2016)	103-1	Explanation of the significance of topics and their boundaries	"Essential aspects and boundaries" section
	103-2	Management approach to essential topics	"Environmental responsibility" section
	103-3	Evaluation of the management approach to significant topics	"Information on the evaluation of the Board of Directors" section

GRI Standards	Number	Content	Section and Notes
<b>ENERGY</b>			
GRI 302: Energy (2016)	302-1	Energy consumption within the organization	"Energy resources usage" section
<b>WATER</b>			
GRI 303: Water (2018)	303-1	Interaction with water sources	"Water resources usage" section
	303-2	Water discharge impact management	"Water resources usage" section
	303-4	Discharges	"Water resources usage" section
	303-5	Water consumption	"Water resources usage" section
<b>EMISSIONS</b>			
GRI 305: Emissions (2016)	305-1	Direct greenhouse gas emissions	"Greenhouse gas emissions" section
	305-7	Significant emissions into the atmosphere	"Atmospheric Air Protection" section
<b>WASTES</b>			
GRI 306: Discharges and waste (2016)	306-2	Total mass of waste by type and method of disposal	"Waste Management" section <i>"Non-hazardous" waste makes up the minimum part of the total mass of waste and therefore is not allocated to a separate category</i>
<b>COMPLIANCE WITH THE ENVIRONMENTAL REQUIREMENTS</b>			
GRI 307: Compliance with Environmental requirements (2016)	307-1	The monetary value of significant fines and the total number of non-financial sanctions imposed for non-compliance with environmental legislation and regulatory requirements	"Monetary value of substantial penalties and total number of non-financial sanctions" section
<b>GRI 400: Social Topics</b>			
GRI 103: Information on Management Approaches (2016)	103-1	Explanation of the significance of topics and their boundaries	"Essential aspects and boundaries" section
	103-2	Management approach to essential topics	"Social responsibility and HR development" section
	103-3	Evaluation of the management approach to significant topics	"Information on the evaluation of the Board of Directors" section
<b>EMPLOYMENT</b>			
GRI 401: Employment (2016)	401-1	Total number and percentage of newly hired employees, as well as staff turnover by age group, gender and region	"Labor Relations Practice" section
	401-3	Maternity/paternity leave	"Labor Relations Practice" section
<b>RELATIONSHIP BETWEEN EMPLOYEES AND MANAGEMENT</b>			
GRI 402: Employee-Management Relationship (2016)	402-1	402-1 Minimum notification period for significant changes in the organization's activities	"Labor Relations Practice" section «отношений»

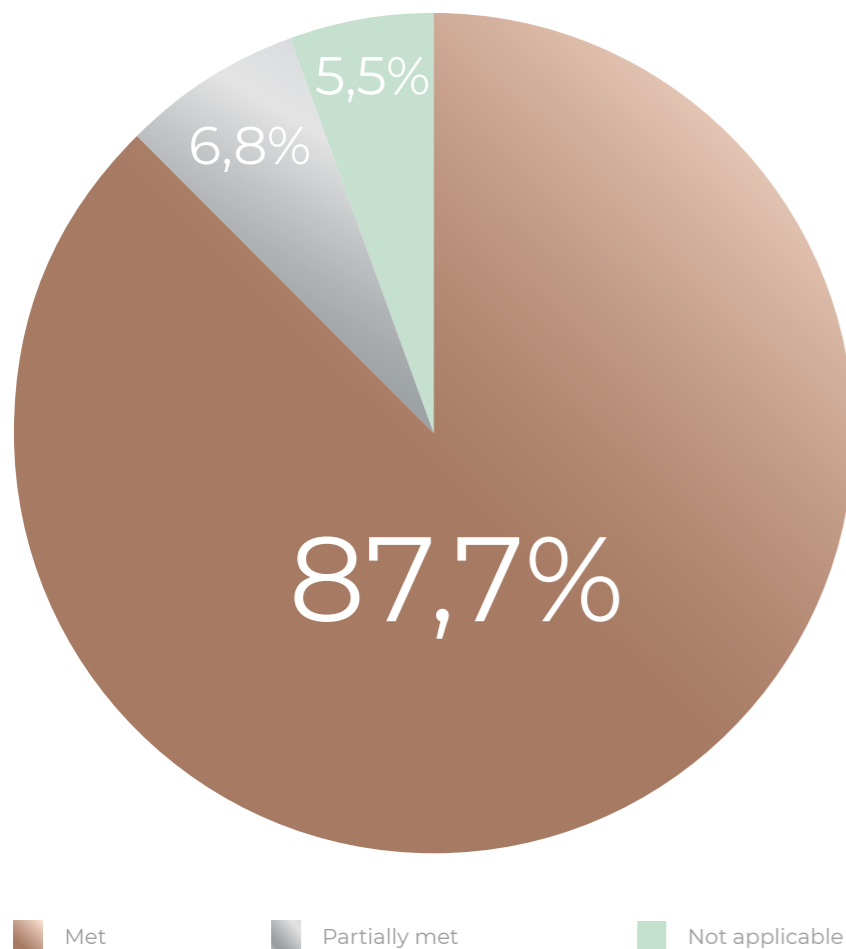
GRI Standards	Number	Content	Section and Notes
<b>HEALTH AND SAFETY</b>			
GRI 403: Health and Safety (2016)	403-1	Occupational Health and Safety Management System	"Occupational Health and Safety" section
	403-2	Hazard identification, risk assessment and incident investigation	"Occupational Health and Safety" section
	403-3	Labor Protection Service	"Occupational Health and Safety" section
	403-4	Employee participation, consultations	"Occupational Health and Safety" section
	403-5	HSE Training for employees	"Occupational Health and Safety" section
	403-6	Strengthening the health of employees	"Occupational Health and Safety" section
	403-7	Prevention of occupational health and safety risks in business relations	"Occupational Health and Safety" section
	403-9	Traumatism indicators	"Occupational Health and Safety" section
	<b>TRAINING AND EDUCATION</b>		
GRI 404: Training and education (2016)	404-1	Average annual number of training hours per employee, broken down by gender and employee categories	"Development and Advanced Training" section
	404-2	Skills development programs	"Development and Advanced Training" section
	404-3	Percentage of employees for whom periodic performance and career development assessments are conducted, broken down by gender and employee categories	"Development and Advanced Training" section
<b>DIVERSITY AND EQUAL OPPORTUNITIES</b>			
GRI 405: Diversity and Equal Opportunities (2016)	405-1	The composition of the governing bodies and the main categories of personnel of the organization, broken down by gender, age groups, belonging to minority groups and other signs of diversity	"Social responsibility and HR development" section
<b>NO DISCRIMINATION</b>			
GRI 406: No discrimination (2016)	406-1	Total number of cases of discrimination and corrective actions taken	"Social responsibility and HR development" section

# REPORT ON COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Corporate Governance Code of JSC NMC Tau-Ken Samruk was adopted on the basis of the –Corporate Governance Code of Samruk–Kazyna JSC. The goals of the Corporate Governance Code are to improve corporate governance, ensure transparency of governance, and confirm adherence to corporate governance standards.

The Corporate Secretary of the Company prepared a Report on compliance with the principles and provisions of the Corporate Governance Code, containing a list of principles and provisions of the Code that are observed and not observed, indicating supporting facts, and providing appropriate explanations. .

## CG PRINCIPLES MEETING



The Board of Directors of the Company considered this Report, SO BY THE END OF 2021, THE COMPANY COMPLIES WITH

**64**  
OF 73 PRINCIPLES

**5**  
PARTIAL NON-COMPLIANCE

**4**  
NOT APPLICABLE TO THE COMPANY

Met Partially met Not applicable

### Partial non-compliance with the principles of the Code is observed in the following sections:

**Глава 1.** The Government as a shareholder of the Fund, item 1.12 “The Board of Directors of the organization evaluates the results of the activities of the Ombudsman and decides on the extension or termination of the powers of the person holding the position of Ombudsman” - according to the Company's Charter, the election and early termination of the powers of the Ombudsman is referred to the competence of the Board of Directors, at the same time, the Compliance Officer combines the functions of the Ombudsman, according to the amendments to the Regulations on the Compliance Officer.

**Глава 3.** Sustainable development, sub-item 2) of item 3.4 “analysis of the internal and external situation on three components (economy, ecology, social issues)” - in 2021, the independent diagnostics of corporate governance was carried out, during the diagnostics, the areas for development of sustainable development aspects were identified. For 2022-2023, the Company is planning activities aimed at three main sustainable development goals: economic, environmental and social. At the moment, the relevant types of analysis are carried out within the framework of reporting on the implementation of the Development Strategy, Development Plan (business plan).

**Глава 5.** The effectiveness of the Board of Directors and the Executive Body, item 5.11 “The Board of Directors, Committees and members of the Board of Directors should be evaluated on an annual basis within the framework of a structured process approved by the Board of Directors of the organization” - in connection with the independent diagnostics of corporate governance of Samruk-Kazyna JSC, the annual self-assessment of the Board of Directors was not conducted.

**Глава 5.** The effectiveness of the Board of Directors and the Executive Body, item 5.14 “The Board of Directors elects the Head and members of the Executive Body, determines

the terms of office, the amount of the official salary, the terms of labor payment” - the Board of Directors, in accordance with the Charter, elects members of the Management Board, determines the terms of office, the amount of the official salary, the terms of labor payment, at the same time, the election of the Head of the Executive Body is referred to the competence of Samruk-Kazyna JSC.

**Глава 6.** Risk management, internal control and audit, item 6.13 “The executive bodies of organizations must ensure the creation and maintenance of an effective risk management and internal control system” - in 2021, the company continued the project of integrating risk management into the main processes, at the same time, the Audit Committee in 2021 as part of the discussion of reports on realized risks provided the company with recommendations for improving the risk management system, including in terms of more detailed identification of risks during the preparation of the Risk Register, and ensuring a high level of interaction with the IAS and Compliance Officer.

### The following is not applicable to the company:

**Глава 2.** Interaction of the Fund and Organizations. The role of the Fund as a national managing holding, item 2.4 “The Fund annually submits to the Chairman of the Board of Directors and representatives of the Fund on the Board of Directors of organizations the expectations of the shareholder for the upcoming financial year” - the practice of submitting the Expectations of the Sole Shareholder has been discontinued since 2020

**Глава 4.** Rights of shareholders and fair treatment of shareholders, item 4.3 “The procedure for holding the General Meeting of Shareholders (Participants) provides all Shareholders (Participants) with an equal opportunity to exercise their rights to participate in the General Meeting of Shareholders (Participants)” - Samruk-Kazyna JSC is the Sole Shareholder of the Company.

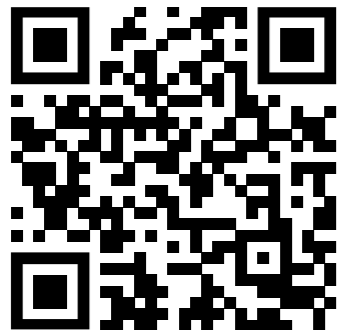
**Глава 4.** Rights of shareholders and fair



treatment of shareholders, item 4.5 “If there are several Shareholders (Participants) in the organization, including minority Shareholders (Participants), the corporate governance system should ensure fair treatment of all Shareholders (Participants) and the exercise of their rights, which should be enshrined in the Charter of the organization” - Samruk-Kazyna JSC is the Sole Shareholder of the Company.

**Глава 7.** The transparency, item 7.2 “In organizations whose shares are listed on the stock exchange, it is recommended to create a structural subdivision (or assign functions to the structural subdivision) for relations with shareholders and investors, whose competence will include the collection, analysis, preparation of information that will be posted on the organization’s Internet resource” - all shares of the Company are owned by the Sole Shareholder.

## FINANCIAL STATEMENTS



In accordance with the Rules for Preparation of Consolidated Financial Statements of Samruk-Kazyna JSC, JSC NMC Tau-Ken Samruk prepares audited financial statements 2 times a year, following H1 of the year and the reporting year. You can get acquainted with the reports at:

[tkz.kz/otchety-i-rezultaty](https://tkz.kz/otchety-i-rezultaty)

(LR 9.8.4 – disclosure of information under the LSE Listing Rules)

# CONTACTS

(GRI 102-3, 102-53)

### JSC NMC Tau-Ken Samruk

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#### Corporate Secretary:

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#### Director of the Investment and Marketing Department:

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#### Press Secretary:

**Vera Negry**  
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# GLOSSARY

- **Company** — JSC NMC Tau-Ken Samruk
- **SS, Fund** — Samruk-Kazyna JSC
- **Group of Companies** – JSC NMC Tau-Ken Samruk and its Subsidiaries
- **GEW** — geological exploration works
- **SM** — solid minerals
- **EBRD** — European Bank for Reconstruction and Development
- **LBMA** — London Bullion Market Association
- **R&D works** — Research, Development and Engineering works
- **MPP** — mining and processing plant
- **DED** — design and estimate documentation
- **EIA** — environmental impact assessment
- **FS** — feasibility study
- **JORC** — Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
- **KAZRC** — Code of Public Reporting on Exploration Results
- **REM** — rare-earth metals
- **R&D** — research and development
- **GRI** — Global Reporting Initiative
- **CRIRSCO** — Committee for Mineral Reserves International Reporting Standards
- **UN** — United Nations
- **MOO** — monthly official salary
- **MCI** — monthly calculation index
- **RES** — renewable energy sources
- **KPI** — key performance indicators
- **PEC** — industrial environmental control
- **LVF** — local ventilation fan
- **HSE** — project to improve the efficiency of the occupational safety, industrial safety and environmental management system
- **LSE** — London Stock Exchange
- **AIFC** — Astana International Financial Center
- **RemCo** — Nomination and Remuneration Committee
- **AC** — Audit Committee
- **SPIC** — Strategy Planning and Investment Committee
- **IAS** — Internal Audit Service





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**National Mining Company  
Tau-Ken Samruk JSC**

**Consolidated financial statements**

*For the year ended December 31, 2021*

Management of National Mining Company Tau-Ken Samruk JSC (hereinafter – “the Company”) and its subsidiaries (hereinafter jointly – “the Group”) is responsible for the preparation of the consolidated financial statements, that fairly present, in all material respects, consolidated financial position of the Group as at December 31, 2021, 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, 2021 were approved by management on March 5, 2022.

