



INNOVATIVE BASIS SUCCESSFUL GROWTH

ANNUAL REPORT 2021

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ALTYNALMAS.KZ

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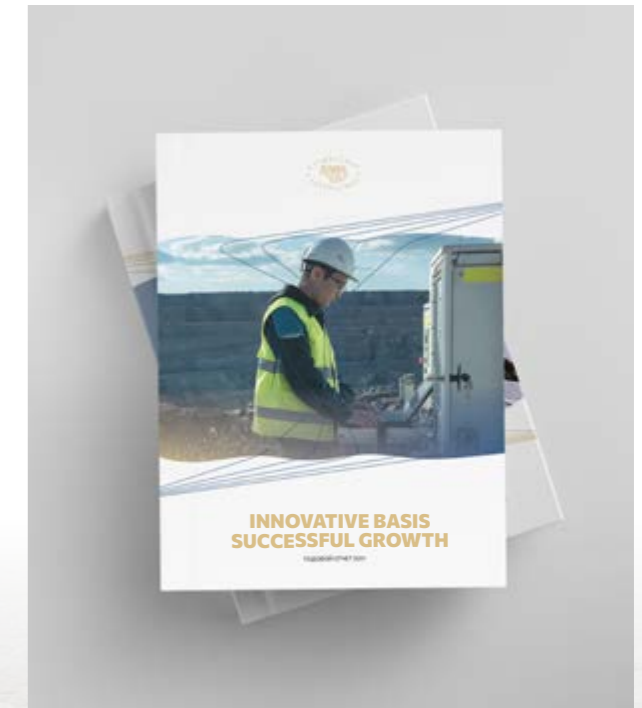
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RESPONSIBLE GOLD MINING AND SUSTAINABILITY

2021

Company Profile

AK Altynalmas JSC (hereinafter, Altynalmas or the Company) is one of the national gold mining leaders accounting for the industry share of 17.1% as of the end of 2021. At the end of the reporting year, AK Altynalmas JSC Group (hereinafter, Altynalmas Group) consisted of the parent organization and 19 subsidiaries employing over 10,500 people.

Altynalmas Group carries out a full range of gold mining and primary processing operations, including:

- Geological prospecting;
- Gold-bearing ore production and processing;
- Project design, construction, and installation activities at the Group's deposits and production facilities;
- R&D financing within the scope of contractual obligations;
- Construction and reconstruction of national and foreign precious metals prospecting, mining and processing facilities.

The Group's assets are located in the Zhambyl, Karaganda, Abai (former East Kazakhstan) and Akmola regions. Altynalmas has mineral rights under 23 contracts, including 6 contracts for prospecting and production, 8 contracts and 2 licenses for production and 7 contracts for prospecting.

Gold in doré bars (see the Glossary) is the main product of the Group, which is sent for further processing to Tau-Ken Altyn LLP refinery located in Nur-Sultan. The National Bank of the Republic of Kazakhstan is the buyer of refined gold with the right of first refusal as provided for by Republic of Kazakhstan Law No. 444-V "On Precious Metals and Precious Stones" dated January 14, 2016. The Bank buys gold to replenish the national gold reserve.



Key Performance Indicators



Ore
Production



15,937.6
thousand tons

Gold
Production



12,662.0
kg

Capital



161.0
bln tenge

Revenue from
implementation



347.8
bln tenge

Assets



741.1
bln tenge

Commitments



580.1
bln tenge

Net profit



89.4
bln tenge



REPORTING YEAR MILESTONES

JANUARY 1ST



Launch of SAP S/4HANA intellectual innovational system

APRIL 20TH



Altynalmas JSC received an award in the Best Digital Enterprise nomination of the MiningWorld Russia 2021 International exhibition (held in Moscow). The nomination was awarded based on the results of the Mining Industry 4.0 contest of mining enterprises/ effective digital projects.

JUNE 2ND



The company acquired 100% participation interest in the authorized capital of AAEngineering Group LLP that is the recognized leader in the market of design development, construction and reconstruction of the mining-and-smelting sector (MSS) production facilities both in Kazakhstan and beyond.

OCTOBER 22ND



Altynalmas Group got a license for commercial minerals extraction at the Olimpiiskoye deposit located in the Zhambyl region.

JANUARY 29TH



Acquisition of 100% stock of Kazahaltyn OMSC JSC shares by AK Altynalmas JSC

APRIL 27TH

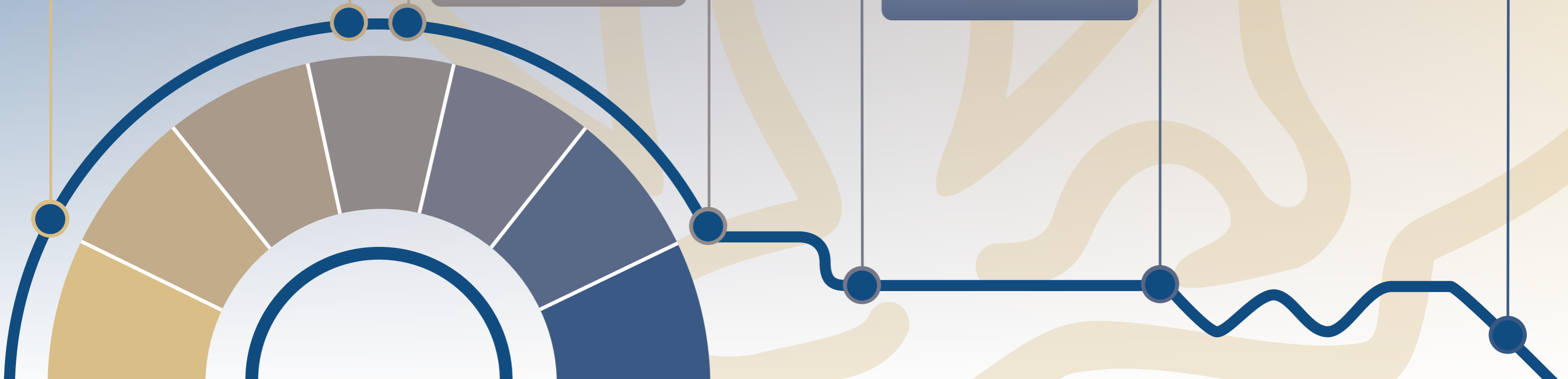


The company won the prestigious international competition "SAP Quality Awards 2021" in the Quick Business Effect nomination.

AUGUST 25TH



Aksu Technology LLP – a member of the Altynalmas Group, put into commercial operation a new gold beneficiation plant "Aksu" in the Akmola region.



Address by the Chief Executive Officer



Dear Colleagues and Partners,

The post-pandemic events had its toll on our production performance. Nevertheless, we managed not only to ensure sustainable operation and satisfactory results in 2021, but also to expand through acquisition of new assets and launch of new projects. I would like to take this opportunity to thank everyone who contributed to this great cause.

The national mining industry is vulnerable to the impact of political, legislative, tax and regulatory developments in the Republic of Kazakhstan. Business experienced another wave of inflation, exchange rate volatility, logistic problems and the impact of the post-pandemic factor in the reporting year; but, at the same time, we have done everything to ensure business continuity and safety of our employees. We have taken another confident step towards the implementation of our mission – to transform the potential of the subsoil into golden opportunities for our society, employees, investors and other stakeholders. We are doing all that is necessary to maintain the sustainability and growth of the Altynalmas Group of Companies under the current circumstances. Thanks to common efforts, the value of the Company keeps on growing.

- As at the end of 2021, the Company was among the top 3 gold producers in Kazakhstan both by the valuable metal production volume and the size of the resource base.

The Company is ranked the third by the number of gold-bearing deposits and is the leader among the gold mining companies by the number of the regions of presence.

The Company has its assets in the following four regions of Kazakhstan: Zhambyl, Karaganda, Abai (former East Kazakhstan region) and Akmola regions.

We produced 407,000 ounces of gold in the last year. The Company's contribution makes 0.2% of the national GDP; local content goods and services purchase amounted to USD 341 mln.

SUSTAINABLE BUSINESS DEVELOPMENT

The main criterium of our success in 2021 was the focus on sustainable business development and social commitments fulfillment. We expanded our business due to the acquisition of 100% shareholding in Kazakhaltyn MMC JSC, which is the owner of Aksu, Bestobe and Zholymbet mines in the Akmola region and 6 subsidiaries, namely: Kazakhaltyn Technology LLP, Hotel Stepnogorsk LLP, Kazakhaltyn Logistic LLP, Aksu Technology LLP, City-A Invest LLP and Wisart LLP.

We also acquired 100% participation interest in the authorized capital of AAEngineering Group LLP (hereinafter, AAE) in the past year. AAE has decades of experience and is a well-recognized leader in the market of design development, construction and reconstruction of the mining-and-smelting sector's production facilities both in Kazakhstan and abroad. Success and leadership of AAE in the implementation of the leading-edge technologies in the sphere of development and implementation of projects

(BIM format, Digital Twin, Digital iTwin) were confirmed by awards of prestigious international competitions, such as YEAR IN INFRASTRUCTURE AWARDS 2018 & 2020, TEKLA BIM AWARDS 2018 and Russia nation-wide competition BIM 2019/2020.

Last year, AAEngineering Group LLP commissioned Talas Gold Mining Complex at the Jerooy deposit to be operated by Alliance Altyn LLC. Project design development and construction of this facility was carried out over the period of 2018 through 2021. The designed production capacity of the complex is 1.3 mln tons of ore per year.

AK Altynalmas JSC put Aksu Gold Process Plant (GPP) into commercial operation in the Akmola region in August 2021. The new GPP is operated by the Company's subsidiary – Aksu Technology LLP. The new gold beneficiation plant was designed and constructed by AAEngineering Group LLP.

DIGITALIZATION AND ENSURING SAFE OPERATION OF PRODUCTION FACILITIES ARE STILL A PRIORITY FOR THE MANAGEMENT OF THE COMPANY.

In 2021, a project for operational management system efficiency improvement was launched for the Pustynnoye deposit. This initiative, approved by the decision of the Board of Directors, is aimed at gaining benefit from all innovations implemented by the Company. The main objectives of the project are the formation of a factor tree for production areas and identification of priority levers for business processes improvement and key performance indicators, identification of limiting stages (Bottleneckchart)

along the entire chain and the identification of production potential.

OrePro3D software was tested and implemented for the Pustynnoye deposit. OrePro3D software allows for 3D modeling of rock mass shift in the course of blasting operations for the purpose of more accurate identification of the boundaries of ore bearing areas in order to reduce losses and ore dilution. Altynalmas was the first company in Kazakhstan to introduce this technology.

WE ARE PROUD THAT OUR SUCCESSES ARE MENTIONED BY VARIOUS EXPERT GROUPS

At the Industry 4.0 plenary session conducted within the scope of the Digital Almaty 2021 Global Forum we demonstrated modern digital solutions that the Company has introduced since 2017 and that proved to be particularly timely in the period of pandemic.

AK Altynalmas JSC won an award in the Best Digital Enterprise nomination in April. The award was conferred in Moscow within the framework of the International Forum of Mining Industry Leaders. The award was given based on the results of the Mining Industry 4.0 competition of effective digital projects of mining companies.

Our subsidiary company – AAEngineering Group, won the first place in the Best Foreign Project nomination of the fourth all-Russian open competition with international participation “BIM-technologies 2019/20” held in Moscow for its project “Design and construction of a gold beneficiation plant in the Aksu village”.

CONFIDENCE IN THE FUTURE BEGINS TODAY

The Company’s employees always take an active part in social and environmental events, which demonstrates our commitment to team work.

For example, our employees took part in landscape gardening of the sanitary protection area of Aksu tailing dump last year. They planted a total of 6,950 nurslings and 90,000 seedlings there. Each planted tree is not just care for the environment and fulfillment of contractual obligations, but also confidence in the future.

During the year, Altynalmas fulfilled all its social obligations, providing the necessary assistance to the population in the regions of its presence. Kazakhaltyn MMC JSC sponsored the equipment of robotics classrooms with specialized equipment in secondary schools No.1 and No.2 in Aksu village, Akmola region, and the Company also donated 185 tablets to schools in Aksu, Bestobe and Zholymbet villages for distance learning during the pandemic.

AK Altynalmas JSC case of business transformation was considered within the framework of SAP NOW Business Conference on June 1, 2021. AK Altynalmas JSC team told the participants how the Company managed to unfold modern business processes in the mining industry in lockdown conditions and what technologies helped it implement the digital transformation of all enterprises and departments. AK Altynalmas JSC was recognized the main winner in the Quick Result nomination of the SAP Quality Awards 2021 international competition. The HR transformation project implemented by AK Altynalmas JSC was highly appreciated by the professional community and recognized the best among a number of other enterprises in the CIS countries.

Our company took part in the Mining Show Dubai Global Conference of the mining-and-smelting industry, which is the only exhibition and conference in this sphere of activity in the Middle East, Africa and South Asia region.

The improvement of the local population social conditions was also due to the assistance to the infrastructural development of settlements. Purchase of hospital beds with bedding, refuse-collection containers, a passenger bus, lighting of intra-settlement roads, repair of sports halls, liquidation of hurricane consequences, repair and equipment of the Center for the provision of special social services in Balapan NGO semi-permanent facility, Stepnogorsk, operating under the state social order, equipping the dental office in Zholymbet with modern equipment is just a small fraction of those good deeds that the Company performs in addition to its social obligations as a subsoil user.

The Company cares about the health of the Akmola region inhabitants and, therefore, arranged for a free-of-charge complete physical examination (screening), including cancer, physiopulmonological, stomatological, cardiological, gastroenterological, endocrinological, therapeutic and pediatric examinations, as well as examinations for identifying

occupational diseases. The examinations were conducted in Aksu, Bestobe and Zholymbet villages. The examinations were conducted in each of the above villages for ten days. The conducted examinations proved that the suspicions of the local population that the excessive incidence of diseases is caused by the operation of the Company’s mines in direct proximity to the villages were unfounded. The incidence of the most frequently diagnosed diseases in the villages is in line with the average national level, and for some diseases (arterial hypertension, diabetes mellitus) it is even lower.