Chief financial officer

  
Kuanshaliyev B.S.  
Alpichsheva A. Zh.

Chief accountant

## 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, 2021, 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, 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for Opinion

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

### Other information: Annual Report of the Group

Management is responsible for 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, the significant events after the reporting date, operations, financial and economic indicators, risks of uncertainties and internal control system, social responsibility and environmental protection, corporate governance, key tasks for 2022 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 system as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's 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 International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

March 5, 2022  
Almaty, the Republic of Kazakhstan

  
Yerzhan Dossymbekov  
General Director  
Grant Thornton LLP



State license #18015053 dated August 3, 2018 for providing audit services on the territory of the Republic of Kazakhstan, issued by the Committee of Internal State Audit of the Ministry of Finance of the Republic of Kazakhstan

NATIONAL MINING COMPANY TAU-KEN SAMRUK JSC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2021

In thousands of tenge	Notes	December 31, 2021	December 31, 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	88,769,769	67,942,107
Intangible assets	7	46,970,750	46,904,136
Investments in associates	8	549,060,271	531,590,820
Prepayment of corporate income tax		974,336	818,529
Deferred corporate income tax assets	25	1,493,288	1,552,765
Inventories	9	3,567,469	3,894,198
Investment securities	10	3,080,275	2,801,767
Restricted cash		2,811,049	1,648,753
Other non-current assets	11	23,074,388	9,280,101
		<b>719,801,595</b>	<b>666,433,176</b>
<b>Current assets</b>			
Inventories	9	13,922,161	30,328,584
Accounts receivable	12	6,549,697	16,094
Loan issued to parent organization	13	18,306,918	18,306,918
Prepayment of corporate income tax		55,389	42,747
Other current assets	14	1,227,128	1,555,674
Cash and cash equivalents	15	29,795,057	5,015,449
		<b>69,856,350</b>	<b>55,265,466</b>
Assets held for sale	1	–	2,067,529
<b>TOTAL ASSETS</b>		<b>789,657,945</b>	<b>723,766,171</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	16	252,874,907	252,874,907
Retained earnings		135,237,354	110,607,169
Other components of equity	16	346,087,740	332,522,877
<b>Equity attributable to equity holder of the parent</b>		<b>734,200,001</b>	<b>696,004,953</b>
Non-controlling interest	16	34,709	35,069
<b>TOTAL EQUITY</b>		<b>734,234,710</b>	<b>696,040,022</b>

NATIONAL MINING COMPANY TAU-KEN SAMRUK JSC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2021 (CONTINUED)

In thousands of tenge	Notes	December 31, 2021	December 31, 2020
<b>Non-current liabilities</b>			
Loans received	18	8,506,227	1,488,241
Accounts payable for acquisition of subsidiary	17	5,694,331	5,877,606
Deferred corporate income tax liabilities	25	10,525,992	10,863,934
Lease liabilities		65,663	170,740
Non-current accounts payable	17	416,392	427,063
Other non-current liabilities	19	282,409	265,622
		<b>25,491,014</b>	<b>19,093,206</b>
<b>Current liabilities</b>			
Contract liabilities		–	563,852
Advances received	17	659,809	1,532,465
Accounts payable	17	11,459,971	5,425,396
Loans received	18	12,694,962	108,165
Provision for litigations	26	4,327,966	–
Lease liabilities		114,070	97,228
Other current liabilities	19	675,443	904,612
		<b>29,932,221</b>	<b>8,631,718</b>
Liabilities directly associated with assets held for sale	1	–	1,225
<b>TOTAL LIABILITIES</b>		<b>55,423,235</b>	<b>27,726,149</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>789,657,945</b>	<b>723,766,171</b>

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

Chief financial officer



Kuanshatiyev B.S.

Alpichsheva A. Zh.

Chief accountant

March 5, 2022  
Nur-Sultan, the Republic of Kazakhstan

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2021**

In thousands of tenge	Notes	2021	2020
Revenue from contracts with customers	20	724,217,523	639,246,870
Cost of goods sold	21	(723,052,255)	(629,669,262)
<b>Gross profit</b>		<b>1,165,268</b>	<b>9,577,608</b>
General and administrative expenses	22	(3,106,126)	(3,212,272)
Selling expenses		(78,131)	(91,479)
<b>Operating (loss)/income</b>		<b>(2,018,989)</b>	<b>6,273,857</b>
Finance income	23	4,029,225	1,313,277
Finance costs		(713,001)	(523,857)
Share in profit of associates	8	66,996,457	75,280,049
Gain on disposal of subsidiaries		2,140,130	-
Accrual of loss on impairment of financial assets		(359,062)	(189,755)
Recovery of loss and loss on impairment of non-financial assets	24	6,565,862	(8,643,606)
Accrual of expense on provision for litigations	26	(4,327,966)	-
Gain/(loss) from disposal of subsoil use contracts and licenses		143,928	(8,908)
Net foreign currency exchange (loss)/gain		(214,271)	317,162
Other non-operating income		576,033	470,455
Other non-operating expenses		(1,072,070)	(1,137,198)
<b>Profit for the year before taxation</b>		<b>71,746,276</b>	<b>73,151,476</b>
Corporate income benefit/(expense)	25	106,851	(1,099,180)
<b>Profit for the year</b>		<b>71,853,127</b>	<b>72,052,296</b>
<b>Profit for the year attributable to:</b>			
Equity holders of the parent		71,853,487	72,083,242
Non-controlling interest	16	(360)	(30,946)
<b>Other comprehensive income</b>			
Gain from foreign currency exchange differences on translation	8	13,564,863	50,662,354
<b>Total comprehensive income for the year</b>		<b>85,417,990</b>	<b>122,714,650</b>
<b>Total comprehensive income for the year attributable to:</b>			
Equity holders of the parent		85,418,350	122,745,596
Non-controlling interest	16	(360)	(30,946)
<b>Total comprehensive income for the year</b>		<b>85,417,990</b>	<b>122,714,650</b>

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

Chief financial officer



Kuanshaliyev B.S.  
Alpichsheva A. Zh.

Chief accountant

March 5, 2022  
Nur-Sultan, the Republic of Kazakhstan

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)**

In thousands of tenge	Notes	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash proceeds from customers		718,581,699	636,175,404
Interest received		1,535,519	914,335
Interest paid	18	(136,079)	(105,826)
Cash payments to suppliers		(705,526,513)	(632,652,839)
Cash payments to employees		(2,372,679)	(2,462,492)
Corporate income tax paid		(185,184)	(98,027)
Taxes and other payments		(1,336,640)	(849,941)
Other cash proceeds		196,150	1,678,936
Other payments		(769,607)	(460,208)
<b>Cash received in operating activities</b>		<b>9,986,666</b>	<b>2,139,342</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(17,798,341)	(8,604,620)
Advances, given for purchase of long-term assets		(6,661,563)	-
Purchase of intangible assets		(124,749)	(17,499)
Proceeds from the sale of subsidiaries, less cash disposed		2,952,281	1,286,040
Proceeds from sale of property, plant and equipment		-	15,000
Purchase of exploration and evaluation assets		-	(331,585)
Dividends received from an associate	8	63,273,551	53,442,397
Placement of bank deposits		-	(1,714,931)
Withdrawal of bank deposits		-	41,989
Issuance of a loan to parent organization	13	(18,442,396)	(18,442,396)
Repayment of the loan provided to parent organization	13	18,442,396	-
Other payments for investing activities		-	(8,192)
<b>Cash flows from investing activities</b>		<b>41,641,179</b>	<b>25,666,203</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Repayment of loans received	18	-	(191,082)
Proceeds from loans received	18	19,492,851	-
Payments for loans received	18	(374,124)	-
Payment of principal portion of lease liabilities		(105,339)	(140,837)
Dividends paid	16	(45,536,999)	(30,254,000)
<b>Cash used in financing activities</b>		<b>(26,523,611)</b>	<b>(30,585,919)</b>
<b>Net change in cash and cash equivalents</b>		<b>25,104,234</b>	<b>(2,780,374)</b>
Effect of change in foreign exchange rates on cash and cash equivalents		15,629	429,844
Accrual of expected credit losses on cash and cash equivalents		(340,255)	-
Cash and cash equivalents at the beginning of the year	15	5,015,449	7,365,979
<b>Cash and cash equivalents at the end of the year</b>	<b>15</b>	<b>29,795,057</b>	<b>5,015,449</b>

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

Chief financial officer



Kuanshaliyev B.S.  
Alpichsheva A. Zh.

Chief accountant

March 5, 2022  
Nur-Sultan, the Republic of Kazakhstan

**NATIONAL MINING COMPANY TAU-KEN SAMRUK JSC**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

In thousands of tenge	Notes	Equity attributable to equity holder of the parent			Non-controlling interest	Total equity
		Share capital	Other equity components	Retained earnings		
<b>As at January 1, 2020</b>		<b>252,874,907</b>	<b>281,860,523</b>	<b>68,244,943</b>	<b>602,980,373</b>	<b>603,046,388</b>
Profit for the year		-	-	72,083,242	72,083,242	72,052,296
Other comprehensive income	8	-	50,662,354	-	50,662,354	50,662,354
<i>Total comprehensive income for the year</i>		-	<b>50,662,354</b>	<b>72,083,242</b>	<b>122,745,596</b>	<b>122,714,650</b>
Discount on investment securities, net of tax effect	10	-	-	532,984	532,984	532,984
Dividends	16	-	-	(30,254,000)	(30,254,000)	(30,254,000)
<b>As at December 31, 2020</b>		<b>252,874,907</b>	<b>332,522,877</b>	<b>110,607,169</b>	<b>696,004,953</b>	<b>696,040,022</b>
Profit for the year		-	-	71,853,487	71,853,487	71,853,127
Other comprehensive income	8	-	13,564,863	-	13,564,863	13,564,863
<i>Total comprehensive income for the year</i>		-	<b>13,564,863</b>	<b>71,853,487</b>	<b>85,418,350</b>	<b>85,417,990</b>
Adjustment of the fair value of the loan issued to the parent organization	13	-	-	(1,686,303)	(1,686,303)	(1,686,303)
Dividends	16	-	-	(45,536,999)	(45,536,999)	(45,536,999)
<b>As at December 31, 2021</b>		<b>252,874,907</b>	<b>346,087,740</b>	<b>135,237,354</b>	<b>734,200,001</b>	<b>734,234,710</b>

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

Chief financial officer

Kuanstaliyev B.S.

Chief accountant

Alpichsheva A. Zh.

Alpichsheva A. Zh.

March 5, 2022  
Nur-Sultan, the Republic of Kazakhstan

**NATIONAL MINING COMPANY TAU-KEN SAMRUK JSC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**1. GENERAL INFORMATION**

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

As at December 31, 2021 and 2020 the sole shareholder of the Company is Sovereign Wealth Fund Samruk-Kazyna JSC (hereinafter – “Samruk-Kazyna”). The sole shareholder of Samruk-Kazyna is the Government of the Republic of Kazakhstan.

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

As at December 31, 2021 number of employees of the Group was 593 people (December 31, 2020: 929 people).

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

As at December 31, 2021 and 2020 the following companies were subsidiaries of the Company:

Company	Type of operations	Region	December 31, 2021	December 31, 2020
ShalkiyaZinc LTD JSC	Exploration, mining and processing of mixed lead-zinc ore	Kyzylorda region	100.00%	100.00%
Tau-Ken Altyn LLP	The coordinator of the investment project “Set up of the refining plant and its provision by mineral resource base”	Nur-Sultan	100.00%	100.00%
Severnyi Katpar LLP	Extraction of tungsten	Karaganda region	100.00%	100.00%
Tau-Ken Temir LLP	Production of metallurgical silicon and by-products	Karaganda region	100.00%	100.00%
SP Alaigyr LLP	Extraction of polymetallic ores	Karaganda region	100.00%	100.00%
Silicon mining LLP	Mining of quartz	Nur-Sultan	100.00%	100.00%
Masalsky GOK LLP	Development and extraction of iron ore	Akmola region	99.19%	99.19%
Tau-Ken Mining LLP*	Exploration of non-ferrous metal deposits	Almaty region	0.01%	100.00%
TKS Geology LLP*	Exploration of copper, gold and associated components	Karaganda region	0.01%	100.00%
Shokpar-Gagarinskoye LLP	Exploration of gold-bearing ore deposits	Jambyl region	-	100.00%

\* As at December 31, 2021, the Group does not control this organization and does not include subsidiaries

In 2020, the Group decided to transfer 100% of the shares in Shokpar-Gagarinskoye LLP to a third party and included them in assets and liabilities held for sale. On July 9, 2021, the Group completed the sale of a subsidiary of Shokpar-Gagarinskoye LLP to a buyer of 100% of the share capital for 4,239,410 thousand tenge.

In accordance with the decision of the Company's Board of Directors, on October 15, 2021, the Group sold to Samruk-Kazyna Invest LLP, a company under common control, 99.99% in Tau-Ken Mining LLP for 1 thousand tenge and 99.99% in TOO TKS Geology for 3,499 thousand tenge. From the date of loss of control, the Group accounts for the remaining shares as equity instrument.



**1. GENERAL INFORMATION (CONTINUED)****Principal activities**

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

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

**2. BASIS OF PREPARATION****Statement of compliance**

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

**Basis of preparation**

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

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

**Going concern basis**

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

**Accrual basis**

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

**Recognition of the elements of consolidated financial statements***Current versus non-current classification of assets and liabilities*

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

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

All other assets are classified as non-current.

**2. BASIS OF PREPARATION (CONTINUED)****Recognition of the elements of consolidated financial statements (continued)**

A liability is current when:

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

The Group classifies other liabilities as non-current.

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

**Foreign currency translation**

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

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

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

In tenge	December 31, 2021	Average for 2021	December 31, 2020	Average for 2020
1 US dollar	431.80	426.03	420.91	412.95
1 Euro	489.10	503.88	516.79	471.44

**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.

**2. BASIS OF PREPARATION (CONTINUED)****Principles of consolidation (continued)**

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

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

**Non-controlling interest**

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

**Investments in associates and joint ventures**

An associate is an entity 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 recognized at cost, including goodwill. The carrying amount of the investment is adjusted to recognize 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 recognize further losses unless the Group is required to make payments to or on behalf of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes 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.

**2. BASIS OF PREPARATION (CONTINUED)****Investments in associates and joint ventures (continued)**

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. 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 recognize 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 recognizes the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes 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 recognized 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 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.

**2. BASIS OF PREPARATION (CONTINUED)****Business combinations (continued)**

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 recognized in profit or loss.

Contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 *Financial Instruments: Recognition and Measurement*, is measured at fair value, changes in fair value recognized either in profit or loss or as a change in other comprehensive income. If the contingent consideration is not within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing of goodwill acquired in a business combination from the acquisition date, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated as a part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

**Business combinations under common control**

Acquisitions of subsidiaries from parties under common control (entities controlled by the ultimate shareholder) are accounted for using the pooling of interest method.

The assets and liabilities of the subsidiary transferred under common control are recorded in these consolidated financial statements at their carrying amounts of the transferring entity (the predecessor) at the date of transfer. Related goodwill, inherent in the predecessor's original acquisition is also recorded in these consolidated financial statements. Difference between the total book value of net assets, including the predecessor's goodwill, and the consideration paid is accounted for in these consolidated financial statements as an adjustment to equity.

**3. NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS****New standards, interpretations and amendments to standards and interpretations, adopted by the Group this year**

The accounting policy adopted in the preparation of the consolidated financial statements is consistent with that applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2020, except for the newly adopted standards and interpretations effective as at January 1, 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

*Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component;

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

*Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16*

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Group has not received Covid-19-related rent concessions but plans to apply the practical expedient if it becomes applicable within allowed period of application.

**3. NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)****New and revised IFRS – issued but not yet effective (continued)**

The Group has not adopted the following new and revised IFRSs, interpretations or amendments, issued but not yet effective:

*IFRS 17 Insurance Contracts*

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 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 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the 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.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

*Amendments to IAS 1: Classification of Liabilities as Current or Non-current*

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification;

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

*Reference to the Conceptual Framework – Amendments to IFRS 3*

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

**3. NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)****New and revised IFRS – issued but not yet effective (continued)***Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16*

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

*Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37*

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

*IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter*

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

*IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities*

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

**3. NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)****New and revised IFRS – issued but not yet effective (continued)***IAS 41 Agriculture – Taxation in fair value measurements*

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

*Definition of Accounting Estimates - Amendments to IAS 8*

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of ‘accounting estimates’. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group.

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

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group’s accounting policy disclosures.

**4. SIGNIFICANT ACCOUNTING POLICIES****Exploration and evaluation assets***Acquisition cost of subsoil use rights*

Acquisition cost of subsoil use rights (for exploration and production) includes signature bonuses, historical costs, and obligatory expenditures on environmental and social programs and are capitalized as rights on subsoil use of the field at the exploration and evaluation stage.

Acquisition cost of subsoil use rights are accounted for on a field-by-field basis. Each field is reviewed for impairment on annual basis confirm. If no future activity is planned on the field, the outstanding balance of acquisition costs of the subsoil use right is written off. Upon start of commercial production at the fields, the subsoil use rights are amortized on the basis of unit of production method in proportion of actual production to total proved reserves.

*Exploration and evaluation costs*

Exploration and evaluation costs include geological and geophysical expenditures; costs directly related to exploration drilling; stripping activities; administrative and other exploration expenses directly attributable to a particular field. These costs include employee remuneration, materials and fuel used, rig rental costs and payments made to the contractors. If no mineral reserves are found, this is an indicator of impairment. All capitalized costs are subject to technical, commercial and management review at least once a year, to confirm the intention of commercial exploitation, or otherwise extraction of benefits from discovery. When this is no longer the case, the costs are written off. When proved reserves of minerals are determined and the decision to continue development is made, the relevant expenditures are transferred to the mining assets.

**Mining assets***Development and production arrangement costs*

Development and production arrangement costs include previously capitalized (and reclassified at the start of development) acquisition costs of the subsoil use rights, exploration and evaluation costs; construction of landfills, installation of surface technological facilities required for production, gathering and preparation of mineral resources at the fields; other costs incurred during arrangement of commercial production at the fields; capitalized discounted costs on mine abandonment and site restoration. Development costs are capitalized as property, plant and equipment (mining assets) and accounted for on a field-by-field basis.

*Depreciation of mining assets (as part of property, plant and equipment and intangible assets)*

Mining assets are amortized using unit of production method based on the actual production from the start of commercial production at the field. Acquisition costs of the subsoil use rights, including discounted mine abandonment and site restoration costs, are amortized on the basis of total proved reserves. Other field development costs are amortized based on the proved developed reserves.

**Property, plant and equipment**

Property, plant and equipment are stated at cost less of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacement of equipment parts and borrowing costs for long-term construction projects if capitalization criteria are met. When significant parts of property, plant and equipment are required to be replaced in particular time intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates it appropriately. Similarly, when a major inspection is performed, its cost is recognized 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 recognized 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)**

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property, plant and equipment (continued)**

Estimated useful lives of certain assets are as follows:

Group of property, plant and equipment	Useful lives
Building and construction	8-100 years
Machinery and equipment, vehicles	2-50 years
Other	2-20 years

When an asset is sold or disposed, the cost and related accumulated depreciation are written off to expenses and any resulting gains or losses on the asset disposal are included in the consolidated statement of profit or loss and other comprehensive income.

Expenditures incurred after the property, plant and equipment have been placed into operation, such as repairs and maintenance and overhaul costs, are normally expensed in the period when such costs are incurred. The expenditures that have resulted in an increase in the future economic benefits expected to be obtained beyond asset's originally assessed standard performance (increase of useful life, capacity, etc.) are capitalized as an additional cost of property, plant and equipment.

The liquidation cost, useful lives and methods of depreciations are reviewed at the end of each financial year, and adjusted prospectively, if necessary.

**Impairment of non-current assets**

The Group assesses whether there are any indicators of impairment of the carrying amount of exploration and evaluation assets, property, plant and equipment, intangible assets, investments in subsidiaries and investments in associates and joint ventures (hereinafter – “non-current assets”) at each reporting date. If such indicators identified, the recoverable amount of the respective asset is being calculated in order to determine the impairment loss amount (if any). The recoverable amount is determined as the higher of two values: an asset's fair value less costs to sell or value in use. When determining the value in use, the expected future cash flows are discounted to the present value using a discount rate before tax, which, in management's opinion, reflects the present market estimate of the time value of money and risks attributable to such asset.

If the recoverable amount of an asset is lower than its carrying amount, the carrying amount of the asset is reduced to the recoverable amount. Impairment losses are recorded immediately in profit or loss. In case where impairment loss is subsequently reversed, the carrying amount of the asset is increased to the amount calculated as a result of new estimate of its recoverable amount, so that new carrying amount does not exceed the carrying amount that would have been determined if the impairment loss was not recognized for the asset in previous years. Reversal of impairment loss is recorded immediately in profit or loss.

**Intangible assets**

Intangible assets are 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.

Amortization of intangible assets is calculated on a straight-line basis and begins when the asset is ready for use. Intangible assets are identifiable if they result from contractual or other rights, or if they are separable, i.e. they can be sold separately or together with other assets.

Intangible assets include subsoil use rights and other intangible assets. Subsoil use rights are amortized using the production method of depreciation for actual production from the commencement of commercial production at the fields. Other intangible assets include a software license. Amortization is accrued on the basis of a straight-line method based on the estimated useful life of intangible assets of 1-10 years.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)**

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Intangible assets (continued)**

Estimated useful lives, residual values and amortization method are reviewed at the end of each year and corrected, if necessary.

**Leases**

*Right-of-use assets*

The Group recognizes right-of-use assets at the commencement date of the lease (i.e. the date on which the underlying asset becomes available for use). Right-of-use assets are measured at cost less accumulated amortization and accumulated impairment losses, adjusted for revaluation of lease liabilities, initial direct costs incurred and lease payments incurred at or prior to the commencement of the lease, less incentive payments received for rent. If the Group does not have sufficient assurance that it will obtain title to the leased asset at the end of the lease term, the recognized right-of-use asset is amortized on a straight-line basis over the shorter of the asset's estimated useful life or the lease term. Right-of-use assets are included in property, plant and equipment by the Group and are reviewed for impairment.

*Lease liabilities*

At the commencement date of the lease, the Group recognizes 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 recognized 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 recognized as expense on a straight-line basis over the lease term.

*Significant judgements in determining the lease term of contracts with renewal options*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., change in business strategy).

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Dividends**

The Company recognizes a liability for dividend payments when the distribution is approved and no longer remains at the discretion of the Company. The corresponding amount is recognized directly in equity.

**Financial instruments***Key measurement terms*

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL);
- fair value through other comprehensive income (FVOCI).

Financial instruments of the Group include financial assets and financial liabilities which are carried at amortised cost as described below.

*Amortised cost* is the amount at which the financial instrument was recognized at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any write-down for expected impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the consolidated statement of financial position.

*The effective interest method* is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

*Classification of financial assets*

Financial assets of the Group include short-term and long-term bank deposits, loans given to the Parent (Note 13), cash and cash equivalents (Note 15), accounts receivable (Note 12) and investment debt and equity securities (Note 10). The management determines the classification of the financial assets at initial recognition. Accounts receivables are recognized initially at fair value plus transaction costs. Subsequently, accounts receivable are stated at amortized cost using the effective interest method.

Accounts receivable are unquoted non-derivative financial assets with fixed or determinable payments other than those that the Group intends to sell in the near term. They are included in current assets, except for maturities greater than 12 months after the reporting date, that are classified as non-current assets.

*Classification of financial liabilities*

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

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Financial instruments (continued)***Initial recognition of financial instruments*

Financial instruments are initially recorded at fair value plus transaction costs. The transaction price is the prime confirmation of the fair value at initial recognition. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

*Subsequent measurement of financial assets*

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

- financial assets measured at amortised cost (debt instruments);
- financial assets measured at fair value through other comprehensive income with subsequent reclassification of accumulated gains and losses (debt instruments);
- financial assets classified at the entity's discretion as measured at fair value through other comprehensive income without subsequent reclassification of accumulated gains and losses upon derecognition (equity instruments);
- financial assets measured at fair value through profit or loss.

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

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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 derecognizes financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

*Impairment of financial assets carried at amortised cost*

Expected credit losses are defined as the difference between all the contractual cash flows that are due to an entity and the cash flows that it actually expects to receive ("cash shortfalls"). This difference is discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The assessment of impairment for financial assets can either be individually or collectively and is based on how an entity manages its credit risk. If an entity has a small number of receivables with large value and these receivables are managed on an account basis (i.e. individually) it may not be appropriate in that case to base the impairment on a provision matrix as such a matrix would unlikely be in line with the expected credit loss of the individual receivable.

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***Impairment of financial assets carried at amortised cost (continued)*

Recognition of credit losses is no longer dependent on the Group identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (“Stage 1”);
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (“Stage 2”);
- “Stage 3” would cover financial assets that have objective evidence of impairment at the reporting date.

“12-month expected credit losses” are recognized for the first category while ‘lifetime expected credit losses’ are recognized for the second category.

The Group applies the simplified model of IFRS 9 to recognize 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.

**Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position include cash at banks and on hand and short-term deposits with a maturity of 3 months or less, which are subject to an insignificant risk of changes in value.

**Restricted cash**

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

**Loans issued**

Loans issued are initially measured at fair value and subsequently at amortized cost using the effective interest method.

**Provisions**

Provisions are recognized when the Group has present obligations (legal or constructive) arising as a result of past events, which will need to be settled, and the amount of such obligations can be reliably measured.

The amount of provision for expected expenses recognized in accounting represents the best estimate of the amount required to settle the obligation determined at the reporting date, taking into account risks and uncertainties typical for such obligations. If the amount of provision for expected expenses is determined based on expected cash flows to settle the obligation, the provision for expected expenses is determined as the discounted cost of such cash flows (if the effect of the time value of money is material).

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****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.

*Prepaid insurance expenses*

As at December 31, 2021, 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 recognized when control over the goods is transferred to the buyer in an amount that reflects the compensation that the Group expects to receive in exchange for these goods or services.

Recognition of revenue requires the Group to perform the following steps:

- identification of the contract with the customer;
- identification of the obligations to be performed under the contract;
- determination of the transaction price;
- allocation of the transaction price among the individual duties to be performed under the contract;
- recognition of revenue at the time (or according to) the performance of the obligations to be fulfilled under the contract.

Revenue is recognized either at a specific point in time or during the time when (or how) the Group fulfills its performance obligations by transferring the promised goods to its customers.

Revenues are measured at the fair value of funds received or receivable. When the fair value of the consideration received cannot be reliably measured, the income is measured at the fair value of the goods delivered and services transferred.

*Contract liabilities*

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.



**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Recognition of revenues and expenses (continued)***Interest income*

Interest income is recognized as interest accrued, using the effective interest rate, i.e. the rate that discounts the approximate future cash flows through the expected life of the financial instrument to the net carrying amount of the financial asset. Interest income is included in finance income in the consolidated statement of profit or loss and other comprehensive income.

*Expenses*

The expenses are taken into account at the time of actual receipt of the relevant goods or services, regardless of when cash or cash equivalents were paid, and are shown in the consolidated financial statements in the period to which they relate.

**Inventories**

Inventories of the Group include materials, work in process, raw materials, intended for use in the production process of finished goods or rendering of services. The Group measures for inventories at the lower of cost or net realizable value.

Cost of inventories includes all actual expenses for purchase, processing costs and other costs incurred in order to bring the inventory to its existing condition and location. Inventories are accounted on the basis of weighted average cost method.

Inventories are measured at the lower of two values: cost or net realizable value. The Group recognizes corresponding provision, by reducing the cost of slow-moving and underutilized inventories to net realizable value. The actual sale amount on disposal of such inventories may differ from the net realizable value. Any such differences could have a material effect on future operating results.

**Current corporate income tax**

Tax assets and liabilities attributable to the current corporate income tax for the current and previous periods are measured at the amount recoverable from tax authorities, or payable to tax authorities. Tax rates and tax laws used to calculate these amounts, are the rates and laws, which have been actually adopted as at the reporting date in the countries in which the Group operates and generates taxable income.