We strive to minimize the environmental impact and to create favorable and comfortable living conditions for the population in the regions of our presence. Therefore, social and economic support of local population makes an important part of our daily activity.

For example, the amount spent in 2021 on support of the regions of our presence was KZT 342 mln. Approximately KZT 500 mln were invested in training of the Company’s employees and support of educational institutions. More than USD 1.8 mln were allocated for the implementation of environmental safety measures.

Introduction of the best international practices and standards in its production and business processes is still the Company’s priority.

Sincerely yours,

Diyar Kanashev

Chief Executive Officer and
member of the Board of Directors
AK Altynalmas JSC



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General Information

AK Altyntalmas JSC is among the three leaders of the Republic of Kazakhstan gold production industry. At the end of 2021, Altyntalmas Group consisted of the parent company and 19 subsidiary companies involved in the following activities:

- Geological prospecting;
- Production and processing of gold-bearing ore;
- Project design development, construction and assembly operations at the deposits and in production facilities of the Group;
- Financing research and development operations within the scope of contractual obligations;
- Construction and reconstruction of national and foreign production facilities involved in prospecting, production and prospecting of valuable metals.

The Group's assets are located in the Zhambyl, Karaganda, Abai (former East Kazakhstan) and Akmola regions. Altyntalmas Group has the mineral rights under 23 contracts including 6 contracts for prospecting and production, 8 contracts and 2 licenses for production, 7 contracts for prospecting operations. Mined gold-bearing ore is processed by the Company at its own gold process plants (GPP): Akbakai, Pustynnoye, Dolinnoye, Aksu, Aksu – Quartzite Hills and Zholymbet.

Gold in doré bars (see the glossary) is the main product of the Group, which is sent for further processing to the refinery

of Tau-Ken Altyn LLP located in the city of Nur-Sultan. The buyer of refined gold is the National Bank of the Republic of Kazakhstan, which buys the gold to replenish the national gold reserve and has the right of first refusal, in accordance with the provisions of the Republic of Kazakhstan Law No. 444-V "On Precious Metals and Precious Stones" dated January 14, 2016.

Altyntalmas Group also produces and sells a number of other goods including silver and by-products of precious metals production. Project design development and construction of production facilities involved in prospecting, production and processing of precious metals is also one of the important lines of the Group's activity.

Over the period of 2017 through 2021, Altyntalmas:

- sold 38 tons of gold to the National Bank of the Republic of Kazakhstan (NBRK);
- invested more than USD 860 mln in the development and expansion of production facilities;
- paid more than USD 257 mln to the national budget of the Republic of Kazakhstan as taxes;
- paid more than USD 220 mln to its employees as salaries.

Altyntalmas is one of the largest national companies of Kazakhstan; its contribution to the national GDP totaled 0.2% in 2021.

Licenses and Contracts for Exploration and Extraction of Commercial Minerals

As of the end of 2021, Altyntalmas held totally 23 licenses and contracts for prospecting and production of commercial minerals at the deposits located in the Akmola, Abai (former East Kazakhstan), Zhambyl and Karaganda regions. By the end of the reporting period, the Company has filed applications for a prolongation of contracts for prospecting and production of commercial minerals at the Karaul-Tobe and Baktai deposits till 2024 and at the Ushtogan-Karakas ore cluster till 2023 inclusive.

The Company plans to withdraw from the contracts for TMF development at Aksu, Zholymbet and Bestobe deposits in 2022 due to depletion of reserves. In 2021, the Company also made a decision on termination of the contract for development of Svetinskoye deposit due to low economic efficiency.

Altyntalmas Group Licenses and Contracts for Prospecting and Production of Commercial Minerals in Effect as of the End of 2021

Deposit	Region	License/Contract Expiration	Current Stage
Karyernoye deposit	Zhambyl region	2023	Production stage
Akbakai deposit	Zhambyl region	2024	Production stage
Svetinskoye deposit	Zhambyl region	2022	Production stage
Kenzhem deposit	Zhambyl region	2033	Prospecting and production stage
Beskempir-Aksakal deposit	Zhambyl region	2029	Production stage
Pustynnoye deposit	Karaganda region	2021	Production stage
Karyerny site	Karaganda region	2026	Prospecting and production stage
Dolinnoye deposit	Karaganda region	2031	Production stage
Baktai ore deposit	Karaganda region	2022	Prospecting stage
Mizek deposit	East Kazakhstan region	2026	Production stage
Izvestnyak deposit	Zhambyl region	2028	Production stage
Dolinnoye area	Karaganda region	2024	Prospecting stage
Itkuduk area	Karaganda region	2024	Prospecting stage
Pustynno-Baktai area	Karaganda region	2024	Prospecting stage
Ortasai area	Karaganda region	2024	Prospecting stage
Aksu deposit, Zholymbet, Bestobe and Quartzite Hills deposits	Akmola region	2022–2029	Prospecting and production stage
Aksu deposit TMF	Akmola region	2024	Prospecting and production stage
Zholymbet deposit TMF	Akmola region	2022	Prospecting and production stage
Bestobe deposit TMF	Akmola region	2024	Prospecting and production stage
Karaul-Tobe site	Akmola region	2022	Prospecting stage
Olimpiiskoye deposit	Zhambyl region	2025	Production stage
Sayak 4 deposit	Karaganda region	2028	Production stage
Ushtogan-Karakas ore cluster	Akmola region	2022	Prospecting stage



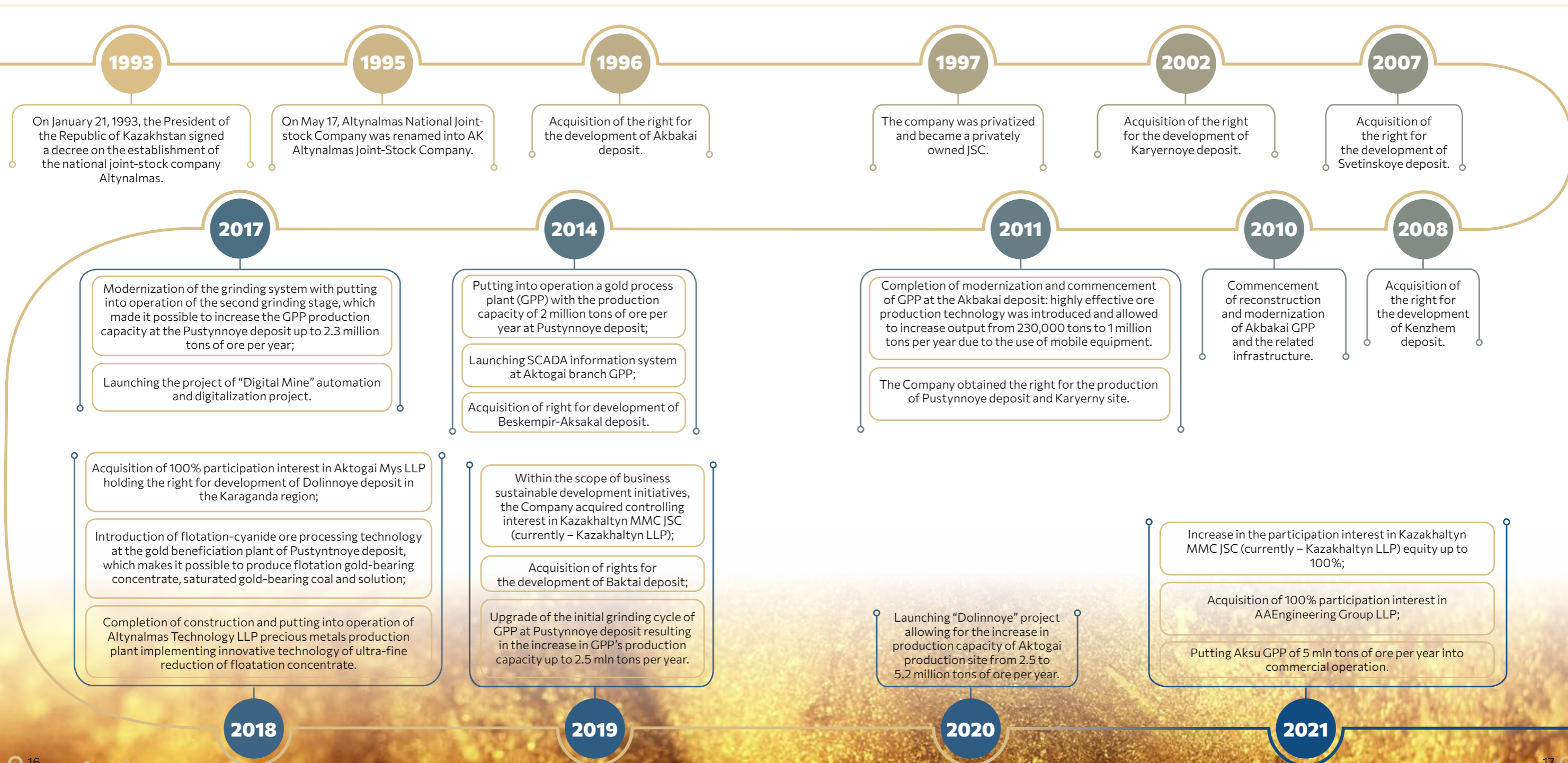


History of the Company

The history of AK Altynalmas JSC is closely connected with formation of the national gold-production industry of the Republic of Kazakhstan. On January 21, 1993, President of the Republic of Kazakhstan signed a decree "On Altynalmas National Joint-Stock Company" providing for the establishment of the national joint-stock company Altynalmas based on the enterprises and organizations of the national state-run production association "Kazzoloto" and the "Kazalmazzoloto" consortium. The newly formed structure includes 7 ore mining-and-processing integrated works, 3 mine construction departments, 3 geological prospecting enterprises having contractual relations with Altynalmas national joint-stock company. At the same time, the Altynalmas Company acquired the status of a state representative on the issues of extracting, processing and production of valuable metals, precious stones and products.

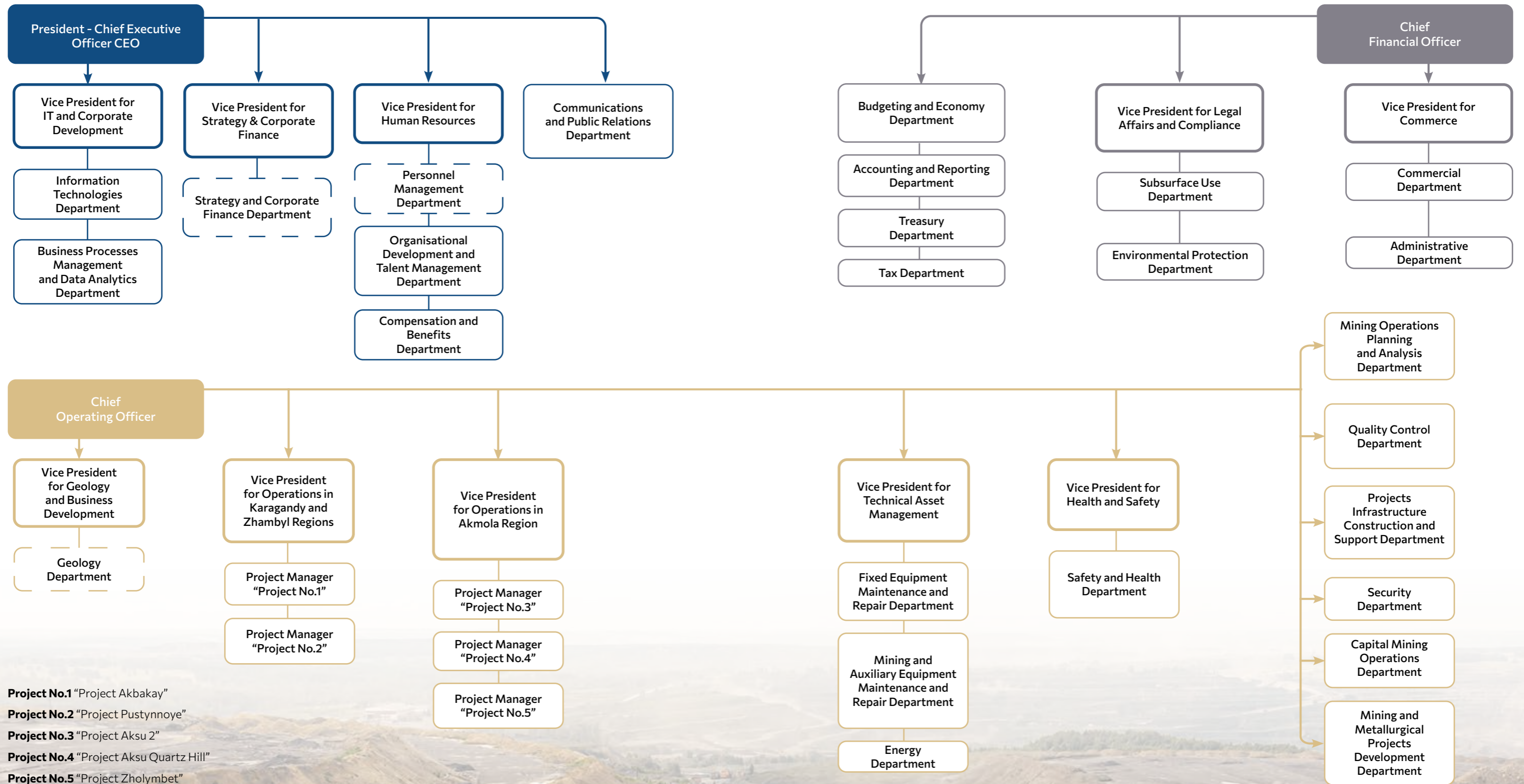
In 1993, the Company ensured delivery of 13.7 tons of refined gold to the NBRK State Depository, including 8.54 tons of gold mining enterprises controlled by it. In 1994, the Company replenished the country's gold reserves by another 14.6 tons.