Current corporate income tax attributable to items recognized directly in equity is recognized in equity.

**Deferred corporate income tax**

The deferred corporate income tax is calculated using the liability method by determining temporary differences as at the reporting date between the tax base of assets and liabilities and their carrying amount for the purposes of consolidated financial statements.

Deferred corporate income tax liabilities are recognized for all taxable temporary differences. Deferred corporate income tax assets are recognized for all deductible temporary differences, unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax credits and unused tax losses can be utilized. Tax assets and tax liabilities are not recognized in the consolidated financial statements when a temporary difference arises as a result of the initial recognition of asset or liability in a deal other than business combination, and, at the time of the transaction, does not affect neither accounting profit nor taxable profit or loss.

The carrying amount of deferred corporate income tax assets is reviewed at each reporting date and reduced to the extent that it is unlikely that sufficient taxable profit will be available to allow utilizing the entire or part of the deferred tax asset.

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Deferred corporate income tax (continued)**

Unrecognized deferred corporate income tax assets are revised at each reporting date and recognized to the extent that it becomes probable that future taxable profit will allow utilizing the deferred corporate income tax assets.

Deferred corporate income tax assets and liabilities are calculated using tax rates (and also provisions of tax laws), which have been approved or practically approved by law at the reporting date and are expected to apply to the period when the tax asset is realized or the tax liability is settled. The measurement of deferred tax assets and liabilities reflects the tax consequences of the Group's intentions (at the reporting date) with respect to the future recovery or settlement of the carrying amount of the assets and liabilities.

**Deductions from employees' remuneration**

In 2021 the Group pays a social tax to the state budget of the Republic of Kazakhstan in accordance with the tax laws of the Republic of Kazakhstan at flat rate of 9.5% of salaries and other payments to employees, including other benefits (2020: 9.5%). Part of the social tax in the amount of 3.5% is transferred to the Social Insurance State Fund JSC (2020: 3.5%).

In 2021 the Group pays compulsory medical insurance at the rate 2% of salaries and other payments to employees, including other benefits (2020: 2%).

The Group also withholds up to 10% in 2021 from the salaries of its employees as contributions to the Unified Accumulative Pension Fund JSC. The Group also pays mandatory professional pension contributions at a rate of 5% of salary in favor of workers employed in hazardous working conditions (2020: 5%).

In addition to the contributions to the Unified Accumulative Pension Fund, the Group withholds from salaries and other payments to employees, including other benefits, personal income tax at flat rate of 10% (2020: 10%).

**Value added tax**

The tax authorities permit the accounting and settlement of VAT on sales and purchases on a net basis.

*VAT payable*

The VAT arising during the sale is payable to the tax authorities when the goods are shipped or services are rendered. VAT on purchases is subject to offset against VAT on sales upon receipt of a tax invoice from the supplier. The tax law allows to calculate and pay VAT payable on a net basis. Accordingly, VAT on sales and purchases that were not offset at the reporting date was recognized in the consolidated statement of financial position on a net basis.

In addition, VAT related to sales, which have not been collected at the reporting date, is also included in the amount of VAT payable. Where provision for doubtful debts has been made, impairment loss is recorded for the gross amount of receivable, including VAT. The related VAT liability is reported in the financial statements until the accounts receivable is written off for tax purposes. VAT payable is included into the taxes payable account in the consolidated statement of financial position.

*VAT recoverable*

VAT recoverable relates to purchases, which have not been settled at the reporting date. VAT recoverable is recovered by offset against the amount of VAT payable related to sales upon payment of purchases. VAT recoverable is included into the taxes recoverable account in the consolidated statement of financial position.

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Contingent assets and liabilities**

Contingent assets are not recognized in the consolidated financial statements but are disclosed if there is a probable inflow of economic benefits.

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

**Events after reporting period**

Events occurred after the end of the year, which provide additional information about the position of the Group as at the date of the consolidated statement of financial position (adjusting events) are reflected in the consolidated financial statements. Events occurred after the end of the year that are not adjusting events are disclosed in notes if they are significant.

**Related party transactions**

According to IAS 24, "Related party disclosure", the Group discloses the nature of the related party relationships as well as information about those transactions and outstanding account balances necessary for an understanding of the potential effect of the relationships on the consolidated financial statements.

In these consolidated financial statements related parties are considered to be those that have the ability to control or exercise significant influence over operating and financial decisions of other party. When deciding whether the parties are related, a substance of the relationship is taken into account, and not merely its legal form.

**5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES**

Preparation of the consolidated financial statements in accordance with IFRS requires the preparation of judgments by management of the Group and use of subjective estimates and assumptions that affect recorded amounts of assets and liabilities and disclosure of information about potential assets and liabilities at the reporting date of the consolidated financial statements and recorded amounts of income and expenses during the reporting period. Despite of the fact that the estimates are based on historical knowledge and other significant factors, events or actions may arise in such a manner, so actual results may differ from these estimations.

Key assumptions for future and other key sources of estimation of uncertainty at the reporting date that have a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year are presented below:

*Impairment of non-current assets*

The Group assesses whether there are any indicators of impairment of the carrying amount of non-current assets at each reporting date.

Impairment is based on a large number of factors such as: current competitive environment, changes in the expected growth of industry, changes in the availability of financing in the future, technological obsolescence, discontinuance of services, current replacement costs and other changes in conditions that indicate a significant impairment.

If any such indicators exist, the recoverable amount of asset is estimated and compared to its carrying amount. If the carrying amount exceeds the recoverable amount of assets, impairment is recognized. The recoverable amount is determined as the higher of two values: fair value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate before tax, which, in management's opinion, reflects current market assessments of time value of money and assets' inherent risks. The change in estimated recoverable amount can lead to impairment or its recovery in future periods.

**5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)***Impairment of non-current assets (continued)*

The Group's non-financial assets mainly comprise property, plant and equipment, including mining assets, intangible assets and exploration and evaluation assets, investments in subsidiaries, joint ventures and associates.

During 2021, the Group carried out a detailed analysis of the assets of subsidiaries for the presence of indicators of impairment. Based on the results of this analysis, it was determined that there is no need to create an allowance for impairment and for individual assets, a recovery of previously recognized impairment was recognized in the total amount of 6,565,862 thousand tenge (Note 24). In 2020, based on the results of an impairment analysis, an impairment loss on non-financial assets was recognized in the total amount of 8,643,606 thousand tenge. (Note 24).

*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 9.9%;
- the launch of the plant is planned in 2023, with an entry to the design capacity of 4,000 thousand tons in 2025;
- project implementation period until 2051;
- the forecasted zinc price is 2,790 US dollars per ton and is indexed in the forecasted period.

*Alaygyr JV LLP*

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

- discount rate (cost of equity) in the amount of 9.9%;
- the launch of the factory is planned for the end of 2022, with the output to the design capacity of 900 thousand tons in 2023;
- project implementation period until 2036;
- the projected price for lead-silver ore is 2,400 US dollars per ton and is indexed in the forecast period.

*Tau-Ken Temir LLP*

In 2020, the Group impaired long-term assets in Tau-Ken Temir LLP in the amount of 6,498,645 tenge thousand.

On December 1, 2021, Tau-Ken Temir LLP conducted an assessment of the fair value of movable and immovable property, reserves with the involvement of an independent appraiser. Based on the results of the assessment, as well as taking into account external and internal factors, the Group's management reduced the reserve for long-term assets in Tau-Ken Temir LLP in the amount of 6,498,645 tenge thousand.

The book value of the net assets of Tau-Ken Temir LLP as at December 31, 2021 did not exceed the recoverable amount of the asset less costs of disposal in accordance with IFRS 36.

*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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

*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 recognizes corresponding provision, by reducing the cost of slow-moving and obsolete inventories to net realizable value. The actual sale amount on disposal of such inventories may differ from the net realizable value. Any such differences could have a material effect on future operating results.

*Taxation*

Various Kazakhstani laws and regulations are not always clearly stated. There may be cases of divergence in opinion between local, regional and national tax authorities. Thus, in the case of accrual of additional charges of taxes by tax authorities, the existing fines and penalties are set in large amount; fines comprise 50% of the amount of additional taxes and penalties are about at 1.25 times of the refinancing rate of the National Bank of the Republic of Kazakhstan from the amount of untimely paid tax. As a result, fines and penalties may significantly exceed the amount of additional taxes.

Because of the uncertainties mentioned above, potential amount of taxes, fines and penalties, if such charges arise, may significantly exceed the amount expensed to date and accrued at the reporting date. Differences between estimates and the amounts actually paid, if any, could have a material effect on future operating results. The Group's management believes that taxes were accrued and paid in full in accordance with the legislation of the Republic of Kazakhstan as at December 31, 2020 and 2021.

Deferred corporate income tax assets are recognized to the extent that it is probable that taxable profit will be available against which these assets can be utilized. To determine the amount of deferred tax assets that can be recognized in the consolidated financial statements the Group exercises considerable judgment in relation to the likely timing and the level of future taxable profits and tax planning strategies.

*Asset retirement obligations*

The Group estimates future site restoration costs based on estimates derived from the internal or external specialists after taking into account the expected method of liquidation and the extent of land reclamation required by legislation and industry practice.

The amount of provision for the site restoration is the present value of the estimated costs that are expected to be required to settle the obligation, adjusted for expected inflation and discounted with the yield of long-term government bonds. Provision for site restoration 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 4% to 6% per annum, and the discount rate used to determine the liability as of December 31, 2021 was 9.21% per annum (December 31, 2020 years: from 3% to 6% and 8.94%, respectively).

NATIONAL MINING COMPANY TAU-KEN SAMRUK JSC  
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6. PROPERTY, PLANT AND EQUIPMENT

In thousands of tenge	Land	Mining assets	Buildings and constructions	Machinery and equipment	Vehicles	Right-of-use assets	Other	Construction in progress	Total
<b>Historical cost:</b>									
As at December 31, 2019	598,971	24,097,017	11,760,802	12,680,991	5,830,865	497,420	1,896,490	20,822,056	78,184,612
Additions	-	4,748,325	2,134	135,588	-	-	50,806	3,867,896	8,804,749
Changes in accounting estimates	-	-	-	-	-	(45,425)	-	-	(45,425)
Transfers	-	16,535	1,930,931	45,231	(16,039)	-	3,280	(1,979,938)	-
Transfers from inventories	-	-	-	-	-	-	-	29,712	29,712
Transfer to assets held for sale	-	(2,055,494)	-	-	-	-	(938)	-	(2,056,432)
Impairment	(369,316)	(375,710)	(1,658,763)	(4,372,367)	-	-	(23,777)	(78,747)	(6,878,680)
Disposals	(2)	(2,835)	(4,176)	(1,160)	-	(30,062)	(2,065)	(47)	(40,347)
As at December 31, 2020	229,653	26,427,838	12,030,928	8,488,283	5,814,826	421,933	1,923,796	22,660,932	77,998,189
Additions	-	10,639,175	3,021	151,101	-	-	80,324	6,562,449	17,436,070
Changes in accounting estimates	-	(18,391)	(2,134)	-	-	(5,431)	-	-	(25,956)
Transfers	-	16,114	2,658,232	(8,044)	-	-	(899)	(2,665,403)	-
Transfers from inventories	-	-	-	-	-	-	-	239,856	239,856
Recovery of impairment	369,316	(949,126)	1,658,763	4,372,367	-	-	19,452	78,747	6,498,645
Disposals	-	-	(10,095)	(27,513)	-	-	(50,005)	(30,835)	(1,067,574)
As at December 31, 2021	598,969	36,115,610	16,338,715	12,976,194	5,814,826	416,502	1,972,668	26,845,746	101,079,230
<b>Accumulated depreciation:</b>									
As at December 31, 2019	-	-	(1,517,388)	(3,969,823)	(1,326,085)	(91,472)	(692,348)	-	(7,597,116)
Charge for the year	-	-	(520,112)	(828,707)	(786,293)	(81,829)	(250,662)	-	(2,467,603)
Disposals	-	-	-	406	-	7,823	408	-	8,637
As at December 31, 2020	-	-	(2,037,500)	(4,798,124)	(2,112,378)	(165,478)	(942,602)	-	(10,056,082)
Charge for the year	-	-	(642,274)	(594,444)	(749,931)	(81,142)	(209,231)	-	(2,277,292)
Disposals	-	-	85	16,621	-	-	7,207	-	23,913
As at December 31, 2021	-	-	(2,679,689)	(5,375,947)	(2,862,309)	(246,890)	(1,144,626)	-	(12,309,461)
<b>Net book value:</b>									
As at December 31, 2020	229,653	26,427,838	9,993,428	3,690,159	3,702,448	256,455	981,194	22,660,932	67,942,107
As at December 31, 2021	598,969	36,115,610	13,659,026	7,600,247	2,952,517	169,612	828,042	26,845,746	88,769,769

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**6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Proceeds from construction in progress and mining assets represent capitalized costs of field development and construction of a factory at the Shalkiya field, 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 capitalized depreciation of fixed assets.

During 2021 depreciation charge includes 269,252 thousand tenge (2020: 260,177 thousand tenge) recognized in cost of goods sold (Note 21), 109,662 thousand tenge recognized in general and administrative expenses (2020: 129,652 thousand tenge) (Note 22).

The amount of borrowing costs that were capitalized during 2021 amounted to 142,658 thousand tenge (2020: 106,864 thousand tenge). The rate used to determine the amount of borrowing costs to be capitalized was 4.97% and represents the borrowing rate on loans received from financial institutions (2020: 6.25%).

As at December 31, 2021, property, plant and equipment with a carrying value of 3,019,760 thousand tenge were pledged as collateral under a loan agreement with EDB (2020: 3,174,351 thousand tenge) (Note 18).

In 2021, the Group recognized income from the recovery of the provision for impairment of property, plant and equipment of its subsidiary Tau-Ken Temir LLP in the amount of 6,498,645 thousand tenge (Notes 5 and 24). In 2020, an impairment loss was recognized for property, plant and equipment of a subsidiary Tau-Ken Temir LLP and Tau-Ken Samruk NMC JSC in the amount of 6,878,680 thousand tenge (Note 24).

As at December 31, 2021, the initial cost of fully amortized property, plant and equipment was 1,840,250 thousand tenge (December 31, 2020: 1,027,312 thousand tenge).

**7. INTANGIBLE ASSETS**

In thousands of tenge	Subsoil use rights	Other	Total
<b>Historical cost:</b>			
<b>As at December 31, 2019</b>	<b>46,710,041</b>	<b>362,471</b>	<b>47,072,512</b>
Additions	–	51,904	51,904
Transfer to assets held for sale	–	(120)	(120)
Transfer to assets from discontinued operations	–	(436)	(436)
Disposals	–	(2,544)	(2,544)
<b>As at December 31, 2020</b>	<b>46,710,041</b>	<b>411,275</b>	<b>47,121,316</b>
Additions	–	124,749	124,749
<b>As at December 31, 2021</b>	<b>46,710,041</b>	<b>536,024</b>	<b>47,246,065</b>
<b>Accumulated amortization:</b>			
<b>As at December 31, 2019</b>	–	(159,775)	(159,775)
Amortization charge for year	–	(59,949)	(59,949)
Disposals	–	2,544	2,544
<b>As at December 31, 2020</b>	–	(217,180)	(217,180)
Amortization charge for year	–	(58,135)	(58,135)
<b>As at December 31, 2021</b>	–	(275,315)	(275,315)
<b>Net book value:</b>			
<b>As at December 31, 2020</b>	<b>46,710,041</b>	<b>194,095</b>	<b>46,904,136</b>
<b>As at December 31, 2021</b>	<b>46,710,041</b>	<b>260,709</b>	<b>46,970,750</b>

Of the total depreciation of intangible assets for 2021, depreciation in the amount of 42,858 thousand tenge (2020: 43,436 thousand tenge) is included in general and administrative expenses (Note 22).

Subsoil use rights are represented by recognised intangible assets acquired as a result of business combinations of ShalkiyaZinc LTD JSC and Severnyi Katpar LLP. As at December 31, 2021 and 2020 intangible assets of the Group were not pledged as collateral.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)**
**8. INVESTMENTS IN ASSOCIATES**

In thousands of tenge	December 31, 2021		December 31, 2020	
	Share	Amount	Share	Amount
Kazzinc LLP	29.8221%	548,878,615	29.8221%	531,590,820
Other	20.00%	181,656	–	–
		<b>549,060,271</b>		<b>531,590,820</b>

Company	Primary activity	Country where the main activity is conducted and location	A description of the nature of the relationship between the Group and the organization and whether it is strategically important to the Group	The fair value of investments (if investments are accounted for using the equity method, if there is a quoted market price for the investment)
Kazzinc LLP	Extraction and processing of metal ores, production of refined metals	The Republic of Kazakhstan	The organization is strategically important for the Group's Shareholder	Not quoted

Movements in investments in Kazzinc LLP are presented as follows:

In thousands of tenge	
<b>As at January 1, 2020</b>	<b>459,090,814</b>
Dividends received	(53,442,397)
Share in the profit of an associated organization	75,280,049
Reserve for recalculation of the reporting currency	50,662,354
<b>As at December 31, 2020</b>	<b>531,590,820</b>
Dividends received	(63,273,551)
Share in the profit of an associated organization	66,996,483
Reserve for recalculation of the reporting currency	13,564,863
<b>As at December 31, 2021</b>	<b>548,878,615</b>

**Kazzinc LLP**

In accordance with the decision of the general meeting of participants of Kazzinc LLP dated March 31, 2021, the procedure for the distribution of Kazzinc LLP's net income earned in 2020 was approved. The total amount of declared and paid dividends to the participants of Kazzinc LLP during the year ended December 31, 2021 amounted to 500,000,000 US dollars, of which 149,110,000 US dollars (equivalent to 63,273,551 thousand tenge) were distributed to the Group and paid in cash.

In accordance with the decision of the general meeting of participants of Kazzinc LLP dated March 26, 2020, the procedure for the distribution of Kazzinc LLP's net income earned in 2019 was approved. The total amount of declared and paid dividends to the participants of Kazzinc LLP during the year ended December 31, 2020 amounted to 400,000,000 US dollars, of which 119,288,400 US dollars (equivalent to 53,442,397 thousand tenge) were distributed to the Group and paid in cash.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)**
**8. 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:

In thousands of tenge	December 31, 2021	December 31, 2020
Current assets	848,662,257	491,115,007
Non-current assets	1,487,329,855	1,732,662,806
Current liabilities	(193,194,867)	(140,508,867)
Non-current liabilities	(302,287,640)	(300,729,085)
<b>Equity</b>	<b>1,840,509,605</b>	<b>1,782,539,861</b>
<b>Carrying value of investment</b>	<b>548,878,615</b>	<b>531,590,820</b>
In thousands of tenge	2021	2020
Revenue	1,484,652,053	1,243,588,526
Net profit	224,655,743	252,431,406
<b>The Group's share in net profit for the year</b>	<b>66,996,483</b>	<b>75,280,049</b>

**9. INVENTORIES**

Inventories include the following:

In thousands of tenge	December 31, 2021	December 31, 2020
Work-in-progress	13,670,542	14,956,420
Raw materials and suppliers	3,651,569	3,868,844
Finished goods	394,480	16,226,961
Goods	3,772	9,890
Less: allowance on adjustment of inventories to net realisable value	(230,733)	(839,333)
<b>Total</b>	<b>17,489,630</b>	<b>34,222,782</b>

The finished goods mainly include refined gold and silver bullions. Work-in-progress mainly includes semi-finished gold and silver, and electrolyte of gold and silver.

As at December 31, 2021 long-term assets include inventories in the amount of 3,567,469 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, 2020: 3,894,198 thousand tenge).

The change in inventory reserve for the year ended 31 December 2021 and 2020 is as follows:

In thousands of tenge	2021	2020
<b>As at January 1</b>	<b>839,333</b>	523,946
(Recovered)/ Accrued	(608,600)	752,215
Written off	–	(436,828)
<b>As at December 31</b>	<b>230,733</b>	<b>839,333</b>

**10. INVESTMENT SECURITIES**

In thousands of tenge	December 31, 2021	December 31, 2020
<b>Debt instruments – Bonds of First Heartland Jysan Bank JSC</b>		
Nominal value	10,604,910	10,604,910
Interest receivable	2,149	2,121
Discount	(7,326,578)	(8,155,285)
Adjustment of previous years discount	–	531,325
Less: provision for expected credit losses	(200,206)	(181,304)
	<b>3,080,275</b>	<b>2,801,767</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)**
**10. 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 recognized at a market rate of 10.97%. As a result, in January 2019, a discount was recognized in the consolidated statement of changes in equity as part of retained earnings, net of deferred corporate income tax. Depreciation of the discount for 2021 amounted to 297,382 thousand tenge (2020: 269,109 thousand tenge).

**11. OTHER NON-CURRENT ASSETS**

In thousands of tenge	December 31, 2021	December 31, 2020
Advances for non-current assets	13,150,570	15,855
Taxes recoverable, except corporate income tax	7,041,589	6,243,853
Prepaid expenses	4,751,976	3,774,388
Other non-current assets	7,287	432,071
Less: provision for impairment	(1,877,034)	(1,186,066)
	<b>23,074,388</b>	<b>9,280,101</b>

As at December 31, 2021, 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; and the supply of equipment, commissioning of facilities, engineering work and work on the supply and installation supervision of technological equipment and consulting services for project management and technical supervision at the Shalkiya mine.

As at December 31, 2021, deferred expenses include commission and remuneration for reserving a loan received by a subsidiary and deferred insurance expenses.

The movement in provision for impairment on advances paid for the year ended December 31 is presented as follows:

In thousands of tenge	2021	2020
<b>As at January 1</b>	<b>1,186,066</b>	169,828
Accrued	690,968	1,016,238
<b>As at December 31</b>	<b>1,877,034</b>	<b>1,186,066</b>

**12. ACCOUNTS RECEIVABLE**

In thousands of tenge	2021	2020
Accounts receivable of organizations associated with the Government of the Republic of Kazakhstan	6,492,238	–
Accounts receivable from third parties	152,676	–
Accounts receivable from related parties	37	257,658
Less: allowance for expected credit losses	(95,254)	(241,564)
	<b>6,549,697</b>	<b>16,094</b>

As at December 31, 2021, the accounts receivable of organizations associated with the Government of the Republic of Kazakhstan consists of the debt of the National Bank of the Republic of Kazakhstan, an organization under common control, in the amount of 6,492,238 thousand tenge for gold bars purchased from the Group (Notes 20 and 28). The Group did not accrue a provision for expected credit losses on these receivables, since the payment period for the sale of these products does not exceed 30 days.

The change in the allowance for expected credit losses for the year ended December 31, 2020 and 2021 is presented as follows:

In thousands of tenge	2021	2020
<b>As at January 1</b>	<b>241,564</b>	178,492
(Recovered)/accrued	(146,310)	63,072
<b>As at December 31</b>	<b>95,254</b>	<b>241,564</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)**
**13. LOAN ISSUED TO THE PARENT ORGANIZATION**

In thousands of tenge	Notes	December 31, 2021	December 31, 2020
Samruk Kazyna	28	18,442,396	18,442,396
Less: allowance for expected credit losses		(135,478)	(135,478)
		<b>18,306,918</b>	<b>18,306,918</b>

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

In thousands of tenge	2021	2020
<b>As at January 1</b>	<b>135,478</b>	–
Accrued	–	135,478
<b>As at December 31</b>	<b>135,478</b>	<b>135,478</b>

On July 2, 2020 the Company provided its parent organization a temporary interest-free financial loan in the amount of 18,442,396 thousand tenge with maturity until December 31, 2020. On January 21, 2021, the repayment period for this interest-free loan was extended until December 31, 2021.

During 2021, the Group recognized the adjustment to fair value through retained earnings as transactions with owners in the consolidated statement of changes in equity in the amount of 1,686,303 thousand tenge using a discount rate of 10.71%, and since the Parent Company repaid the loan in full on December 24, 2021, the Group recorded depreciation on the entire discount amount of the loan issued to the Parent Company as part of financial income (Note 23).

At the end of December 2021, the Parent Organization received temporary interest-free financial assistance in the amount of 18,442,396 thousand tenge with a maturity date until December 31, 2022. Due to the short-term nature of the loan issued to the Parent Company, the Group did not recognize the adjustment to fair value.

**14. OTHER CURRENT ASSETS**

In thousands of tenge	December 31, 2021	December 31, 2020
VAT recoverable	724,343	378,418
Advances issued	223,692	1,053,929
Deferred expenses	176,655	–
Prepayment for other taxes	19,174	–
Other current assets	83,264	123,327
	<b>1,227,128</b>	<b>1,555,674</b>

As at 31 December 2021, advances issued include amounts issued to related parties in the amount of 1,284 thousand tenge (2020: 1,126 thousand tenge) (Note 28).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)**
**15. CASH AND CASH EQUIVALENTS**

In thousands of tenge	December 31, 2021	December 31, 2020
Short-term bank deposits in tenge with maturity less than 90 days	30,033,150	4,253,831
Current bank accounts in tenge	101,970	451,097
Current bank accounts in US dollars	26,654	337,375
Current bank accounts in euro	2,388	42
Current bank accounts in other currencies	–	3,037
Cash on hand	1,097	14
Less: allowance for expected credit losses	(370,202)	(29,947)
<b>Total cash and cash equivalents</b>	<b>29,795,057</b>	<b>5,015,449</b>

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

In thousands of tenge	2021	2020
<b>As at January 1</b>	<b>29,947</b>	25,678
Accrued	340,255	4,269
<b>As at December 31</b>	<b>370,202</b>	<b>29,947</b>

Accrued interest on bank deposits for the year ended December 31, 2021 amounted to 1,716,232 thousand tenge (for the year ended December 31, 2020, interest on bank deposits: 977,412 thousand tenge). Bank deposits were placed in second-tier banks of the Republic of Kazakhstan at a rate of 7-8% per annum.

**16. EQUITY***Share capital*

In thousands of tenge	Ordinary shares	
	Quantity	Amount
As at January 1, 2020 and 2021	292,887	252,874,907
<b>As at December 31, 2020 and 2021</b>	<b>292,887</b>	<b>252,874,907</b>

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

*Other components of equity*

Other components of capital equity in the consolidated statement of changes in equity represent a reserve on translation of the financial statements of the associate Kazzinc LLP into the presentation currency of the consolidated financial statements of the Group.

*Dividends*

In 2021, according to the decision of the Management Board of the Shareholder of the Group dated May 24, 2021, dividends in the amount of 45,536,999 thousand tenge were declared and paid based on the results of 2020.

In 2020, according to the decision of the Management Board of the Shareholder of the Group dated May 18, 2020, the dividends were declared and paid amounting to 30,254,000 thousand tenge based on the results of 2019.

*Non-controlling interest*

In thousands of tenge	2021	2020
<b>As at January 1</b>	<b>35,069</b>	<b>66,015</b>
Total comprehensive loss for the period attributable to non-controlling interest	(360)	(30,946)
<b>As at December 31</b>	<b>34,709</b>	<b>35,069</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)**
**17. ACCOUNTS PAYABLE AND ADVANCES RECEIVED**

In thousands of tenge	December 31, 2021	December 31, 2020
Accounts payable to third parties	11,856,339	5,833,462
Accounts payable for the acquisition of a subsidiary (Note 28)	5,694,331	5,877,606
Advances received from third parties	659,809	1,532,465
Accounts payable to related parties (Note 28)	20,024	18,997
	<b>18,230,503</b>	<b>13,262,530</b>
Current portion	12,119,780	6,957,861
Non-current portion	6,110,723	6,304,669
	<b>18,230,503</b>	<b>13,262,530</b>

As at December 31, 2021 and 2020 accounts payable for the acquisition of a subsidiary are represented by debt to the Investment Fund of Kazakhstan JSC for the acquisition of a 100% ownership interest in the authorized capital of Kremnii Kazakhstan LLP, which transferred assets and liabilities to Tau-Ken Temir LLP in 2016 (Note 28).

Accounts payable to third parties as at December 31, 2021 are mainly represented by accounts payable in the amount of 4,031,084 thousand tenge for geological exploration (December 31, 2020: 113,358 thousand tenge) and for gold-bearing raw materials in the amount of 6,204,929 thousand tenge (December 31, 2020: 4,708,265 thousand tenge).