In 1995, the government began demonopolization of gold-producing industry resulting in withdraw of a number of enterprises for the Company. Altynalmas National Joint-Stock Company was renamed into Altynalmas Joint-Stock Company based on the order No. 704 of the Republic of Kazakhstan Cabinet of Ministers dated May 17, 1995. Altynalmas JSC obtained the status of manager of the state-owned shareholding of gold-mining companies. Gold production state control functions were transferred to the Republic of Kazakhstan Ministry of Industry and Trade. In February 1997, Altynalmas Joint-Stock Company was privatized and became a privately owned JSC. In 2011, Altynalmas Joint-stock Company JSC was renamed into AK Altynalmas JSC.





Organizational Structure of the Company



Project No.1 "Project Akbakay"

Project No.2 "Project Pustynnoye"

Project No.3 "Project Aksu 2"

Project No.4 "Project Aksu Quartz Hill"

Project No.5 "Project Zholymbet"

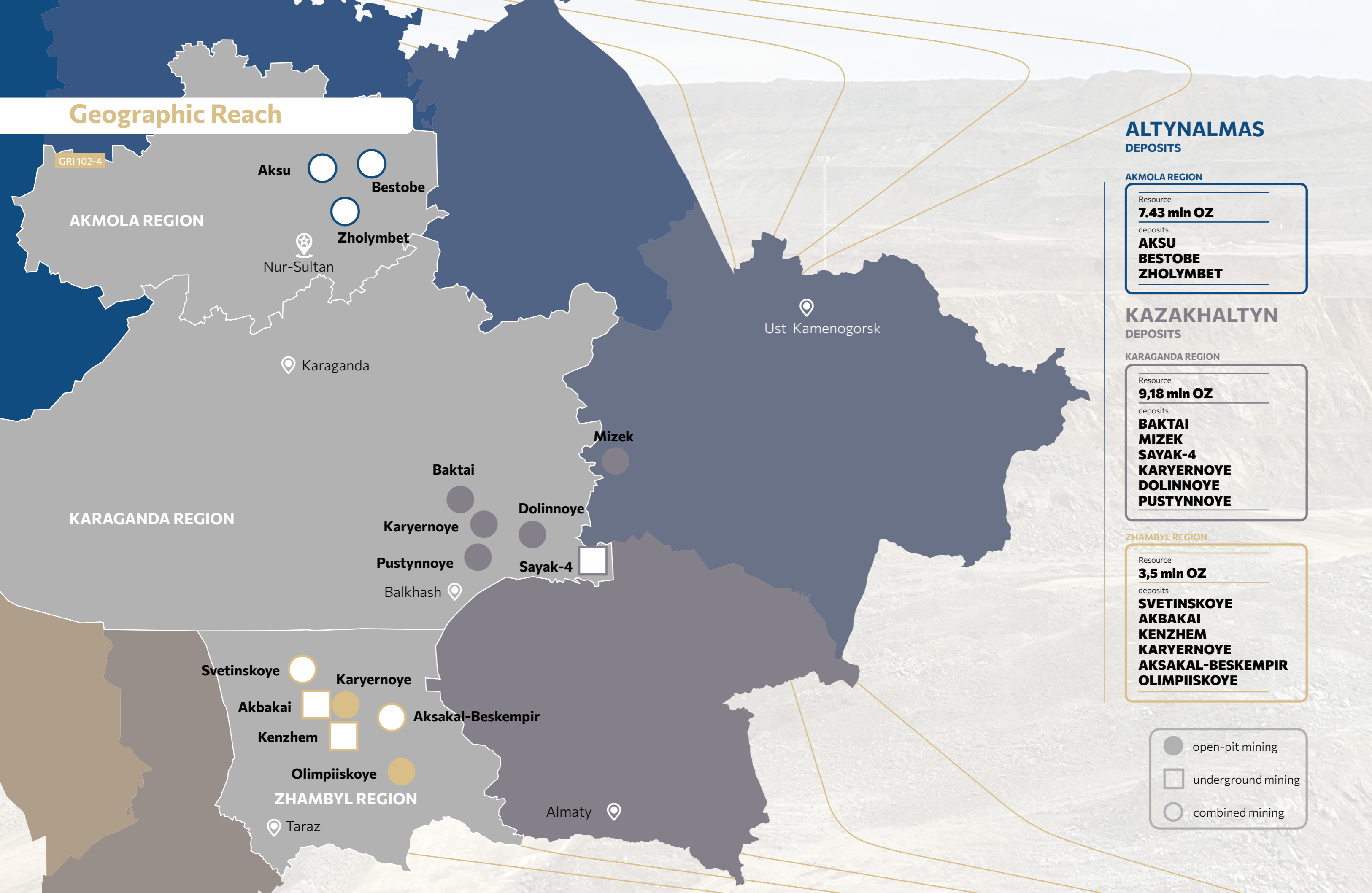
Functions under the direction of the vice president by line of business, without the allocation of a head of division

Composition of AK Altynalmas JSC Group

Subsidiaries of AK Altynalmas JSC as of December 31, 2021



Geographic Reach



GRI102-4

AKMOLA REGION

- Aksu (combined mining)
- Bestobe (combined mining)
- Zholymbet (combined mining)
- Nur-Sultan (location)
- Karaganda (location)

ALTYNALMAS DEPOSITS

AKMOLA REGION

Resource
7.43 mln OZ
deposits
**AKSU
BESTOBE
ZHOLYMBET**

KAZAKHALTYN DEPOSITS

KARAGANDA REGION

Resource
9,18 mln OZ
deposits
**BAKTAI
MIZEK
SAYAK-4
KARYERNOYE
DOLINNOYE
PUSTYNNOYE**

KARAGANDA REGION

- Mizek (open-pit mining)
- Baktai (open-pit mining)
- Dolinnoye (open-pit mining)
- Karyernoeye (open-pit mining)
- Pustynnoye (open-pit mining)
- Sayak-4 (underground mining)
- Balkhash (location)

ZHAMBYL REGION

Resource
3,5 mln OZ
deposits
**SVETINSKOYE
AKBAKAI
KENZHEM
KARYERNOYE
AKSAKAL-BESKEMPIR
OLIMPIISKOYE**

- Svetinskoye (combined mining)
- Karyernoeye (open-pit mining)
- Akbakai (underground mining)
- Kenzhem (underground mining)
- Olimpiiskoye (open-pit mining)
- Aksakal-Beskempir (combined mining)
- Taraz (location)
- Almaty (location)

- open-pit mining
- underground mining
- combined mining



Projects of AK Altynalmas JSC Group

PUSTYNNOYE PROJECT

Pustynnoye deposit is located in Aktogai district of Karaganda region 100 km to the east of Balhash and 25 km to the north of the Akzhaydak railway station. Currently, geological prospecting work is being carried out at the nearby Karyernoye and Baktai deposits with the ores of similar type. After the end of the prospecting stage, these deposits will be a reserve for the replenishment of the raw material base of Pustynnoye mining-and-smelting plant. Dolinnoye quartz-lode gold deposit is located 12 km to the east. Mineral rights belong to Aktogai Mys LLP that is a member of Altynalmas Group.

The production complex of Pustynnoye deposit includes an open-cut ore mine, GPP and all the necessary social and

production infrastructure. The full range of gold-bearing ore from mining and all the way up to production of the end product – doré gold, is performed at Pustynnoye deposit. Another enterprise-member of Altynalmas Group – Altynalmas Technology LLP, is also involved in the production process.

Annual production output of Pustynnoye and Dolinnoye deposits is approximately the same and is at the level of 3 million tons per year (6 million tons altogether). In 2021, the deposits produced a total of 167,000 ounces of gold in the form of doré bars.

Deposit	Pustynnoye	Karyernoye (Balkhash area)	Sayak 4	Dolinnoye	Baktai
Method of production	Open-pit mining	Open-pit mining	Open-pit mining, underground mining	Open-pit mining	Open-pit mining
Resources, thsd oz	1,074	1,796	1,138	1,699	97
Reserves, thsd oz	598	1,445	694	748	–
Annual production output, ton of raw material	3 million	2.5 million	0.5 million	3 million	0.4 million
Processing facilities	GPP (floatation/ultra-fine grinding/Albion/CIL)			GPP (CIP)	–
Final product	Doré bars				
Production output in 2021	108,000 oz		59,000 oz		
Operation end	2026	2046	2034	2030	2026
Growth projects	<ul style="list-style-type: none"> Geological prospecting work carried out at Pustynnoye deposit (possible increase of production output); Transfer to underground mining (1 million of ore per year) after completion of open-pit mining stage at Pustynnoye deposit; Potential projects of Pustynnoye GPP raw material base expansion using the nearby deposits. 				Geological prospecting work at the deposit

AKBAKAI PROJECT

Akbakai ore deposit is located within the Chu-Ili ore belt. It extends to 15km in the north-west direction and is 3.5-4.0km wide.

Akbakai cluster’s GPP processes ore extracted at the Akbakai, Beskempir, Aaryernoye, Aksakal, Svetinskoye, Kenzhem and Olimpiiskoye deposits and floatation tailings of Akbakai beneficiation plant.

The enterprise transfers underground mining work to mechanized development method. Gold-bearing ore is processed at the GPP and metal is extracted and finished product – doré alloy, is produced. Akbakai GPP produced totally 61,000 oz of gold in doré bars in 2021.

In 2021, the Company made a decision to terminate the contract for development of Svetinskoye deposit due to the low economic efficiency.

Currently, the Company is carrying out geological prospecting at Mizek deposit located in Abai region. It is planned to commence open-pit mining upon completion of geological prospecting stage.

Deposit	Akbakai	Olimpiiskoye	Aksakal-Zagadka	Aksakal-Beskempir	Karyernoye	Svetinskoye	Kenzhem	Mizek
Method of production	Underground mining	Open-pit mining	Open-pit mining	Underground mining	Open-pit mining	Open-pit mining, underground mining	Underground mining	Open-pit mining
Resources, thsd oz	1,118	218	397	161	22	278	1,327	3,376
Reserves, thsd oz	131	57	55	10	–	–	–	887
Annual production output, ton of raw material	320,000	500,000	200,000	240,000	150,000	200,000	–	–
Processing facilities	Akbakai GPP (CIP). It is planned to increase the GPP’s production output from 850,000 to 1.2 million tons of ore per year in 2022							
Final product	Doré bars							–
Production output in 2021	61,000 oz							–
Operation end	2039	2026	2028	2024	2020	2022	2033	–

AKSU 2 PROJECT

Aksu ore deposit is located in the Akmola region and includes six ore sites: Western, Central, Staratelskiy, I Oktyabrsky, II Oktyabrsky and Budennovskiy. Altynalmas carries out ore mining activity at the II Oktyabrsky site and geological prospecting activity at the Western, I Oktyabrsky and Budennovskiy sites.

The annual production output of the mine at the II Oktyabrsky site is approximately 5 million tons of ore that is processed by GPP using CIL technology (gold leaching using cyanide solutions with simultaneous adsorption of the metal from the pulp with activated carbon). In 2021, 48,000 oz of gold in doré bars were produced from raw material produced

by the mine. It is planned to continue gold production at the mine till 2028. We are currently carrying out an inventory of our reserves and, based on the results of the inventory, the deposit development period will be revised.

Altynalmas also carries out development of TMF of Aksu deposit under the Aksu 2 project. There is a gold-bearing waste processing plant with an annual capacity of up to 2.4 million tons of raw materials. The plant’s output in 2021 was 16,000 oz in doré bars. In 2022, the Company plans to withdraw from the contract for the development of TMF at Aksu deposit due to its depletion.

Deposit	Aksu (II Oktyabrsky Site)	Aksu deposit TMF
Method of production	Open-pit mining	–
Resources, thsd oz	1,710	–
Reserves, thsd oz	982	–
Annual production output, ton of raw material	5 million	2.4 million
Processing facilities	GPP (CIL)	TMF plant
Production output in 2021	48,000 oz	16,000 oz
Operation end	2028	4 th quarter of 2021
Growth projects	The possibility of expanding the raw material base of the refinery by means of involvement (based on the results of the additional drilling currently being performed or planned) into processing of the “Resources” category reserves and the reserves of the nearby deposits.	Reequipping the TMF plant to make a beneficiation plant of it to process ore from the Aksu deposit



AKSU – QUARTZITE HILLS PROJECT

Quartzite Hills deposit is located in the north-east part of Aksu ore deposit. There are six industrial ore bodies within the deposit and a number of small bodies and mineralization areas. The annual production capacity of the mine is 300,000 tons of ore. The raw materials are processed by the beneficiation plant using a floatation beneficiation

method. Gold production output in 2021 was 18,000 oz in the form of floatation concentrate. Currently, geological prospecting operations are carried out at the deposit and upon their completion it is planned to increase the annual production output of the mine to 500,000 tons.

Deposit	Quartzite Hills
Method of production	Underground mining
Resources, thsd oz	1,564
Reserves, thsd oz	349
Annual production output, ton of raw material	300,000
Processing facilities	Beneficiation plant
Final product	Floatation concentrate
Production output in 2021	18,000 oz
Operation end	2028
Growth projects	Extension of the mine operation time to the next 10 years based on the results of the geological prospecting may result in possible increase in the mine's production output to 500,000 tons per year.

ZHOLYMBET PROJECT

Zholymbet deposit is located in the Akmol region. The ore deposit consists of three sites (Central, Southern and Northern) and a number of silica-gold formation sites. GPP is intended for processing of ore produced at the Central site (Open-pit mine No. 6, Central mine). The total production capacity of the mine is 1,150,000 tons of ore including 250,000 tons produced by the underground mining method and 900,000 – by the open-pit mining method.

bearing products (cathode sludge) from the raw materials produced by open-pit mining. In 2021, gold production output by GPP using Zholymbet TMF amounted to 22,000 oz in the form of doré bars.

Up to the end of 2021, Altynalmas carried out the development of TMF deposit and starting from April 2021, the gold-bearing TMF processing plant commenced ore processing. In 2021, the production output of the plant was 18,000 oz of gold in doré bars. In 2022, the Company plans to withdraw from the contract for the production of TMF of Zholymbet deposit due to its depletion.

There is ore dressing plant and GPP with the production capacity of 500,000 and 650,000 tons, respectively. In 2021, the ore dressing plant produced 45,000 oz of gold in gold-

Deposit	Zholymbet	Zholymbet deposit's TMF
Method of production	Open-pit mining	Underground mining
Resources, thsd oz	3,771	-
Reserves, thsd oz	407	-
Annual production output, ton of raw material	900,000	250,000
Processing facilities	Ore-dressing plant of production output of 500,000 thousand tons of ore per year (is planned to be closed in 2024)	GPP (CIL) of production output of 650,000 tons of ore per year produced by open-pit and underground mining methods
Final product	Gold-bearing products	Gold-bearing products
Production output in 2021		45,000 oz
Operation end	2029	2029
		4 th quarter of 2021

Deposit	Zholymbet	Zholymbet deposit's TMF
Growth projects	<ul style="list-style-type: none"> Repeated processing of aged tailings; Geological prospecting operations (possible increase of production volume); Increase in production output and processing up to 2 million tons per year. 	

BESTOBE PROJECT

Bestobe gold ore deposit is located 200 km to the north-east of Nur-Sultan and 100 km to the east of Stepnogorsk. The scoping study aimed at assessing the potential of both the increase in production output and the extension of the deposit operation time was completed in 2021.

Altynalmas mines ore by underground method at the Western site of annual production output of 300,000 tons of ore. Raw material is processed by ore dressing plant. According to 2021 results, production output was 18,000 oz in the form of floatation concentrate.

In 2021, Altynalmas also developed TMF deposit. Totally, 12,000 oz of gold in the form of doré bars were produced from TMF. In 2022, the Company plans to withdraw from the contract for the development of TMF deposit in Bestobe because of its depletion. Our plan is to reequip the gold-bearing waste processing plant into a gold process plant (GPP).

In May 2021, the operation of the TMF processing plant was suspended at the request of the initiative group of Bestobe village inhabitants. Later, the production process was resumed in November 2021. At the request of the initiative

group, the tailings dump, where mine water was delivered as part of the tailings generated by the Bestobe processing plant operation, was also closed.

An independent appraisal of the Bestobe processing plant, which was built and put into operation back in 1934, has been carried out. The plant was declared to be in an emergency condition, and its further operation was inexpedient. In view of the demands for shutting down some of the facilities of the Bestobe production site that made timely full-scale resumption of the production facilities operation unlikely, a decision was made to dismantle the equipment from this processing plant.

After the resumption of the TMF processing plant operation, mine waters were used for the production process purposes of this plant. Nevertheless, over the downtime period the mine was partially flooded by this ground water because of a lack of tanks suitable for this volume of water.

A decision on the further development of the Bestobe production site will be made by the Group's management in 2022.

Deposit	Bestobe		
	Central Site	Western Site	Bestobe TMF Deposits
Method of production	Open-pit mining	Underground mining	-
Resources, thsd oz	385		18
Reserves, thsd oz	-		-
Annual production output, ton of raw material	650,000 (potential)	300,000	2.8 mln.
Processing facilities	It is planned to reequip the TMF processing plant with full cycle of ore processing (OPM + UGM)	It is planned to reequip the TMF plant into gold process plant (GPP) with full cycle of ore processing (UGM + OPM)	TMF plant
Final product	-	Floatation concentrate	Doré alloy
Production output in 2021	-	18,000 oz.	12,000 oz
Operation end		2029	2022
Growth projects	Work may only be commenced after the resettlement of the inhabitants from the sanitary protection area around the future open-pit mine area.	Geological prospecting operations (possible increase in the production output of the mine)	TMF reequipping into GPP

Raw Materials Base of AK Altyntalmas JSC Group

Parameter	UoM	Resources (MI&I)			
		Appraised	Identified	Hypothetical	Total
AK ALTYNTALMAS JSC					
Akbakai Project					
Ore	Thousand tons	951	4,409	25,588	30,949
Gold content	Gram per ton	4.72	2.52	3.67	3.54
Gold	kg	4,486	11,118	93,838	109,442
	Thousand oz	144	357	3,018	3,520
Pustynnoye Project					
Ore	Thousand tons	-	171,683	63,617	235,300
Gold content	Gram per ton	-	1,26	1,09	1,21
Gold	kg	-	215,834	69,524	285,357
	Thousand oz	-	6,945	2,235	9,179
AK Altyntalmas JSC, total					
Ore	Thousand tons	951	176,092	89,206	266,249
Gold content	Gram per ton	4.72	1.29	1.83	1.48
Gold	kg	4,486	226,952	163,361	394,799
	Thousand oz	144	7,302	5,253	12,699
KAZAKHALTYN LLP					
Aksu deposit					
Ore	Thousand tons	-	33,401	14,669	48,070
Gold content	g/t	-	2.07	2.23	2.12
Gold	kg	-	68,987	32,695	101,683
	Thousand oz	-	2,218	1,057	3,247
Zholymbet deposit					
Ore	Thousand tons	-	6,137	27,559	33,696
Gold content	g/t	-	2.89	3.61	3.48
Gold	kg	-	17,745	99,561	117,306
	Thousand oz	-	570	3,201	3,771

Parameter	UoM	Resources (MI&I)			
		Appraised	Identified	Hypothetical	Total
Bestobe deposit					
Ore	Thousand tons	-	-	8,384	8,384
Gold content	g/t	-	-	1.45	1.5
Gold	kg	-	-	12,190	12,190
	Thousand oz	-	-	385	385
Kazakhaltyn LLP, total					
Ore	Thousand tons	-	39,538	50,672	90,150
Gold content	g/t	-	2.19	2.85	2.56
Gold	kg	-	86,733	144,447	231,180
	Thousand oz	-	2,788	4,643	7,431
KAZAKHALTYN TECHNOLOGY LLP					
Aksu TMF*					
Ore	Thousand tons	-	-	-	-
Gold content	g/t	-	-	-	-
Gold	kg	-	-	-	-
	Thousand oz	-	-	-	-
Bestobe TMF					
Ore	Thousand tons	-	1,084	-	1,084
Gold content	g/t	-	0.53	-	0.53
Gold	kg	-	574	-	574
	Thousand oz	-	18	-	18
Zholymbet TMF*					
Ore	Thousand tons	-	-	-	-
Gold content	g/t	-	-	-	-
Gold	kg	-	-	-	-
	Thousand oz	-	-	-	-
Kazakhaltyn Technology LLP, total					
Ore	Thousand tons	-	1,084	-	1,084
Gold content	g/t	-	0.53	-	0.53
Gold	kg	-	574	-	574
	Thousand oz	-	18	-	18

*In 2021, TMF reserves of Aksu and Zholymbet deposits depleted. The plans for 2022 are to commence secondary processing of Zholymbet TMF.

02

Corporate Strategy

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Mission and Vision

Our Mission:

We transform the subsoil potential into GOLDEN opportunities for the society, employees, investors and other stakeholders.

Our Vision:

Our vision is to become the leader of the Central Asia gold production industry.

Business-model:

- We are planning to expand our business through organic and inorganic growth.
- Organic growth means expansion of the raw materials base by means of prospecting and follow-up prospecting at the existing areas.
- Inorganic growth means expansion of the raw materials base through the purchase of new assets.

Corporate Values and Principles

PROFESSIONALISM

- We never stop developing and learning. Each day we strive to work better than yesterday.
- In our work, we set a high bar and rely on strict observance of ethical standards.
- We strive to be professionals in our deposit of activity and to bear responsibility for the result.
- We achieve high results by being responsible, honest, ethical and empathetic towards colleagues.

SUSTAINABLE DEVELOPMENT

- We build our business based on the sustainable development practices in accordance with the highest international standards.
- We help our employees and partners to develop and together create an eco-environment of success.
- As a subsoil user, we bear responsibility for sustainable development of the region of our presence.
- We are honest, open and transparent and are ready to bear responsibility for the made decisions and achieved results of our activity.

COOPERATION

- We are Altynalmas team and we have common goals.
- We recognize the value of every person for the success of the whole team.
- Together we are stronger and capable of achieving high goals. Cooperation helps us achieve greater things.
- Each of us is ready to make advances, be friendly, listen and hear and make mutually profitable decisions.

SAFETY

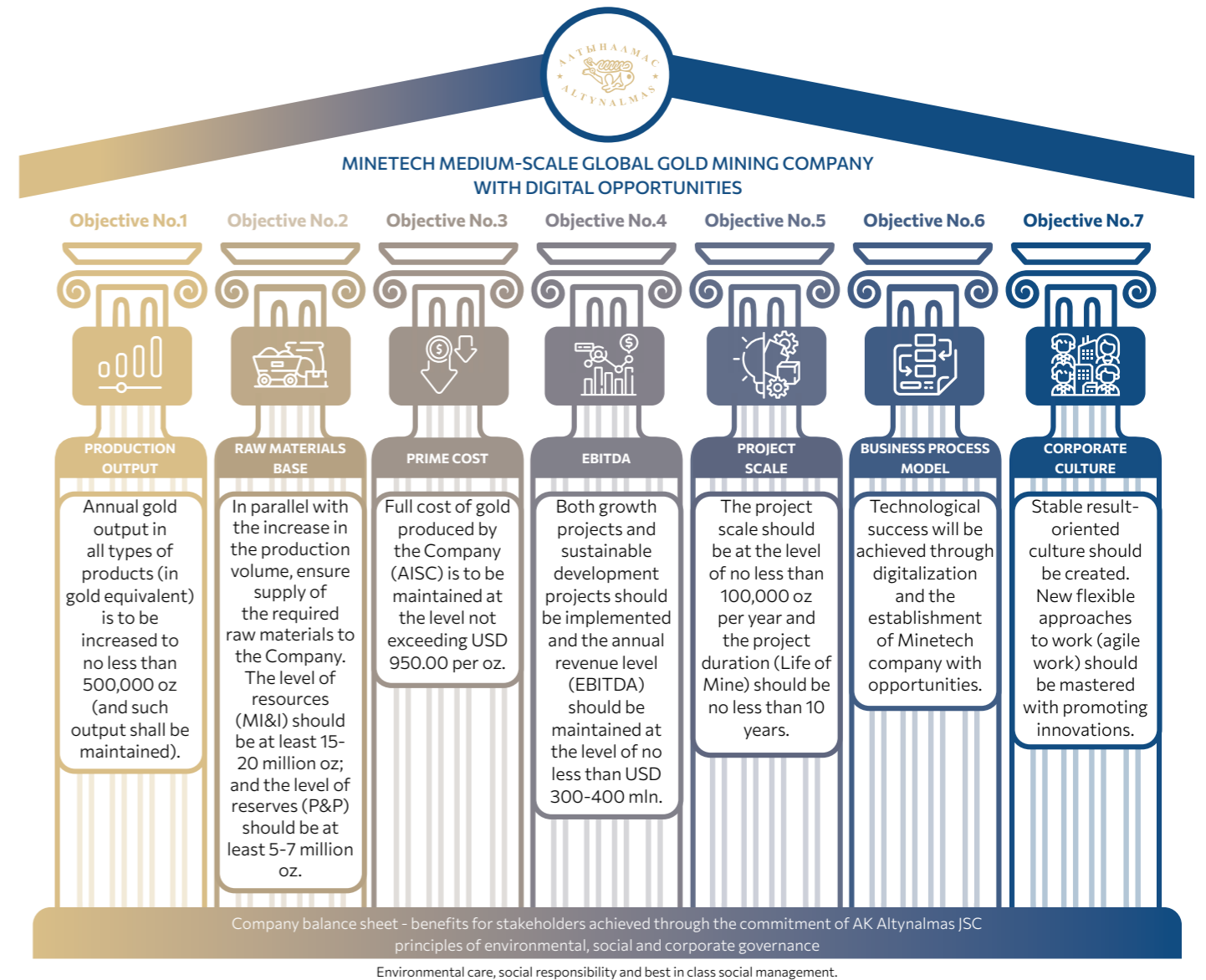
- Safety is our top priority. There are no little things in safety. We know the safety rules, adhere to them and prevent violations.
- In our work we, first of all, ensure complete safety of people and environment.
- We take responsibility for environmental care and the future of our planet.
- We have the right to safety and are aware that we bear personal responsibility for safety.

INNOVATIONS

- We analyze the present to become better tomorrow.
- We foster the atmosphere of creativity and out-of-the-box solutions.
- We strive to be one step ahead in technical knowledge and environmental protection.
- We generate ideas for choosing a new way that would be more technology savvy, effective and environment-friendly.

Strategic Objectives

In 2021, the Company developed and adopted a new corporate strategy for 2021–2025 outlining its basic strategic objectives.



Achieving the set strategic goals involves maintaining a balance of interests of all the Company's stakeholders through the implementation of the ESG concept focused on environmental protection, social responsibility and the introduction of best corporate governance practices.

As part of the corporate strategy implementation, the Company has implemented a set of measures aimed at creating a basis for stable and sustainable growth. In particular:

- Balanced and well-diversified portfolio of geological prospecting projects and production assets at the various stages of development has been formed;

- A team of experienced and highly professional managers has been built;
- Experience in implementing major gold production projects has been amassed starting from the geological prospecting stage to driving the production facilities to the rated capacity;
- Effective cooperation with the leading financial institutions has been established;
- The Group's structure has been reorganized to ensure extensive growth.