**18. LOANS RECEIVED**

As at December 31, 2021 and 2020 loans received are presented as follows:

In thousands of tenge	Repayment date	Currency	Rate, %	December 31, 2021	December 31, 2020
		Tenge indexed to the US			
Kazzinc LLP	August 31, 2022	Dollar	4%	11,926,354	–
European Bank for Reconstruction and Development	December 20, 2032	US dollar	LIBOR 6m + 2.5%	7,627,439	–
Eurasian Development Bank	December 30, 2023	US dollar	6.25%	1,657,859	1,616,048
Less: the amortised amount of the commission for obtaining a loan				(10,463)	(19,642)
<b>Total non-current part</b>				<b>21,201,189</b>	<b>1,596,406</b>
Current portion				12,694,962	108,165
Non-current portion				8,506,227	1,488,241
<b>Total current part</b>				<b>21,201,189</b>	<b>1,596,406</b>

*Loans received from EDB*

On December 30, 2016, JV Alaigyr LLP, a subsidiary, received a credit line for a period of 7 years from the EDB in the amount of US\$ 56 million for the construction of a mining and processing plant. According to the terms of the loan agreement in 2021, the Group paid the interest in amount of 103,872 thousand tenge (2020: 105,826 thousand tenge). As at December 31, 2021, the Company received 4,781 million dollars or 2,064 million tenge under this credit line (December 31, 2020 4,781 million dollars or 2,012 million tenge). tenge) with interest repayment every six months and repayment of the principal amount of the loan at the maturity of loan agreement. In accordance with the signed agreement, JV Alaigyr LLP must comply with the loan requirements for compliance with certain financial and non-financial covenants. As at December 31, 2021 and 2020, JV Alaigyr LLP did not comply with these covenants. The Company notified in 2020 about the non-fulfillment of the covenants and received a waiver letter from compliance with these covenants as at December 31, 2021 and 2020 and not to send the Group a claim for call of loan. The EDB resumed issuing new tranches on the credit line.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)**
**18. LOANS RECEIVED (CONTINUED)**
*Loans received from EDB (continued)*

As security for the loan, the Group provided the following to EDB for a period corresponding to the term of the loan agreement:

- the right to claim cash to be received under the contract with Kazzinc LLP;
- certain property, plant and equipment of the Group in the amount of 3,019,760 thousand tenge as at December 31, 2021 (2020: 3,174,351 thousand tenge) (Note 6);
- subsoil use right under the contract for the extraction of polymetallic ores at the Alaigyr field;
- long-term deposit in the amount of 3,825 thousand US dollars (equivalent in tenge in the amount of 1,651,551 thousand tenge);
- guarantee for the full amount of the loan from NMC Tau-Ken Samruk JSC.

As at December 31, 2021, the unused amount of the EDB credit line available to the Group amounted to 51,219 million US dollars or 21,116,361 thousand tenge (December 31, 2020: 51,219 million US dollars or 21,558,586 thousand tenge).

On March 11, 2020, the management of the Group approved the adjustment of the key parameters of the Project with the postponement of the launch of the enrichment plant to the end of 2022 and an increase in the cost of the Project to 126.6 million US dollars or 50,895,180 thousand tenge. On October 29, 2020, the Group placed as collateral on an deposit account with the EDB for the amount of loan principal, as collateral the amount of 3,824 thousand US dollars or 1,651,551 thousand tenge.

During the reporting year, the Group did not receive additional funds on the loan and did not repay the loan (2020: did not receive additional funds on the loan and repaid 191,082 thousand tenge).

*Loan received from Kazzinc LLP*

During 2021, borrowed funds were received for a period up to August 31, 2022 with an effective rate of 4% per annum for a total amount of 11,452,160 thousand tenge, fixed to the US dollar to tenge exchange rate from Kazzinc LLP. In this regard, during 2021, foreign exchange expenses in the amount of 254,528 thousand tenge were recognized. The amount of accrued interest expenses amounted to 219,666 thousand tenge.

*Loan received from the EBRD*

In September 2021, the Group updated the terms of a credit line from the EBRD in the amount of USD 175,000 thousand at the LIBOR rate plus 2.5% per annum and repayment of principal and interest in equal semi-annual installments. In October 2021, the Group received the first tranche in the amount of 18,806 thousand US dollars, equivalent to 8,040,691 thousand tenge under this credit line. Upon receipt of the loan, the commission for changes in terms in the amount of 875 thousand US dollars, which is equivalent to 374,124 thousand tenge, was paid to the EBRD. As a result, 17,930 thousand US dollars were received, equivalent to 7,666,567 thousand tenge as a loan.

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

- a guarantee for the full amount of the loan from JSC NWF Samruk-Kazyna (guarantee agreement No. 107 dated September 20, 2021);
- the right to claim funds for all cash accounts of the subsidiary of JSC ShalkiyaZinc LTD;
- long-term deposit in the amount of 1,421 thousand US dollars (equivalent in tenge in the amount of 1,613,480 thousand tenge).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)**
**19. OTHER LIABILITIES**

In thousands of tenge	December 31, 2021	December 31, 2020
Due to employees	337,226	423,414
Taxes payable, other than corporate income tax	148,941	111,767
Subsoil use contract obligations	82,435	159,048
Other current liabilities	106,841	210,383
<b>Total other current liabilities</b>	<b>675,443</b>	<b>904,612</b>
Reserve for field restoration	282,409	265,622
<b>Total non-current other liabilities</b>	<b>282,409</b>	<b>265,622</b>
<b>Total other liabilities</b>	<b>957,852</b>	<b>1,170,234</b>

**20. REVENUE FROM CONTRACTS WITH CUSTOMERS**

In thousands of tenge	2021	2020
Sale of gold	718,828,001	637,757,933
Sale of silver	5,011,765	142,908
Refining services	355,752	302,563
Sale of silicon	22,005	1,043,466
	<b>724,217,523</b>	<b>639,246,870</b>

The Group mainly sells its finished products in the form of gold bullions with gold content of 99.99% to the single buyer, the National Bank of the Republic of Kazakhstan, a related party, entity under common control. During 2021 the Group sold gold bullions with total weight 29,181 kg (2020: 26,859 kg).

**21. COST OF GOOD SOLD**

In thousands of tenge	2021	2020
Raw materials and supplies	706,140,149	628,499,337
Payroll and related taxes	417,091	373,880
Depreciation of property, plant and equipment	269,252	260,177
Electricity	40,350	141,951
Other	352,932	110,016
Change in finished goods and work-in-progress	15,832,481	283,901
	<b>723,052,255</b>	<b>629,669,262</b>

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

**22. GENERAL AND ADMINISTRATIVE EXPENSES**

In thousands of tenge	2021	2020
Payroll and related taxes	2,048,011	1,915,377
Professional and consulting services	360,727	310,213
Other services	187,789	131,220
Depreciation and amortization (Notes 6 and 7)	152,520	172,088
Rent expenses	119,091	109,982
Business trip expenses	58,390	45,523
Taxes other than corporate income tax	57,541	120,629
Utilities	47,213	78,124
Communication services	16,336	14,676
Representation expenses	3,855	50,192
Provisions for bad debt account receivables	31	63,072
Other	54,622	201,176
	<b>3,106,126</b>	<b>3,212,272</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)**
**23. FINANCE INCOME**

In thousands of tenge	2021	2020
Interest income from bank deposits	1,716,232	977,412
Amortization of the discount of the loan issued to the parent company at below-market rates (Note 13)	1,686,303	–
Interest income from investment securities (Note 10)	308,008	279,735
Other finance income	318,682	56,130
	<b>4,029,225</b>	<b>1,313,277</b>

**24. RECOVERY OF LOSS AND LOSS ON IMPAIRMENT OF NON-FINANCIAL ASSETS**

In thousands of tenge	2021	2020
Recovery/accrual (loss) from impairment of property, plant and equipment (Note 6)	6,498,645	(6,878,680)
Recovery/accrual (loss) from impairment of inventories	696,404	(752,080)
Accrual of VAT impairment expenses	(655,647)	(1,081,774)
Recovery of loss impairment on other non-financial assets	26,460	68,928
	<b>6,565,862</b>	<b>(8,643,606)</b>

**25. CORPORATE INCOME TAX**

In 2021 and 2020 the income of the Company and its subsidiaries was subject to corporate income tax at the current official rate of 20% in accordance with the general procedure in accordance with the tax legislation of the Republic of Kazakhstan.

In thousands of tenge	2021	2020
Current corporate income tax	(104,782)	(54,058)
Deferred corporate income tax	278,465	(535,270)
Adjustment of the current corporate income tax of prior periods	(66,832)	(509,852)
<b>Corporate income tax expense</b>	<b>106,851</b>	<b>(1,099,180)</b>

Reconciliation of corporate income tax expense calculated from the accounting profit before income tax at the statutory income tax rate to corporate income tax expense for the years ended December 31, 2021 and 2020 is presented below:

In thousands of tenge	2021	2020
<b>Profit before taxation</b>	<b>71,746,635</b>	<b>73,151,476</b>
Statutory tax rate	20%	20%
<b>Corporate income tax expense at the statutory rate</b>	<b>14,349,255</b>	<b>14,630,295</b>
Change in unrecognized deferred tax assets	1,767,164	3,917,512
Share in profit of an associate	(13,399,291)	(15,056,010)
Adjustments of current corporate income tax	(66,832)	(509,852)
Change in the assessment and recognition of deferred tax assets and liabilities	(3,080,344)	(2,147,231)
Other	323,197	264,466
<b>Corporate income tax expense</b>	<b>(106,851)</b>	<b>1,099,180</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)

## 25. CORPORATE INCOME TAX (CONTINUED)

As at December 31 components of deferred corporate income tax assets and liabilities are as follows:

	December 31, 2021	Changes recognized in the statement of profit or loss and other comprehensive income	December 31, 2020	Changes recognized in the statement of changes in equity	Changes recognized in the statement of profit or loss and other comprehensive income	December 31, 2019
In thousands of tenge						
<b>Deferred corporate income tax assets</b>						
Tax loss carried forward	7,231,432	2,027,582	5,203,850	-	4,306,731	897,119
Discount on recognition of investment securities	1,465,316	(87,449)	1,552,765	1,659	(53,822)	1,604,928
Capitalized expenses in tax accounting	-	(305,288)	305,288	-	-	305,288
Accrued provision for litigation	865,593	865,593	-	-	-	-
Allowance for impairment of non-financial assets	1,711,715	(182,672)	1,894,387	-	(651,215)	2,545,602
Allowance for expected credit losses	92,954	(251,420)	344,374	-	13,962	330,412
Allowance for doubtful debts	140,643	77,560	63,083	-	20,041	43,042
Other	148,175	(436,219)	584,394	-	227,993	356,401
	11,655,828	1,707,687	9,948,141	1,659	3,863,690	6,082,792
Less: unrecognized deferred income tax assets	(10,162,540)	(1,767,164)	(8,395,376)	-	(3,917,512)	(4,477,864)
<b>Net deferred corporate income tax assets</b>	<b>1,493,288</b>	<b>(59,477)</b>	<b>1,552,765</b>	<b>1,659</b>	<b>(53,822)</b>	<b>1,604,928</b>
<b>Deferred corporate income tax liabilities</b>						
Property, plant and equipment	(5,947,280)	(4,454,531)	(1,492,749)	-	(1,130,941)	(361,808)
Intangible assets	(4,553,937)	4,806,306	(9,360,243)	-	660,435	(10,020,678)
Other liabilities	(24,775)	(13,833)	(10,942)	-	(10,942)	-
<b>Deferred corporate income tax liabilities</b>	<b>(10,525,992)</b>	<b>337,942</b>	<b>(10,863,934)</b>	<b>-</b>	<b>(481,448)</b>	<b>(10,382,486)</b>
<b>Net deferred corporate income tax liabilities</b>	<b>(9,032,704)</b>	<b>278,465</b>	<b>(9,311,169)</b>	<b>1,659</b>	<b>(535,270)</b>	<b>(8,777,558)</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)

## 25. CORPORATE INCOME TAX (CONTINUED)

## Reconciliation of deferred income tax liabilities, net:

In thousands of tenge	2021	2020
<b>As at January 1</b>	<b>9,311,169</b>	8,777,558
Income tax (benefit)/expense for the period recognized in profit or loss	(278,465)	535,270
Changes recognized in the statement of changes in equity	-	(1,659)
<b>As at December 31</b>	<b>9,032,704</b>	<b>9,311,169</b>

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

As at December 31, 2021 unrecognized deferred corporate income tax assets in the amount of 10,162,540 thousand tenge (as at December 31, 2020: 8,395,376 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 (ten) years. Due to the uncertainty over the likelihood of availability of taxable profit in the future against which these losses can be utilized, the corresponding deferred tax asset was not recognized.

## 26. CONTRACTUAL AND CONTINGENT LIABILITIES

## Environment where the Group carries out its financial and business activities

Kazakhstan continues economic reforms and development of its legal, tax and regulatory infrastructure which would meet requirements of a market economy. The stability of the Kazakhstani economy will be largely dependent upon these reforms and effectiveness of economic, financial and monetary measures undertaken by the Government.

The Kazakhstani economy is vulnerable to market fluctuations and global economic slowdowns. The global financial crisis has resulted in capital markets instability, significant deterioration of liquidity in the banking sector, and tighter credit conditions within Kazakhstan. While the Kazakhstani Government has introduced a range of stabilization measures aimed at providing liquidity and supporting foreign debt refinancing for Kazakhstani banks and companies, there is an uncertainty regarding the access to sources of capital and cost of capital for the Group and its counterparties, which could affect the financial position, results of operations and business prospects of the Group.

Given that the economy of Kazakhstan largely depends on exports of oil and other mineral resources, the world prices for which have significantly fallen in recent years, especially for hydrocarbons, there is a currently observable decline in the economic development of the country. In addition, the currently ongoing economic sanctions against Russia indirectly affect the economy of Kazakhstan, given the large economic relations between these countries.

The management of the Group believes it is undertaking all necessary measures to support the economic sustainability of the Group in such circumstances.