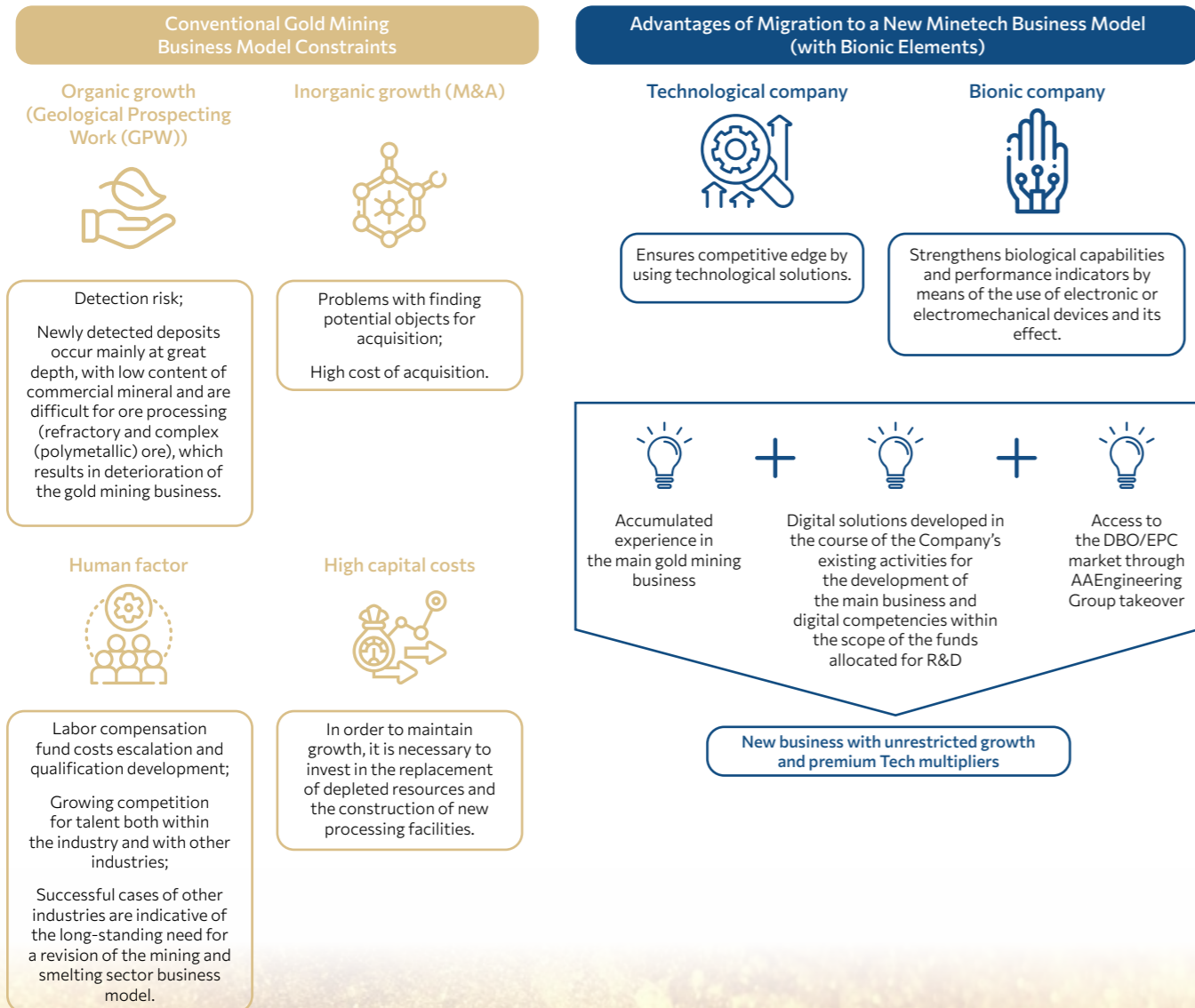
MIGRATION TO MINETECH BUSINESS MODEL

Minetech is a concept implying migration from a conventional business model of the gold mining market to the business model of a tech company with Bionic elements by adopting innovative solutions and gaining digital competencies.

The technological business model facilitates the unlocking of the full potential of human resources and stimulates innovative technologies.

DEVELOPMENT TOWARDS MINETECH

VISION OF ALTYNALMAS: CHANGE OF THE BUSINESS MODEL IS AN INEVITABLE STEP IN THE EVOLUTIONARY DEVELOPMENT OF THE COMPANY RESEARCH INSTITUTE OF THE MINING AND METALLURGICAL SECTOR



Introduction of Leading-edge Technologies

Digital transformation is a priority line of activity in the Company's development strategy. Altylnalmas is one of the seven model plants within the framework of the Model Digital Plants project aimed at stimulating the adoption of Industry 4.0 technologies. At the Digital Almaty 2021 forum, it was mentioned that Altylnalmas is the most mature company in terms of digital development not only in Kazakhstan, but also on a global scale.

Digital transformation of the Company started in 2017 with the Digital Mine project implemented at the Pustynnoye deposit. The program has become one of the flagship projects of Kazakhstan industry digitalization. The main objectives of the program are as follows:

- Creation of a unified basic and system IT-landscape, including high-quality communication channels, server infrastructure, information security and technical support to improve business manageability;
- Creation of a single library of standardized business processes contributing to the change management process and reengineering of the Company's business processes to ensure the achievement of the Company's strategic objectives;
- Creation of a common information environment allowing for collection of reliable and trustworthy data, including requirements for accounting and reporting process automation;
- Improvement of the business model stability through the establishment of a quality analytical environment

for situation modeling and forecasting for business management and making timely decisions.

- In 2021, the basic cases, implemented by the Company under the Digital Mine project, were presented, namely:
- Optimization of the grinding cycle using elements of artificial intelligence, implemented on the brains.app platform from Intellisense. This case resulted in an effect of \$1.3 million;
- Automation of open-cat mining by creating a unified environment where there is a weekly-daily mining plan, according to which electronic work orders are issued to specific workers and automatic collection of actual indicators (place of work, volumes, etc.) is performed. This case was implemented using advanced mining solutions such as: Datamine Studio OP, Wencomine, Mine Advisor;
- Introduction of OREPRO 3D technology allowing for a simulation of ore movement during blasting in order to accurately determine the boundaries for subsequent efficient processing;
- Launch of SAP S/4Hana – a transition to an innovative ERP system, covering the production accounting, finance and procurement processes, has been completed and personnel administration and payroll processes have been implemented in SAP. This project was completed twice as fast as similar projects implemented by industrial companies in Russia and Kazakhstan.

Digital Mine project also includes other initiatives that are expected to be completed in 2022–2023.

Project development on the SAP base	<ul style="list-style-type: none"> • Mid- and short-term planning and repair management, including integration with lower-level systems for the transfer of information on downtime, defects and time of operation; • Automation of financial consolidation processes on the basis of SAP Group Reporting for AK Altylnalmas JSC Group; • Continuing automation of planning, budgeting, accounting and reporting as regards data obtaining from lower-level production systems.
HR management projects development in SAP SuccessFactors	<ul style="list-style-type: none"> • The processes for KPI setting and their achievement assessment in Success Factors have been launched. 2021 KPI setting and assessing were performed using the SuccessFactors product Performance&Goals Management. • Learning Management System module has been launched. In this module certain courses may be selected for certain employees to take and there is a library of electronic courses for self-study. • There are plans to launch modules for personnel recruiting and adaptation.
Reporting based on the BI tools	<ul style="list-style-type: none"> • Development of dashboards for the Company's business processes in the form of intelligence reports for decision making.
Mining and geological stage projects	<ul style="list-style-type: none"> • Digitalization of deposit geomechanical documentation to be kept and maintained on a tablet. • Data collection in the Minevision Information System to create a three-dimensional block geotechnical model according to the rating classifications of the Dolinnoye open-pit mine. • Mine Advisor system integration with the systems of mining and geological stages and SAP for the transfer of planned and actual values, according to directories and results.

GPP projects	<ul style="list-style-type: none"> Development of a unified digital platform for finished product processing and production for the Pustynnoye project allowing for the improvement of analytics quality, reduction of decision-making process and improvement of technological processes. Reduction of balance gaps through control over the contributing factors, minimization of manual data input, elimination of errors in the course of calculation formula change. Automation of routine operations of documents collection and processing. Online monitoring of the process equipment operation and the course of production processes for all business units involved.
Other projects	<ul style="list-style-type: none"> Medical Examination Electronic System (MEES) makes it possible to automate the medical examination procedure with account for applicable law requirements. MEES terminals have been installed at the Pustynnoye project for self-examination by the employees. There are plans to complete the integration of reference data and the transfer of medical examination results in the work order system before the beginning of a work shift. The central checkpoint has been equipped with an inspection system, frame metal detector and inspection x-ray systems. There are plans to further develop access control system.

All projects of the Company in the sphere of automation and digitalization are implemented in compliance with the following principles:

- The projects are developed in accordance with the approved strategy of the Company development and are based on the corporate values of the Company;
- The projects represent a certain set of interconnected projects and activities;
- The results and practical value of the projects implementation is clearly articulated upon their preparation;

- The implementation of programs is coordinated in strict compliance with the provisions of the Company's internal documents;
- Structural subdivisions directly involved in the implementation of the projects are determined before the commencement of the project implementation and are familiarized with the projects' parameters, including the scope of work, the implementation approach, the implementation schedule, the expected labor contribution assessment, the budget and the implementation quality requirements.

Achieving the Strategic Objectives for 2021

AK Altyntalmas JSC

Construction of a new major mining-and-smelting enterprise (MSE) at the Asku deposit	The project is fully completed
Increase of the Akbakai GPP production capacity up to 1.2 mln ton of raw material per year.	The project completion time has been postponed to 2022 because of a delay in the supply of equipment, as well as the impossibility of a long halt of Akbakai GPP for upgrade in a winter period
Beginning of the second stage of the Digital Mine program at the Pustynnoye and Akbakai deposits	Development of a methodology for integrated planning, budgeting and reporting has started, as well as work to automate the relevant business processes.
Introduction of the Digital Mine program at the Dolinnoye and Aksu deposits	Work has begun for project replication using the Wencomine mining and conveying complex automated control system, Geosearch Minevision deposit documentation maintenance and introduction of a unified database for mining and geological stage using Mine Advisor.

Kazakhaltyn LLP

Geological prospecting work (feasibility study) was conducted at Aksu, Bestobe and Zholymbet mines. Prospecting wells were drilled and samples were taken and analyzed for gold content. The objective of the work was to increase the raw material reserves of the mines and to prepare projects for their operation.

Aksu 2: 13 wells were drilled (1,265 l.m.); 1,823 analytical samples were taken.
Zholymbet Central: 36 wells were drilled (6,686.3 l.m.); 6,158 samples were taken.
Zholymbet Southern: 31 wells were drilled (2,474.5 l.m.); 2,329 analytical samples were taken.
There are plans to continue geological surveying in 2022 and reassess Aksu 2 and Zholymbet deposits.

Geological work was conducted at the Ushtogan deposit including RC-drilling of prospecting wells, preparation and analysis of obtained geological samples for gold content. The objective of the work conducted was to carry out prospecting of the license area of the deposit.

20 wells (3,266.8 l.m.) were drilled and 3,412 analytical samples were taken.
There are plans to continue geological survey operations in 2022.

Mines No. 38, 38 BIS and 41 of the Aksu – Quartzite Hills project were abandoned.

The project was completed. Due to the completion of mining operations, it was decided to arrange for wet shutdown of mines 39-41, 38 and 38 BIS.

Construction of an underground filling station at the Zholymbet deposit for filling underground self-propelled machines with fuel.

The project was completed. The underground filling station was built at mine No. 135.

Construction and equipment of the repair stations for maintenance of self-propelled machines in underground conditions at the Zholymbet mine. Setting up repair stations for technical maintenance and repair of underground self-propelled machines in the mine.

Construction of repair stations was planned to be done at the 680 m depth level; but because of the lack of compressed air at the corresponding site of the mine, two DEN-32 compressor stations were installed there and their commissioning was planned for August 15, 2022.

Strategic Projects of the Company to be Implemented in the Mid-term

Sodium cyanide production plant construction

Currently, the Company imports from the Russian Federation approximately 10,000 tons of sodium cyanide that is an important reagent used in the production process. The expected expansion of production activity involves an increase in sodium cyanide consumption up to 14,000 tons per year. Putting into operation of a production plant with the production capacity of 25,000 tons of finished product per year will satisfy the demand of the Company and other national gold production companies and will enable exports to other countries. We are planning to use the technologies of American company Du Pont at the plant.

Introduction of "Albion" technology at the Pustynnoye deposit's GPP

The Company currently sells concentrates produced from refractory ore to the companies with pyrometallurgical stage with significant discount to the LBMA prices. The Company plans to put into operation a new workshop at Pustynnoye GPP by 2025 where gold-bearing concentrates of refractory ore will be processed into doré bars at the own production facilities. New technology "Albion", developed and patented by Swiss company Glencore in 1994, will be used in the workshop. This technology involves ultra-fine grinding of ore concentrates and their oxidation leaching under atmospheric pressure.

Zholymbet project expansion (third phase)

The Company is currently implementing the second stage of Zholymbet project based on the results of the feasibility study conducted in 2020 by the British company SRK Consulting. Within the scope of this phase, tailings retreatment plant of Zholymbet deposit was reequipped into a GPP with the production capacity of 650,000 tons of ore per year, which reprocesses ore mined by the open-pit and underground mining method. The third phase of expansion, the implementation of which was planned for 2023–2026, involves an increase in production output of underground mine of up to 2 mln tons of ore per year by means of adoption of volume underground mining and the corresponding increase in GPP production output.