## Effect of COVID-19 pandemic

Due to the rapid spread of COVID-19 pandemic in 2020 many governments, including the Kazakhstani Government, have introduced various measures to combat the outbreak, including travel restrictions, quarantines, closure of business and other venues and lockdown of certain areas. These measures have affected the global supply chain, demand for goods and services, as well as scale of business activity. It is expected that pandemic itself as well as the related public health and social measures may influence the business of the entities in a wide range of industries.

Support measures have been taken by the Government of the Republic of Kazakhstan to prevent a significant deterioration in economic performance as a result of the Covid-19 outbreak. These measures include, but are not limited to, soft loans for entities operating in affected industries and affected individuals, credit holidays, and easing of certain regulatory restrictions to support the financial sector and its ability to provide resources and help clients avoid liquidity shortages as a result of measures to containment of the spread of Covid-19.

**26. CONTRACTUAL AND CONTINGENT LIABILITIES (CONTINUED)****Effect of COVID-19 pandemic (continued)**

The Group supports the measures taken in the Republic of Kazakhstan, including encouraging the vaccination of the Group's personnel, and assessed the effect of the impact of the pandemic and changes in economic conditions on its operations, financial position and financial results. The management of the Group believes that the Covid-19 pandemic did not have a significant impact on the financial and operating results of the Group.

**Seasonality**

The principal activity of the Group is exploration, development, extraction, processing and sale of solid minerals; these areas are not subject to seasonality or cyclic recurrence of operations.

**Taxation**

The provisions of various tax laws and regulations are not always clearly written and their interpretation depends on the opinion of tax inspectors and the officials of the Ministry of Finance of the Republic of Kazakhstan. There are instances of a dissent between local, regional and national tax authorities.

The applied current system of fines and penalties for identified violations on the basis of existing tax laws in Kazakhstan is severe. Penalties include fines, usually amounting to 50% of the additionally imposed taxes and penalty which is assessed at the refinancing rate established by the National Bank of the Republic of Kazakhstan multiplied by 1.25. As a result, the 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 uncertain cases, the Group has accrued tax liabilities based on management's estimates. Accrual of contingent liabilities in the reporting period, in which there is a possibility of additional costs, which can be determined with reasonable accuracy, is allowed by the policy of the Group.

The potential amount of taxes, fines and penalties may exceed the amount expensed to date and accrued as at December 31, 2021, because of the uncertainties associated with Kazakhstan's tax system. Despite the possibility of imposing such amounts, and their potentially significant nature, the management of the Group believes that it is either not probable, not reasonably determinable, or both simultaneously.

The development of the political situation in Kazakhstan can affect the activity and financial position of the Group, including the application of existing and future legislation and regulatory acts in taxation. The Group does not believe that these contingencies are any more significant in relation to its activities than those of similar enterprises in Kazakhstan.

The Management believes that as at December 31, 2021 and 2020 its interpretation of the relevant legislation is appropriate and it is probable that the Group's tax position will be sustained.

**Environmental protection**

The Group's management believes that the Group complies with the requirements of laws and regulations of the Republic of Kazakhstan in relation to environmental issues. However, in case of change of Kazakhstani laws and regulations on environmental protection, the Group cannot predict the timing and the degree of changes.

**Reserve for lawsuits**

As at December 31, 2021, the Group recognized liabilities of 4,218,894 thousand tenge (equivalent to 9,773,423 US dollars) and a state fee in the amount of 109,072 thousand tenge for litigation of a subsidiary of Masalsky GOK LLP.

**26. CONTRACTUAL AND CONTINGENT LIABILITIES (CONTINUED)****Legal issues**

The Group assesses the probability of material obligations arising under specific circumstances and recognizes corresponding provision in the consolidated financial statements only when it is probable that an outflow of resources will be necessary to settle the obligations and the amount of the obligation can be reliably measured.

The Group's management believes that the actual liabilities, if any, will not materially impact the current financial position and financial results of the Group. Therefore, no provision has been recognized in these financial statements.

**Insurance**

The insurance market in Kazakhstan is emerging and many types of insurance widespread in other countries are not yet available in Kazakhstan. Meanwhile, the Group has insurance coverage related to ongoing drilling and capital repair of mines, as well as civil liability against third parties at a level of generally accepted principles in mining industry. Management of the Group believes that as at December 31, 2021 the Group's insurance program was in compliance with the main terms of the subsoil use contracts

NATIONAL MINING COMPANY TAU-KEN SAMRUK JSC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)

26. CONTRACTUAL AND CONTINGENT LIABILITIES (CONTINUED)

Obligations under subsoil use contracts and exploration licenses

As at December 31, 2021 the Group has the following obligations under long-term working programs of subsoil use contracts in regard to every deposit:

	Fulfillment of obligations for 2021	Obligations under the long-term work program			
		2021	2022-2026	2027-2037	2038-2047
Shalkia deposit	15,536,901	14,412,336	443,813,772	973,421,229	753,930,706
Alaigyr deposit	11,108,438	12,304,992	127,574,200	246,722,100	—
License No. 640-EL	797,405	9,159	64,122	—	—
Upper Kayrakty deposit	634,992	492,257	38,101	—	—
North Kaipar field	403,933	6,778,715	41,229,763	9,444,135	—
Zhezdy deposit-3 (License No. 583-EL)	354,819	56,765	369,111	—	—
Aktas field	199,531	450,050	2,327,406	3,690,439	—
Deposit under License No. 774-EL	191,993	41,713	308,595	—	—
License No. 671-EL	185,551	50,114	355,723	—	—
Valerianov deposit -7 (License No. 558-EL)	169,641	73,217	475,936	—	—
Valerianov deposit 9 (License No. 607-EL)	160,744	71,116	462,299	—	—
Zhezdy deposit 2 under License No. 641-EL	160,533	40,663	288,748	—	—
Valerianov deposit -8 (License No.559-EL)	160,173	73,217	475,936	—	—
Valerianov Deposit -1 (License No. 605-EL)	158,641	32,262	214,812	—	—
Valerianov Deposit 5 (License No. 608-EL)	156,056	69,016	458,915	—	—
Valerianov Deposit 6 (under License No. 627-EL)	155,612	66,566	452,531	—	—
Valerianov Deposit -11 (License No. 553-EL)	150,547	63,766	414,569	—	—
Valerianov Deposit -17 (License No. 554-EL)	142,313	73,217	475,936	—	—
License No. 670-EL	142,094	71,817	509,519	—	—
Valerianov Deposit -21 (License No. 568-EL)	141,372	73,217	475,936	—	—
Valerianov Deposit 4 (License No. 609-EL)	137,608	59,915	398,470	—	—
Valerianov Deposit -2 (License No. 552-EL)	137,333	55,715	362,293	—	—
Field Zhezdy-1 (License No. 582-EL)	135,528	55,365	360,020	—	—
Valerianov Deposit -22 (License No. 569-EL)	130,461	67,966	441,843	—	—
Valerianov Deposit -12 (License No. 561-EL)	100,567	73,217	475,936	—	—
Valerianov Deposit 23 (License No. 623-EL)	96,557	53,264	362,216	—	—
Valerianov Deposit -14 (License No. 563-EL)	95,458	71,817	466,844	—	—

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)

26. CONTRACTUAL AND CONTINGENT LIABILITIES (CONTINUED)

Obligations under subsoil use contracts and exploration licenses

In thousands of tenge	Fulfillment of obligations for 2021	Obligations under the long-term work program			
		2021	2022-2026	2027-2037	2038-2047
Field Барыраюв19 (License No. 606-EL)	89,702	69,016	458,915	—	—
Valerianov deposit -16 (License No. 565-EL)	88,862	73,217	475,936	—	—
Valerianov deposit -15 (License No. 564-EL)	83,486	73,217	475,936	—	—
Valerianov deposit -13 (License No. 562-EL)	81,380	63,766	414,569	—	—
Valerianov deposit -26 (License No. 629-EL)	78,257	70,066	476,298	—	—
Valerianov deposit -27 (License No. 556-EL)	77,098	73,217	475,936	—	—
License No.847-EL	75,038	55,015	423,156	—	—
Deposit under License No. 914-EL	74,872	58,865	461,474	—	—
Valerianov deposit 24 (License No. 626-EL)	73,758	65,866	447,778	—	—
Valerianov deposit-32 (License No. 574-EL)	71,735	73,217	475,936	—	—
Valerianov deposit-28 (License No. 570-EL)	71,226	73,217	475,936	—	—
Valerianov deposit-25 (License No. 555-EL)	70,418	64,466	419,114	—	—
Valerianov deposit-29 (License No. 571-EL)	68,815	55,715	362,293	—	—
Valerianov deposit-30 (License No. 572-EL)	67,895	55,715	362,293	—	—
Masalsky Deposit	44,911	91,567,976	306,629,125	381,533,667	—
Field Zhezdy-4 under the License No. 661-EL)	39,607	27,011	192,005	—	—
Field Sanomat under License No. 658-EL)	21,116	8,809	63,015	—	—
Valerianov deposit -3 (License No. 557-EL)	13,056	73,217	475,936	—	—
Valerianov deposit -18 (License No. 566-EL)	11,667	73,217	475,936	—	—
Valerianov deposit -35 (License No. 577-EL)	10,860	73,217	475,936	—	—
Valerianov deposit -36 (License No. 578-EL)	10,834	73,217	475,936	—	—
Valerianov deposit -20 (License No. 567-EL)	10,485	73,217	475,936	—	—
Valerianov deposit -33 (License No. 575-EL)	10,454	73,217	475,936	—	—
Valerianov deposit -39 (License No. 581-EL)	10,284	71,116	462,299	—	—
Valerianov deposit -31 (License No. 573-EL)	9,943	57,465	373,657	—	—
Yuzhno-Moyntinskaya area	8,975	—	—	—	—
Valerianov deposit -10 (License No. 560-EL)	8,643	46,964	305,471	—	—

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26. CONTRACTUAL AND CONTINGENT LIABILITIES (CONTINUED)

Obligations under subsoil use contracts and exploration licenses

In thousands of tenge	Fulfillment of obligations for 2021	Obligations under the long-term work program			
		2021	2022-2026	2027-2037	2038-2047
Valerianov deposit-37 (License No. 579-EL)	8,452	55,715	362,293	-	-
Valerianov deposit-34 (License No. 576-EL)	8,378	55,715	362,293	-	-
Valerianov deposit 38 (License No. 580-EL)	8,357	55,715	362,293	-	-
Berkara deposit under License No. 657-EL	8,841	5,251	32,513	-	-
Kaskyrmys field 4 (License No. 625-EL)	479	48,364	-	-	-
Kaskyrmys field 2 (License No. 622-EL)	450	45,564	-	-	-
Vostochny Alaigyr field (groundwater)	411	54,786	271,869	324,422	-
Kaskyrmys field 1 (License No. 628-EL)	398	40,663	-	-	-
Kaskyrmys field 3 (License No. 624-EL)	353	36,463	-	-	-
Kaskyrmys field 5 under License No. 652-EL)	253	27,011	-	-	-
ZTMO field under License No. 669-EL)	88	5,251	32,513	-	-
	<b>33,264,638</b>	<b>129,315,142</b>	<b>942,164,079</b>	<b>1,615,135,992</b>	<b>753,930,706</b>

The financial obligations under the Subsoil Use Contracts in 2021 and 2020 were not fully fulfilled. 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 subsoil 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.

On July 28, 2021, the Company signed a founding agreement on the establishment of an associated company between a foreign investor and a Company for the purpose of implementing a project for exploration and extraction of minerals in the licensed territory in the Suzak district of the Turkestan region of the Republic of Kazakhstan. The company transferred the rights and obligations of the license in favor of the associated organization in order to form a 20% stake in the authorized capital of the associated company.

26. CONTRACTUAL AND CONTINGENT LIABILITIES (CONTINUED)

Loans and guarantees

As at December 31, 2021 and 2020, the subsidiary of Tau-Ken Altyn LLP provided guarantees under the contract with Samruk-Kazyna to secure obligations arising under the prepayment of future gold supplies under the contract with the NBRK, a guarantee in the amount of no more than 11 billion tenge in favor of the NBK. The warranty period is valid until the parties fulfill all their obligations under the guarantee agreement until December 31, 2022 inclusive.

Investment contracts

As at December 31, 2021 and December 31, 2020 the Group has no investment agreements, with the exception of subsoil licenses mentioned above.

27. 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.

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)**

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

**Liquidity risk (continued)**

In thousands of tenge	On demand	From 1 month to 3 months	From 3 months to 1 year	1 year to 5 years	More than 5 years	Total
<b>December 31, 2021</b>						
Accounts payable	–	11,459,971	–	416,392	–	<b>11,876,363</b>
Loans received	–	–	13,011,042	3,403,957	5,260,856	<b>21,675,855</b>
Accounts payable for acquisition of subsidiary	–	–	614,800	6,301,700	–	<b>6,916,500</b>
Lease liabilities	–	26,335	79,006	105,341	–	<b>210,682</b>
	–	<b>11,486,306</b>	<b>13,704,848</b>	<b>10,227,390</b>	<b>5,260,856</b>	<b>40,679,400</b>

In thousands of tenge	On demand	From 1 month to 3 months	From 3 months to 1 year	1 year to 5 years	More than 5 years	Total
<b>December 31, 2020</b>						
Accounts payable	–	5,425,396	–	427,063	–	<b>5,852,459</b>
Loans received	–	–	108,165	1,754,287	–	<b>1,862,452</b>
Accounts payable for acquisition of subsidiary	–	–	614,800	6,916,500	–	<b>7,531,300</b>
Lease liabilities	–	27,985	83,956	223,882	–	<b>335,823</b>
	–	<b>5,453,381</b>	<b>806,921</b>	<b>9,321,732</b>	–	<b>15,582,034</b>

**Credit risk**

The Group is exposed to credit risk related to financial assets, which include accounts receivable, investment securities, cash and cash equivalents and short-term bank deposits. The risk of the Group is related to the possibility of default of a counterparty, with a maximum exposure equal to the carrying amount of these instruments. The risk of the Group is related to the possibility of the counterparty default, with the maximum risk being equal to the carrying amount of these instruments. The Group is exposed to credit risk as a result of its operating activities and certain investment activities. In the course of 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").

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)**

**27. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES  
(CONTINUED)**

**Currency risk**

Currency risk is the risk that the fair value of future cash flows on a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group conducts certain transactions denominated in foreign currency. In this regard, there is a risk of changes in exchange rates.