03

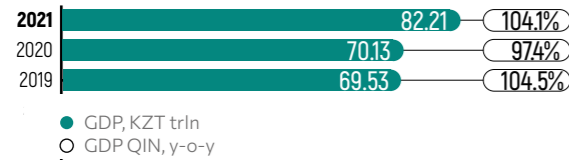
Management Report

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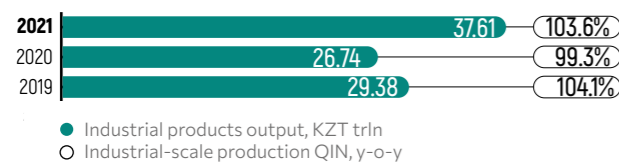
Macroeconomic Situation in Kazakhstan

GDP Dynamics



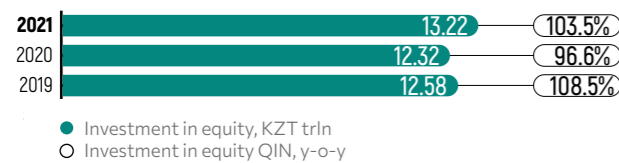
Source: BNS ASPRRK

Industrial-scale Production



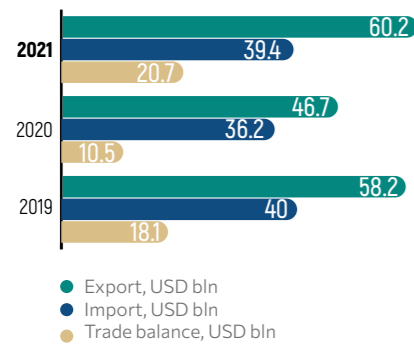
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Investment in Equity



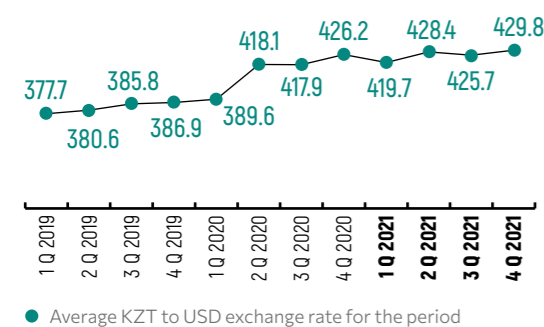
Source: BNS ASPRRK

Foreign Trade



Source: RK NB

KZT Exchange Rate



Source: RK NB

At the end of 2021, Kazakhstan's GDP in nominal terms amounted to KZT 82.21 trillion. Trade (17.5%), mining and processing industries (13.9% and 13.7%, respectively) were of highest relevance in the GDP structure. In real terms, national GDP increased by 4.1%. The processing industry (+5.6%), the construction (+7.6%), trade (+9.2%) and information and communication sectors (+14.6%) also gained a boost. The mining industry also grew by 1.7%, while agriculture experienced a recession by 2.4%.

Industrial-scale production in monetary terms increased from KZT 26.74 trillion in 2020 to KZT 37.61 trillion in 2021. The real growth of industrial-scale production was 3.6%. The mining and processing industry growth in real terms amounted to 1.9% and 4.7%, respectively.

Investment in equity amounted to KZT 13.22 trillion at the end of 2021, which was KZT 0.9 trillion higher than that of the previous year. In real terms, investments in equity increased by 3.5%. The share of investment in equity of industrial enterprises made 49.2% of total investments in equity.

At the end of 2021, export of the goods from Kazakhstan in monetary terms amounted to USD 60.2 bln, which was 28.8% above the level of the previous year. Increase in export was mainly caused by increase in contract prices for hydrocarbons. The higher export growth rate as compared to import caused almost double-fold increase in positive trade balance.

KZT to USD exchange rate increased in 2021 from KZT 420.91 to 431.67 for one US dollar at the beginning and at the end of the year, respectively. The average annual exchange rate amounted to KZT 426.03 per one US dollar, which was somewhat higher year-on-year (KZT 412.96 per one US dollar). KZT weakening had a favorable effect on the financial standing of manufacturers, whose product prices are set in USD and other strong currencies, including many mining companies.

Global Gold Market

Geological Reserves

According to USGS estimation, total global extractable gold reserves amount to 54,000 tons (estimation as at the end of 2021). Given below are the world leaders by gold reserves: Australia (11,000 tons), Russia (6,800 tons), SAR (5,000 ton), USA (3,000 tons) and Indonesia (2,600 tons), Kazakhstan and Ghana have approximately equal reserves (1,000 tons each) and share the 14th and 15th places.

Production and Supply

According to WGC, total global production of gold reduced in 2021 by 1.18% y-o-y and amounted to 4,710.6 tons. The production volume amounted to 3,560.7 tons (+2.47%) and the volume of gold produced through secondary processing was 1,149.9 tons (-11.01%). Taking into account the hedging operations carried out by the gold manufacturers, total gold supply amounted to 4.666.1 tons, which was 1.16% below the level of 2020.

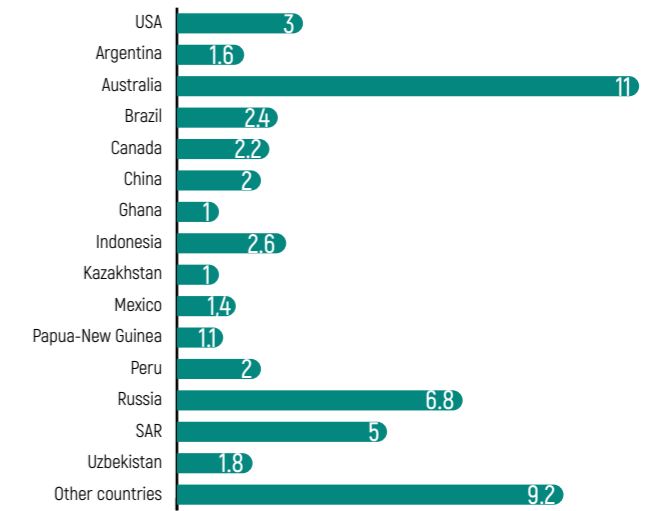
Leading Countries in Gold Production

As of the end of 2021, the largest gold producers are: China (332.0 tons), Russia (330.9 tons), Australia (315.1 tons), Canada (192.9 tons), USA (186.8 tons), Ghana (129.2 tons), Peru (127.3 tons), Mexico (124.5 tons), Indonesia (117.5 tons), SAR (113.6 tons). The share of the above countries in the global gold production made up 55.8% in 2020 and 55.0% in 2021.

In 2021, the production volume of the top three gold producers decreased. The production volume of China – the leading producer, decreased by 36.3 tons or by 9.9% in 2021 as compared to 2020. It should be mentioned that the China's production volume decreased at a rather high rate after the peak level of 463.7 tons reached in 2016. Serious toughening of environmental requirements for China mining companies starting from 2017 was one of the main reasons for the production volume reduction.

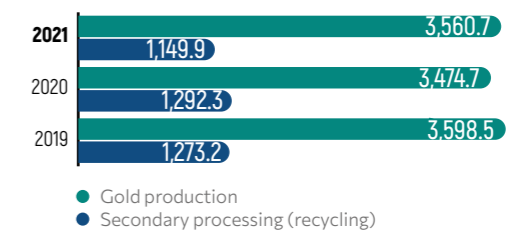
As regards Russia and Australia, reduction was not that prominent (0.6 and 12.7 tons) and was observed in 2021 only, which, taking into account the progressive increase in the production volumes of those countries over the past years, suggests that in the foreseeable future they will cause China to lose its leadership.

Extractable gold reserves by countries thsd tons



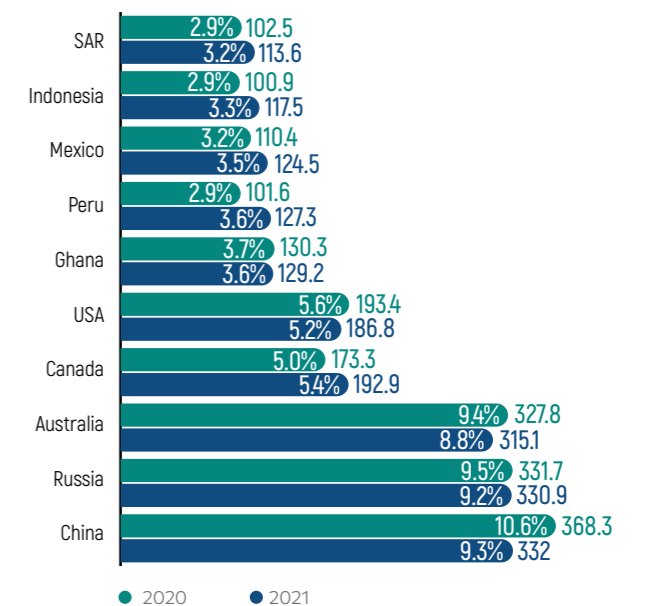
Source: USGS, estimation as of the end of 2021

Global Gold Production, tons



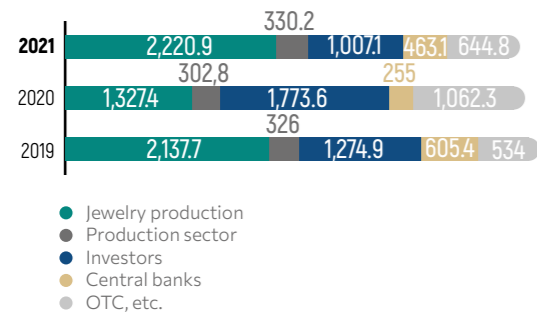
Source: WGC

Share of global production (%) and production volume (tons) of 10 gold producing countries



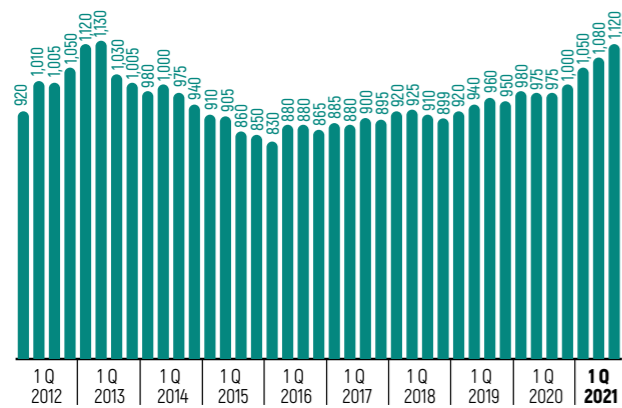
Source: WGC, own calculations

Global Gold Demand, tons



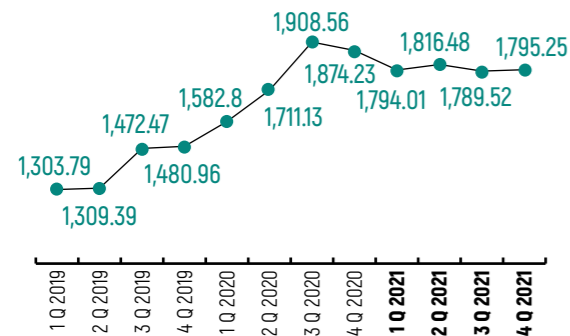
Source: WGC

Cost of Gold Production



Source: Metal Focus

Gold Price Dynamics (LBMA Gold Price PM) average for a quarter, USD/oz



Source: WGC

In 2021, the total global gold demand reduced by 1.2% as compared to 2020 and amounted to 4,666.1 tons. The decline in investment demand at exchange and over-the-counter markets was the main reason for the sagging aggregate demand. At the same time, it is necessary to note the increase of investment demand for physical gold in bullion and bullion coins.

Amid the economic recovery after the removal of quarantine restrictions, the demand of the jewelry industry increased by 67.3%, that of the production sector (primarily manufacturers of electronics) increased by 9.1%, and that of central banks grew by 81.6%.

The largest volumes of physical gold were purchased by the central banks of Thailand, India, Hungary, Brazil, Uzbekistan, Singapore and Kazakhstan.

The currencies of a number of the largest gold producers, including Australia, Canada and SAR, strengthened as compared to the US currency, resulting in an increase in all-in sustaining costs (AISC) in terms of USD. The increase in capital costs was an additional factor of AISC growth.

Gold Price Dynamics

Negative expectations of economic agents amid the pandemics and international policy tensions boosted demand for gold as a “protected asset”. The surge in demand along with the economic slowdown caused by stringent quarantine restrictions in most of the countries resulted in an upsurge in gold prices in the third quarter of 2020.

In the 4th quarter of 2020 – the 1st quarter of 2021, the gold price reduced due the easing of quarantine requirements; but it somewhat increased under the effect of reintroduction of the restrictions. However, in the middle of the year it became obvious that a full lockdown scenario was unlikely, which resulted in the price decrease caused by the outflow of investor funds from gold ETFs.

Gold Production in Kazakhstan

According to the data of the Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan (BNS ASPR RK), 32,536,500 tons of gold-bearing ore were produced in Kazakhstan in 2021, which was 23.3% above the level of 2020. Gold-bearing concentrate production increased by 20.2% and amounted to 533,200 tons. Increase in production activity of the enterprises controlled by foreign investors caused the increase in ore extraction and concentrate production.

At the same time, gold mining companies with foreign participation export the extracted raw materials outside Kazakhstan for further processing. Thus, the production of raw and semi-processed gold decreased from 117.0 to 114.8 tons (by 1.8%), and that of refined gold declined from 67.8 to 65.0 tons (by 4.2%).

In 2021, the Akmola region accounted for more than half of production volume – 54%. Shares of Abai (former East Kazakhstan), Kostanay, Karaganda, Zhambyl and Aktobe regions were 17%, 15%, 10%, 4% and 1%, respectively.

The share of Altyntalmas Group in gold production was 18%. Among the largest producers there is also KAZ Minerals PLC (7%), Polymetall Eurasia LLP (25%), Kazakhmys Corporation LLP (8%) and Kazzinc LLP (22%).

There are three refineries in Kazakhstan: the refinery of the Ust-Kamenogorsk metallurgical complex (Kazzinc LLP), the refinery of the Balkhash copper smelter (Kazakhmys Corporation LLP) and the refinery of Tau-Ken Altyn LLP. The refineries use various technologies: the Ust-Kamenogorsk Metallurgical Complex uses chemical refining of gold with the use of aqua regia; the Balkhash copper smelter uses the Miller process (semi-finished product purging with gaseous chlorine); and the Tau-Ken Altyn LLP plant uses electrochemical refining.

All doré bars produced by Altyntalmas Group are sent for refining to Tau-Ken Altyn LLP located in the city of Nur-Sultan. After refining, Tau-Ken Altyn LLP sells gold in bars to the National Bank of the Republic of Kazakhstan (RK NB).

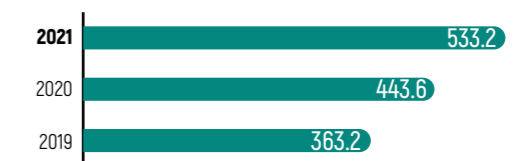
Main Indices of Gold Production in Kazakhstan

Ore production, thsd tons



Source: BNS ASPR RK

Concentrate production, thsd tons



Source: BNS ASPR RK

Unwrought and semi-processed gold, kg



Source: BNS ASPR RK

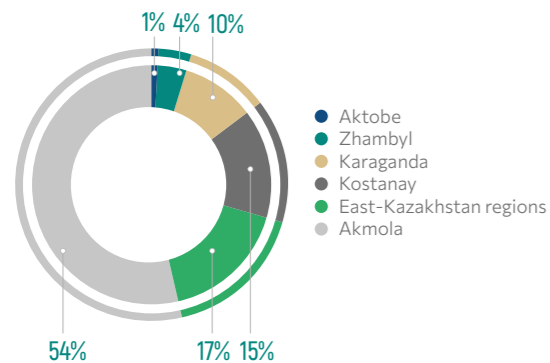
Fine gold, kg



Source: BNS ASPR RK

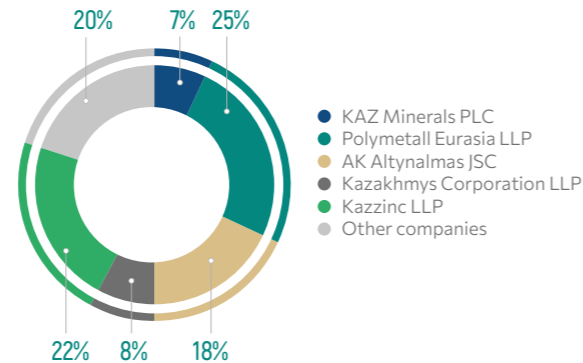


Gold production in 2021 broken down by regions



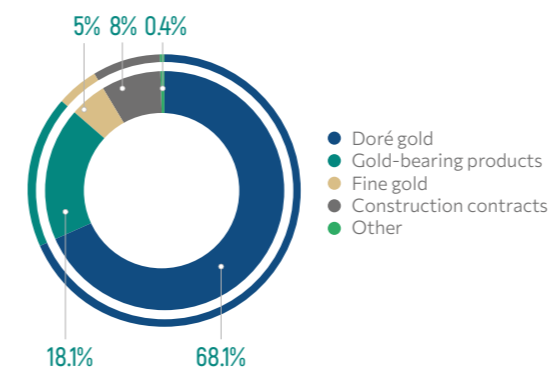
Source: BNS ASPR RK, own calculations

Gold production in 2021 broken down by manufacturers



Source: web-sites of companies, own calculations

Altyntalmas Group Income Structure by Types of Products in 2021



As of the end of 2021, the Company's revenue totaled KZT 347.5 bln, which was 16.4% higher y-o-y. In the revenue structure, Doré gold sales made up 68.3%, the sale of gold-bearing products accounted for 18.2%, fine gold sales accounted for 5% and revenues from construction work and design development services totaled 8.0%.

COMPETITIVE STRENGTHS OF AK ALTYNTALMAS JSC

- A number of large deposits, the geological properties of which ensure low cost of production;
- Extensive raw material base: the availability of deposits with different geological properties in several regions of Kazakhstan, which are developed both by open-pit and underground methods, makes it possible to diversify geological, technological, production and other risks;
- The Company's processing capacities include the new and effective gold process plant (GPP) using diversified process schemes, which ensures significant production flexibility;
- Almost 30 years of experience in implementing major gold production projects from the prospecting stage to driving up to the rated capacity;
- Effective interaction with financial institutes.

Operating Activity of the Company

RANGE OF THE COMPANY'S PRODUCTS

Gold in doré bars, cathode or placer gold are the core products of Altyntalmas Group's product range. These products are supplied to the refinery of Tau-Ken Altyntalmas LLP that further refines the supplied gold and delivers the refined gold to the RK NB. In 2021, part of refined gold was sold by the Company to the RK NB on its own.

Payments for the gold produced by the Company are made in tenge (KZT). The sale price is set based on the average value of morning and evening LBMA prices in US dollars (USD) for the whole month of supply and the official USD to KZT exchange rate.

In 2021, the following two types of the Company's products accounted for the largest share of sales:

- **Gold-silver alloy (Doré gold)** – 11,955,699.30 grams for the amount of KZT 237,535,330,198.00;
- **Cathode gold** – 1,750,491.97 grams for the amount of KZT 34,932,359,439.00.

The range of products also includes gold-bearing products, such as "coal fines" (CIP technology production waste), gravity and flotation concentrates, and quartz ore. These products are sold to buyers from Russia and Kazakhstan.

On June 2, 2021, the Company acquired a 100% stake in the authorized capital of AAEngineering Group LLP, the main activities of which include design development, construction and reconstruction of industrial facilities in the mining and metallurgical sector. At the end of 2021, the share of revenue under the contracts concluded by AAEngineering Group LLP and its subsidiaries for construction work and the provision of design services made up 8.0% of the total revenue of the Altyntalmas Group. In particular, AAEngineering Group LLP earned income from the implementation of construction contracts signed with Alliance Altyntalmas LLC (Kyrgyzstan), Global Jamgyr Mining LLC (Kyrgyzstan) and RG Processing LLP (Kazakhstan).

KEY PERFORMANCE INDICATORS

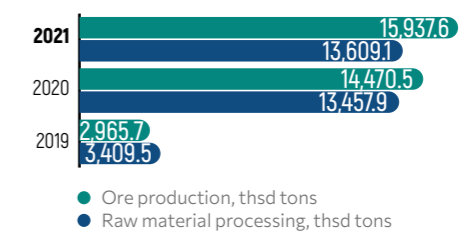
The improvement of the production processes helped achieve an increase of 10.1% in ore mining and 1.1% in raw material processing in 2021 as compared to the level of 2020. At the end of the reporting year ore mining in absolute terms amounted to more than 15.9 million tons, and the volume of raw materials processed was more than 13.6 million tons.

The rate of gold recovery from raw materials increased from 76.5% to 79.9%. However, the depletion of a number of deposits and TMF caused a reduction of gold content in raw materials and, as a result, a decrease in gold production by 4.7% in 2021 as compared to 2020. In physical terms, the gold production volume amounted to 12,662 kg or above 407,000 oz.

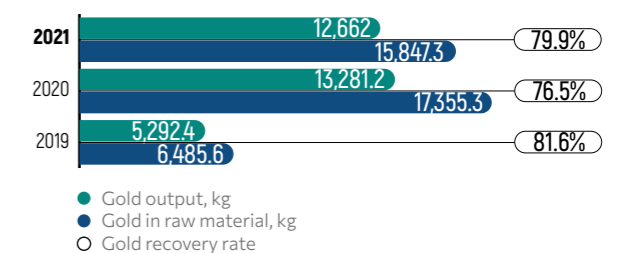
The incremental increase in production capacity led to the increase in raw material production and processing volume. However, the average gold content in the extracted ore reduced significantly. On top of that, all-in sustaining costs (AISC) increased from USD 735.00/oz in 2019 to USD 994.00/oz in 2021.

In accordance with the results of factor analysis, the reduction of gold content in raw material had a negative effect on the production of the Company's final product (-9.8%), which was partially compensated by the increase in raw material processing (+1.1%) and the increase in the recovery coefficient (+4.0%). The Company plans to take a number of measures for optimizing its raw materials base in 2022, including termination of contracts for the development of Aksu, Zholymbet and Bestobe TMF deposits because of their depletion.

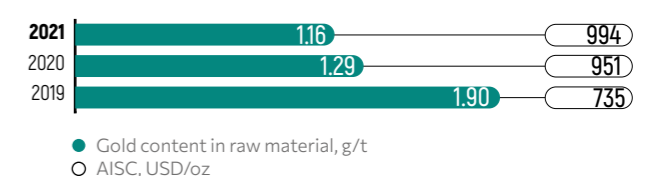
Raw Material Production and Processing



Gold Production



Prime Cost of Gold Production



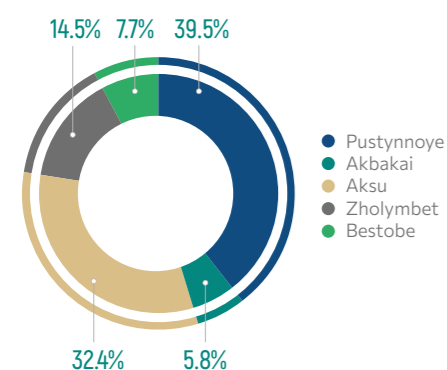
Output Dynamics Factor Analysis, kg of gold



PERFORMANCE INDICATORS BREAKDOWN BY PROJECTS AND DEPOSITS

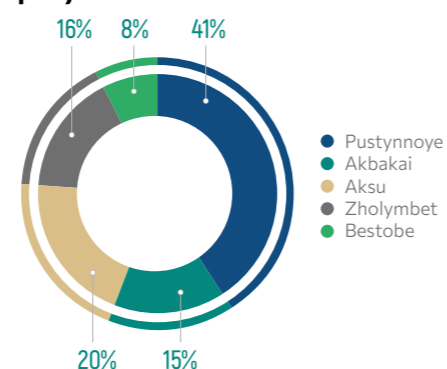
The greatest ore volumes are produced at Pustynnoye (39.5% at the end of 2021) and Aksu (32.4%) deposits. These projects are in the lead in terms of gold production. At the same time, because of the low content of gold in the extracted ore, the share of the Aksu project in gold production was significantly below its share in ore production and made up 20% at the end of 2021.

Ore production in 2021 broken down by project:



In terms of relative productivity parameters, the Bestobe deposit is in the lead with gold content in raw materials of 4.2 g/t and the gold recovery factor of 88.7%. At the same time, the TMF of the Aksu, Zholymbet and Bestobe deposits is distinguished by an extremely low gold content in the extracted raw materials with an extremely low gold recovery factor.

Gold production in 2021 broken down by projects



Performance Indicators of the Company in 2021 by Deposits

Deposit	Ore Production, thsd tons	Raw Material Processing, thsd tons	Gold Content in Raw Material, g/t	Recovery Factor	Gold Production, thsd oz	Gold Production, kg
Pustynnoye Project						
Pustynnoye	2,573.8	2,732.3	1.6	79.1%	108.3	3,368.7
Dolinnoye	3,728.9	2,543.7	0.9	83.4%	58.7	1,826.8
Akbakai Project						
Akbakai	928.3	866.6	2.5	80.0%	61.0	1,898.0
Aksu Project						
Aksu 2	3,623.2	1,635.3	1.1	84.3%	47.6	1,481.7
Quartzite Hills	174.5	356.5	2.0	83.0%	18.6	578.4
Aksu TMF	1,362.8	1,626.3	0.7	44.9%	16.0	496.9
Zholymbet Project						
Zholymbet	810.1	502.4	2.9	85.7%	44.6	1,388.6
Zholymbet TMF	1,506.6	1,900.1	0.6	58.3%	22.0	685.6
Bestobe Project						
Bestobe	131.9	116.7	4.2	88.7%	18.5	576.9
Bestobe TMF	1,097.2	1,329.1	0.4	62.3%	11.6	360.5

Financial Results

The Company's total assets increased by 32.8% in 2021 and reached KZT 741.1 bln. Current assets were growing faster as compared to the long-term ones (60.2% vs. 20.8%). The growth in current assets was due to the increase in inventories (from KZT 70.4 to 110.9 bln), trade and account receivables (from KZT 6.4 to 15.8 bln), current tax assets and income tax prepayment (totally from KZT 23.2 to 25.9 bln), other short-term assets (from KZT 6.6 to 31.6 bln), as well as due to the appearance of contract assets (for the amount of KZT 33.3 bln) with the decrease of cash and cash equivalents (from KZT 62.9 to 54.2 bln). The increase in long-term assets was mainly due to the increase in the book value of fixed assets (from KZT 215.4 to 302.5 bln) and intangible assets (from KZT 63.4 to 113.0 bln).

The Company's long-term liabilities practically have not changed (increase by 0.1%). However, there were some changes in its structure: long-term loans decreased from KZT 2.3 billion to 998.2 million, trade and accounts payable decreased from KZT 3.1 billion to 659.4 million, with the increase in estimated liabilities from KZT 9.8 to 13.5 billion and in deferred tax liabilities from KZT 15.8 to 17.3 billion.

The Company's current liabilities increased over the reporting period by 28.2% and amounted to KZT 541.4 bln. The increase

The Company's current liabilities increased over the reporting period by 28.2% and amounted to

541.4
bln tenge

in the current liabilities was mainly due to the increase in the amount of short-term loans (fro KZT 352.7 to 63.8 bln) and in liabilities under the contracts with buyers (from KZT 1.6 to 52.9 bln). The relatively lower growth rate of short-term liabilities as compared to short-term assets caused an increase in the current liquidity index value from 0.4 to 0.5.

Almost a two-fold increase in retained earnings, from KZT 64.4 to 128.3 billion, was the only reason for the growth of the Company's equity capital, which increased by 65.8% and exceeded KZT 161.0 billion. At the same time, the value of the autonomy coefficient (capital to the balance sheet currency ratio) increased from 0.17 to 0.22.

Balance Sheet Structure (Consolidated Basis), KZT thsd as of the end of the period

	2019	2020	2021	2021 vs. 2020
Assets				
Current assets	104,943,578.00	169,556,120.00	271,730,752.00	60.2%
Long-term assets	291,554,119.00	388,383,917.00	469,108,246.00	20.8%
Assets intended for sale	105,142.00	106,178.00	265,020.00	149.6%
Assets	396,602,839.0	558,046,215.00	741,104,018.00	32.8%
Liabilities and Equity				
Current liabilities	55,971,779.00	422,250,408	541,382,486	28,2%
Long-term liabilities	243,190,891.00	38,658,660	38,688,198	0,1%
Equity	97,440,169	97,137,147	161,033,344	65,8%
Equity and liabilities	396,602,839	558,046,215	741,104,018	32,8%
Balance Sheet Structure Coefficients				
Current liquidity coefficient	1.87	0.40	0.50	+10 p.
Solvency coefficient (equity/assets)	0.25	0.17	0.22	+5 p.

In 2021, sales proceeds increased over the reporting period by 16.0% as compared to 2020 and amounted to KZT 347.8 bln in absolute terms. The increase in proceeds was mainly due to the increase in income from the sales of the Company's main product – doré bars, due to the increase in the production output and gold prices escalation, as well as the acquisition of AAEngineering Group LLP.