The carrying amount of the Group's assets and liabilities denominated in foreign currencies as at December 31, 2021 and 2020 is as follows:

In thousands of tenge	Liabilities		Assets	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
US dollar	<b>(21,228,364)</b>	(1,621,368)	54,713	2,023,299
Euro	–	(1,455)	52,085	146,385
Russian ruble	–	–	593	3,421
	<b>(21,228,364)</b>	<b>(1,622,823)</b>	<b>107,391</b>	<b>2,173,105</b>

The table below represents detailed information of the possible impact of increase and decrease in exchange rate of tenge by 13% for 2021 and 14% for 2020 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			
	2021	2020	Liabilities		Assets	
			2021	2020	2021	2020
US dollar	13%	14%	<b>(2,759,687)</b>	(226,992)	<b>7,113</b>	283,262
Euro	13%	14%	–	(204)	<b>6,771</b>	20,494
Russian ruble	13%	14%	–	–	<b>77</b>	479
			<b>(2,759,687)</b>	<b>(227,176)</b>	<b>13,961</b>	<b>304,235</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)**
**27. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES  
(CONTINUED)**
**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 metals 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, since the main product sold by the Group is gold bars. The weighted average value of gold for 2021 was US\$ 1,789 (2020: US\$ 1,787). The projected value of gold for 2022 is 1,850 US dollars.

**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, 2021 and December 31, 2020 the current value of financial assets and liabilities is approximately equal to their fair value.

**Procedures for estimating the fair value**

The Group uses the following hierarchic structure of valuation methods to determine and disclose information about the fair value of financial instruments:

- Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities;
- Level 2: valuation models for which all inputs which have significant effect on the recorded in the consolidated financial statements fair value are observable in the market, either directly or indirectly;
- Level 3: valuation models which use inputs that have significant effect on the recorded in the consolidated financial statements fair value that are not based on observable market data.

The following table represents an analysis of financial instruments presented in the consolidated financial statements at fair value, in the context of a hierarchy levels of the fair value as at December 31, 2021 and December 31, 2020 as follows:

In thousands of tenge	Fair value estimation of as at December 31, 2021				
	Date of measurement	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
<b>Assets for which fair values are disclosed</b>					
Cash and cash equivalents	31.12.2021	29,795,057	–	–	29,795,057
Restricted cash	31.12.2021	–	2,811,049	–	2,811,049
<b>Financial assets, accounted for at amortised cost</b>					
Accounts receivable	31.12.2021	–	6,549,697	–	6,549,697
Loan issued to the parent organization	31.12.2021	–	18,306,918	–	18,306,918
Investment securities	31.12.2021	–	3,080,275	–	3,080,275
<b>Total fair value</b>		<b>29,795,057</b>	<b>30,747,939</b>	<b>–</b>	<b>60,542,996</b>
<b>Liabilities, which fair values are disclosed</b>					
Accounts payable	31.12.2021	–	11,876,363	–	11,876,363
Loans received	31.12.2021	–	21,201,189	–	21,201,189
Lease liabilities	31.12.2021	–	179,733	–	179,733
Accounts payable for acquisition of subsidiary	31.12.2021	–	5,694,331	–	5,694,331
<b>Total fair value</b>		<b>–</b>	<b>38,951,616</b>	<b>–</b>	<b>38,951,616</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)**
**27. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES  
(CONTINUED)**
**Procedures for estimating the fair value (continued)**

In thousands of tenge	Fair value estimation of as at December 31, 2020				
	Date of measurement	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
<b>Assets for which fair values are disclosed</b>					
Cash and cash equivalents	31.12.2020	5,015,449	–	–	5,015,449
Restricted cash	31.12.2020	–	1,648,753	–	1,648,753
<b>Financial assets, accounted for at amortised cost</b>					
Accounts receivable	31.12.2020	–	16,094	–	16,094
Loan issued to the parent organization		–	18,306,918	–	18,306,918
Investment securities	31.12.2020	–	2,801,767	–	2,801,767
<b>Total fair value</b>		<b>5,015,449</b>	<b>22,773,532</b>	<b>–</b>	<b>27,788,981</b>
<b>Liabilities, which fair values are disclosed</b>					
Accounts payable	31.12.2020	–	5,852,459	–	5,852,459
Loans received	31.12.2020	–	1,596,406	–	1,596,406
Lease liabilities	31.12.2020	–	267,968	–	267,968
Accounts payable for acquisition of subsidiary	31.12.2020	–	5,877,606	–	5,877,606
<b>Total fair value</b>		<b>–</b>	<b>13,594,439</b>	<b>–</b>	<b>13,594,439</b>

During 2021 and 2020 there were no transfers between Levels 1, 2 and 3.

**Capital management**

The Group manages its capital in order to continue as a going concern together with maximization of profits for stakeholders by optimizing the balance of debt and equity. Capital management of the Group is strictly dependent on the capital management strategy of Samruk-Kazyna. Most of the decisions on capital management are made in coordination with a relevant committee of the Shareholder. In order to maintain or adjust the capital structure, Samruk-Kazyna may make contributions to the Group's equity, provide debt financing or authorize the Group to obtain debt financing from third parties, providing all essential guarantees for all significant external loans.

**Capital management (continued)**

The coefficient of debt to equity at the end of the year is as follows:

In thousands of tenge	December 31, 2021	December 31, 2020
Interest-bearing loans and borrowings	21,201,189	1,596,406
Equity	734,234,710	696,040,022
<b>Debt to equity coefficient</b>	<b>0.029</b>	<b>0.002</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)

## 28. RELATED PARTY TRANSACTIONS

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

Transactions with related parties were conducted on terms agreed between the parties, which were not necessarily carried out at market terms.

As at December 31, 2021 and 2020 related party balances were presented as follows:

## Contract liabilities and accounts payable

In thousands of tenge	Notes	December 31, 2021	December 31, 2020
<i>Entities under common control of Samruk-Kazyna:</i>			
Samruk Kazyna Business Service LLP		11,527	6,422
Kazpost JSC		6,453	3,326
Kazakhtelecom JSC		1,477	1,011
KEGOC JSC		431	405
SK Contract JSC		136	–
KazMunayGas		–	5,003
NAC Kazatomprom		–	2,830
	17	<b>20,024</b>	<b>18,997</b>
<i>Entities related with the Government of the Republic of Kazakhstan:</i>			
National Bank of the Republic of Kazakhstan		–	563,852
	17	–	<b>563,852</b>

## Accounts payable for acquisition of subsidiary

In thousands of tenge	Notes	December 31, 2021	December 31, 2020
<i>Entities related with the Government of the Republic of Kazakhstan:</i>			
Investment Fund of Kazakhstan JSC	17	–	5,877,606
		–	<b>5,877,606</b>

Since October 5, 2021 JSC "Investment Fund of Kazakhstan" is not related to the Government of the Republic of Kazakhstan and accounts payable as of December 31, 2021 is 5,694,331 thousand tenge.

## Advances paid

In thousands of tenge	Notes	December 31, 2021	December 31, 2020
<i>Entities under common control of Samruk-Kazyna:</i>			
Air Astana JSC		673	846
Kazpost JSC		436	26
Kazakhstan Temir Zholy JSC		138	138
Samruk Kazyna Business Service LLP		37	–
Kazakhtelecom JSC		–	116
	14	<b>1,284</b>	<b>1,126</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)

## 28. RELATED PARTY TRANSACTIONS (CONTINUED)

## Loan to the Parent organization

In thousands of tenge	Notes	December 31, 2021	December 31, 2020
Samruk-Kazyna	8	<b>18,442,396</b>	18,442,396

## Purchases of goods and services

In thousands of tenge	2021	2020
<i>Entities under common control of Samruk-Kazyna:</i>		
Samruk-Kazyna Business Service LLP	122,608	–
S-K Construction JSC	94,052	122,974
Kazpost JSC	42,843	38,749
Samruk-Kazyna Contract JSC	34,599	35,990
NAC Kazatomprom JSC	25,250	38,507
Kazakhtelecom JSC	13,253	11,542
KEGOC JSC	4,615	28,875
Air Astana JSC	3,765	3,382
Kazakhstan Temir Zholy JSC	–	2,068
KazMunaiGas JSC	–	190,033
<i>Associates of the Group:</i>		
Kazzinc LLP	111	156
	<b>341,096</b>	<b>472,276</b>

## Sales to related parties

In thousands of tenge	2021	2020
<i>Entities related with the Government of the Republic of Kazakhstan:</i>		
National Bank of the Republic of Kazakhstan	718,463,914	637,584,455
<i>Entities related with Samruk-Kazyna:</i>		
KazMunaiGas JSC	–	660
Samruk-Kazyna Invest LLP	–	–
<i>Associates of the Group:</i>		
Kazzinc LLP	3,500	–
	<b>5,052,363</b>	289,159
	<b>723,519,777</b>	<b>637,874,274</b>

As at December 31, 2021 and 2020, the subsidiary of Tau-Ken Altyn LLP provided a guarantee in favor of the NBRK in the amount of no more than 11 billion tenge (Note 26).

## Compensation to key management personnel

The key management personnel as at December 31, 2021 consists of 8 people (as at December 31, 2020: 8 people). For the year ended December 31, 2021, the total compensation of key management personnel included in general and administrative expenses in the consolidated statement of profit or loss amounted to 141,686 thousand tenge (for the year ended December 31, 2020: 164,643 thousand tenge).

**29. EVENTS AFTER THE REPORTING DATE***The situation with the new Covid-19 omicron strain*

Since November 2021, the spread of a more contagious strain of Covid-19 omicron (hereinafter referred to as "omicron") has begun in the United States and Western Europe. According to preliminary results of a study conducted by the World Health Organization (WHO), compared with other options of concern, omicron increases the risk of re-infection. WHO recommends that countries continue to take effective anti-epidemic measures to reduce the overall spread of Covid-19, analyze existing risks and expand the capacity of public health structures.

In January 2022, the growth rate of the number of people infected with Covid-19 remains significant in Kazakhstan and around the world. Vaccination of the population continues in the Republic of Kazakhstan: both its own two-component coronavirus vaccine and vaccines from other manufacturers are used. As at the date of this report, more than 8.9 million people in the Republic of Kazakhstan have received vaccination with two components and more than 9.3 million citizens of the Republic of Kazakhstan with one component.

In 2021, the Group's management continues to take preventive measures to minimize the spread of Covid-19 infection among employees.

*State of emergency in connection with protests in Kazakhstan*

On January 2, 2022, rallies were held in the Mangystau region against a sharp increase in prices for liquefied gas, which later turned into mass protests across the country with economic and political demands. On January 4 and 5, 2022, protesters clashed with law enforcement officers in Almaty, resulting in damage to public and private property, looting and other crimes.

In order to ensure order and normalize the situation in the country, the President of the Republic of Kazakhstan imposed a State of Emergency on the entire territory of Kazakhstan for the period from January 5 to January 19, 2022, and also received assistance from countries that are members of the Collective Security Treaty Organization. The measures taken by the President included the introduction of a curfew, strengthening measures to protect particularly important state and strategic facilities, as well as facilities that ensure the vital activity of the population and the functioning of transport, the introduction of restrictions on movement, holding meetings and rallies, and other measures aimed at ensuring the safety of the population.

As at the date of issue of the financial statements, these events did not have a significant impact on the Group's operations and financial results.

*The situation in Ukraine and sanctions against the Russian Federation*

On February 24, 2022, the Russian Federation began military operations on the territory of Ukraine. During the combat operations of the units of the Russian armed forces strikes were carried out on the objects of the military infrastructure of Ukraine, aviation, air defense facilities and military airfields, and some settlements and cities of Ukraine were blocked. A state of emergency was introduced in Ukraine, the evacuation of the civilian population of Ukraine towards the countries of the near and far abroad began. The actions of the Russian Federation were sharply condemned by most countries of the world community and international organizations and led to new sanctions against the Russian Federation. On February 26, 2022, a joint statement was published by the leaders of France, Germany, Italy, UK, Canada and the USA on further restrictive economic measures against Russia. In particular, these measures provide for the exclusion of certain Russian banks from the SWIFT messaging system (the world interbank financial communication channel), the introduction of restrictive measures against the Central Bank of Russia, some commercial banks and Russian officials, the introduction of a ban on the export of certain goods and technologies, as well as a ban on the provision of insurance services related to them. Against the background of the situation around Ukraine and increased geopolitical risks, volatility in financial markets has sharply increased, energy prices have increased. As a result, the shares of the largest Russian companies significantly depreciated (from 50 to almost 100 percent), there was a sharp weakening of the ruble to a record low level (from 76 to 103 Russian rubles per US dollar).

**29. EVENTS AFTER THE REPORTING DATE (CONTINUED)***The situation in Ukraine and sanctions against the Russian Federation (continued)*

Due to the fact that the imposition of sanctions against the Russian Federation has an indirect impact on the economy of the Republic of Kazakhstan, this was reflected in the change in the tenge exchange rate: the official tenge exchange rate of the National Bank of the Republic of Kazakhstan against the US dollar rose to 487.75 tenge per 1 US dollar (as at March 1, 2022). In order to ease the pressure on tenge, on February 24, 2022, the Monetary Policy Committee of the NBK made an extraordinary decision to raise the base rate to 13.5% with an interest corridor of +/-1 percentage point. On February 27, the National Bank of Kazakhstan announced that it would conduct currency interventions to "reduce the unjustified impact of excessive fluctuations of the ruble on the tenge." As at the date of signing of these consolidated financial statements, the exchange rate of tenge to the US dollar is 501.64 tenge. As at the date of signing of these consolidated financial statements, the prices for gold amounted to 1,945.3 US dollars per troy ounce at LBMA and for zinc 4,024 US dollars per ton at the London Non-Ferrous Metals Exchange (LME).

*Renewal under licenses*

On February 23, 2022, the Ministry of Industry and Infrastructure Development of the Republic of Kazakhstan reissued 80% of the participation in the right of subsoil use under 32 licenses for the strategic partner of the Group.

**30. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying consolidated financial statements of the Group were approved for release by the Chief Director of Economics and Finance and Chief Accountant of the Group on March 5, 2022.





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