The cost of sales increased by 42.2% (from KZT 131.4 to 187.1 bln) mainly due to the increase in expenses for the following items: “Materials and Spare Parts” (from KZT 32.9 to 57.8 bln), “Depreciation and Amortization” (from KZT 27.4 to 35.4 bln) and “Payroll Expenses and Related Taxes” (from KZT 23.0 to 33.9 bln). The outpacing growth in the cost of sales and a sharp increase in losses from the impairment of non-financial assets (when calculating gross profit,

the impairment of fixed assets and inventories was taken into account) led to a decrease in gross profit by 15.4%.

Gross income decrease along with growing loss from impairment of fixed assets, inventory and non-financial assets was the main reason for the decrease in the operating income from KZT 128.0 to 98.5 bln or by 23.0%. At the same time, income before taxes and net profit increased by 44.8% and 40.9%, respectively, as compared to 2020 due to formation of a significant foreign exchange gain.

The increase in the net profit was the main reason for the improvement of the profitability ratio. Thus, return on sales (ROS) in terms of net profit increased from 21.2% to 25.7% and return on assets (ROA) grew from 13.3% to 13.8%, while return on equity (ROE) increased from 65.2% to 69.2%.

Income and Expenses (Consolidated Basis), KZT thsd for the period

	2019	2020	2021	2021 vs. 2020
Sales proceeds	101,604,338.00	299,914,527.00	347,847,304.00	16.0%
Cost of sales	(53,957,589.00)	(131,366,327.00)	(187,080,346.00)	42.4%
Non-financial assets impairment loss	–	(1,535,197.00)	(19,399,969.00)	11.6-fold
Gross income	47,646,749.00	167,013,003.00	141,366,989.00	–15.4%
General and administrative costs	(5,823,550.00)	(40,368,055.00)	(34,806,788.00)	–13.8%
Distribution costs	(214,869.00)	(1,878,557.00)	(1,353,608.00)	–27.9%
Other operating income	213,226.00	1,607,987.00	3,428,904.00	113.2%
Other operating costs	(336,812.00)	(2,766,041.00)	(3,384,775.00)	22.4%
Reversal of non-financial assets impairment loss	111,833.00	5,743,512.00	153,186.00	–97.3%
Non-financial assets impairment loss, net	(108,154.00)	(1,377,022.00)	(6,882,641.00)	4-fold
Operating income	41,488,423.00	127,974,827.00	98,521,267.00	–23.0%
Financial income	75,139.00	1,017,295.00	1,256,952.00	23.6%
Financial costs	(4,537,896.00)	(15,645,246.00)	(24,561,822.00)	57.0%
Exchange rate gain/(loss), net	(912,569.00)	(46,179,406.00)	22,010,789.00	–147.7%
Income before taxes	36,113,097.00	67,167,470.00	97,227,186.00	44.8%
Income tax costs	(2,773,254.00)	(3,925,773.00)	(8,573,640.00)	118.4%
Profit for the year	33,339,843.00	63,241,697.00	88,653,546.00	40.2%
Other aggregate income	–	205,350.00	713,181.00	2.5-fold
Total aggregate income for the year	33,339,843.00	63,447,047.00	89,366,727.00	40.9%
Profitability Performance Profile				
ROS (net profit)	32.8%	21.2%	25.7%	+4.5 p.p.
ROA	13.4%	13.3%	13.8%	+0.2 p.p.
ROE	53.4%	65.2%	69.2%	+4.0 p.p.

In 2021, sales proceeds increased over the reporting period by 16.0% as compared to 2020 and amounted to

347.8

bln tenge

04

Corporate Governance

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Corporate Governance System

AK Altynalmas JSC corporate governance rules and principles are enshrined in its Corporate Governance Code (CGC) approved by the General Meeting of Shareholders on December 20, 2005. The Company's corporate governance is based on professionalism, honesty, justice, responsibility and competence. It is aimed at promoting trust in relations emerging in the course of the Company governance.

The efficiency of corporate governance implies adherence to the rules and observance of interests of all individuals and entities interested in the Company's activities and facilitates a successful development of the Company, including its capitalization growth, stable financial standing and profitability.

AK Altynalmas JSC Corporate Governance Principles

Protection of shareholders' rights and interests	Exercise of the shareholders' fundamental rights, in particular: <ul style="list-style-type: none"> • Access to information about the Company's activities; • Free disposal of shares in the Company held by each shareholder; • Participation in the management of the Company's affairs; • Participation in the distribution of the Company's income (dividends), etc.
Effective management	In its activity, the Company's managerial bodies ensure the following: <ul style="list-style-type: none"> • Achievement of the long-term strategic objectives of the Company; • Making effective management decisions with due account for the current economic and market conditions; • Effective management of the Company's risks; • Optimum distribution of resources available to the Company; • Observance of the current legislation of Kazakhstan; • Full transparency for and accountability to shareholders; • Maximum possible observance of the shareholders' interests.
Transparency and objectivity in disclosing information about the Company and its activities	Provision of accessible, relevant, reliable and understandable information about the Company and its activities to all stakeholders, including shareholders, counterparties, partners, existing and potential investors, representatives of government bodies and the media, within the necessary and sufficient scope.
Legitimacy and ethicality	Strict compliance of the internal regulatory system and decisions made by the Company's officials and bodies with the current legislation and the rules of corporate and business ethics.
Effective dividend policy	Transparency of the procedure for determining the amount of dividends on ordinary and preferred shares of the Company, as well as the procedure for their accrual and payment.
Effective HR policy	Development of partnership relations between the Company and its employees, protection of the employees' rights as regards social issues, improvement of labor conditions and creation of a favorable atmosphere in the staff.
Environmental protection	Careful and rational attitude to environment, minimization of harm caused to environment, life or health of people.
Settlement of corporate conflicts	Diligent fulfillment by employees and managers of the Company of their job duties in good faith and minimization of possible conflicts of interest, observance of ethical standards and settlement of occurring conflicts by means of negotiation.

There were no violations of the CGC on the part of the Company's employees in the reporting year.

Equity Holding Structure

The Company performed neither an additional issue nor a placement or buyback of its common or preferred shares in 2021. As of January 1, 2022, the number of authorized ordinary shares of the Company was 50,000,000, while the number of outstanding shares was 10,833,333. The number of placed preferred shares was 5,267, the number of redeemed

preferred shares was 4,830, and the number of preferred shares at meetings was 437.

As of January 1, 2022, the major holders of the Company's common shares were: GOUDEN RESERVES B.V. (60.0%), V.V. Jumanbayev (22.0%), D.B. Kanashev (9.5%), I.F. Vetuil (5.5%).

Holders of the Company's Common Shares

	As of January 1, 2021		As of January 1, 2022	
	Quantity	Share	Quantity	Share
GOUDEN RESERVES B.V.	6,500,000	60.0%	6,500,000	60.0%
V.V. Jumanbayev	3,250,000	30.0%	2,383,334	22.0%
D.B. Kanashev	595,833	5.5%	1,029,166	9.5%
I.F. Vetuil	162,500	1.5%	595,833	5.5%
Other shareholders	325,000	3.0%	325,000	3.0%

Rights and Obligations of Shareholders

Rights and obligations of the Company's shareholders are enshrined in the AK Altynalmas JSC Articles of Association of (the "Articles") approved by the corresponding decision of the General Meeting of Shareholders on April 30, 2021.

In accordance with the Articles, the Company's shareholders have the right to:

- Participate in the management of the Company's affairs in accordance with the procedure provided for by the Articles of the Company and current legislation of the Republic of Kazakhstan;
- Propose to the Board of Directors to include additional issues on the agenda of the General Meeting of Shareholders subject to the condition of holding 5% (five) or more percent of the Company's voting shares independently or together with any other shareholder(s);
- Participate in the distribution of dividends in accordance with the procedure provided for by the Articles and the current legislation of the Republic of Kazakhstan;
- Get information about the Company's activity and, among other things, inspect its financial statements in accordance with the procedure determined by the General Meeting of Shareholders or the Articles;
- Receive extracts from the registrar of the Company's shares and/or the nominal holder thereof confirming their title to shares;
- Propose candidates to the General Meeting of Shareholders for the election to the Board of Directors;

- Contest the decisions passed by the Company's bodies through a judicial procedure;
- Send written enquiries to the Company about its activity and receive motivated replies within 30 (thirty) calendar days from the date of the corresponding inquiry receipt;
- Receive part of the Company's property in the event of its winding-up;
- Exercise a preemptive right to the Company's shares and other securities that may be converted into its shares in accordance with the procedure provided for by the current legislation of the Republic of Kazakhstan;
- To the extent of the holding by a corresponding shareholder, whether independently or together with other shareholder(s), of 5% (five percent) or more of the Company's voting shares, apply to judicial authorities on their own behalf for a compensation by the Company's officials of any damages caused to the Company by such officials and for a return to the Company of the profit (income) earned by such officials and/or affiliates as a result of decision(s) on closing (offering to close) major deals and/or non-arm's length transactions;
- Participate in the decision-making by the General Meeting of Shareholders on altering the number of the Company's shares or changing their type in accordance with the procedure provided for by the current legislation of the Republic of Kazakhstan;
- Exercise other rights provided for by the Articles and the current legislation of the Republic of Kazakhstan.

The Company's shareholders are obliged to:

- pay up shares;
- notify the Central Securities Depository and/or the nominal holder of the shares owned by the shareholder about any changes in the information necessary for maintaining the system of the Company's shareholder registers within 10 (ten) calendar days of any such change;
- not disclose information about the Company or its activities that constitutes an official, commercial or other secret protected by law;
- discharge other duties in accordance with the provisions of the Articles and the applicable provisions of the current legislation of the Republic of Kazakhstan.

A shareholder (or several shareholders acting based on an agreement concluded by them) holding (together) 10% (ten percent) or more of the Company's voting shares (major shareholder) also have the right to:

- Require a convocation of an extraordinary general meeting of shareholders or to file a claim with court for such a convocation in the event of refusal by the Board of Directors to convene such an extraordinary general meeting of shareholders;

Information Policy

The Company provides all its shareholders with information on its activities within the scope established by the applicable provisions of its Articles and the requirements of the Republic of Kazakhstan current legislation. Shareholders of the Company shall have the right send a written request for information about the Company's activity touching upon their interests to the head of the Company's executive body (Chief Executive Officer).

Information about the Company's activities, subject to mandatory publication in accordance with the requirements of the current legislation of the Republic of Kazakhstan, is posted on the web-site of the Depository of financial statements and that of the stock exchange.

In accordance with the provisions of the Company's CGC, disclosure of information about the Company's activities should facilitate the process of making decisions on acceding and participating in the share capital by new shareholders of the Company and contribute to a positive decision by

- Require a convocation of the Board of Directors meeting;
- Arrange for an audit of the Company's activity at any time and at their expense.

A holder of a common share of the Company has the right to:

- Take part in the general meeting of shareholders of the Company with the voting right on all issues brought up for vote;
- Participate in the distribution of dividends based on the corresponding decision made by the general meeting of shareholders, as well as in the distribution of the Company's property upon its winding-up in accordance with the procedure established by the current legislation.

A holder of a preferred share of the Company has the right to:

- Exercise a preemptive right to receive dividends in the minimum guaranteed amount of KZT 500.00 (five hundred) per year per preferred share;
- Exercise the right to part of the Company's property in the event of its winding-up in accordance with the procedure established by law.

investors to participate in financing the Company's activities. Disclosure of information about the Company's activities should be subject to the following principles:

- Publicity is intended to ensure maximum justification and transparency of the Company's affairs management;
- The Company discloses information about all material aspects of its activity in a timely manner;
- The Company prepares its documents, such as securities prospectus, quarterly reports, notifications on all important corporate events, in a timely manner;
- The Company takes measures for the protection of its confidential information in accordance with the applicable provisions of the current legislation of the Republic of Kazakhstan and its by-laws;
- The Company applies an effective system to ensure control of the use of proprietary and other confidential information. Employees of the Company undertake a non-disclosure obligation with respect to confidential information.

Distribution of Dividends

The decision on (non-)distribution of dividends on ordinary shares at the end of a year are made by the Annual General Meeting of Shareholders of the Company after the audit of the Company's financial statements for the relevant period. An extraordinary General Meeting of Shareholders has the right to pass a decision on the payment of dividends on ordinary shares based on the results of a quarter and/or half-year period only after an audit of the Company's financial statements for the relevant period. Dividends on ordinary shares of the Company are distributed no later than 90 (ninety) days from the date of the corresponding decision, provided that there is information about the current details of the shareholder in the system of the Company's shareholder registers.

Dividends on preferred shares are distributed on the basis of the results of each quarter within 45 (forty-five) calendar days after the end of the corresponding quarter and do not require any decision of the General Meeting of Shareholders. The amount of dividends accrued on preferred shares cannot be lower than that accrued on ordinary shares for the same period. Holders of preferred shares have the right for quarterly dividends in the amount of KZT 500.00 per share.

Distribution of dividends on ordinary or preferred shares of the Company is not allowed in the following cases:

Negative equity capital or possibility of equity capital to become negative as a result of distribution of dividends on shares;

There are signs of the Company's insolvency or bankruptcy in accordance with the legislation of the Republic of Kazakhstan

on rehabilitation and bankruptcy, or there is possibility of such signs in the event of distribution of dividends on shares by the Company.

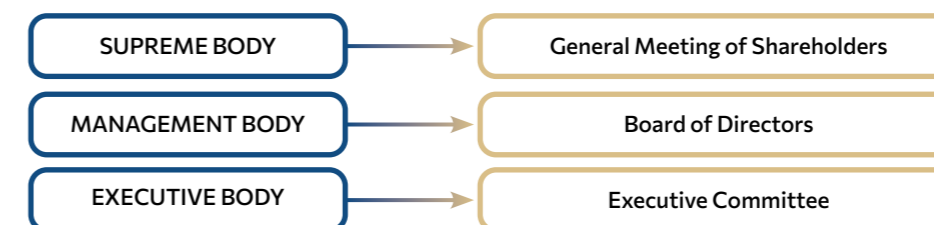
Dividends on ordinary shares will not be distributed until the full distribution of dividends on preferred shares to the shareholders entitled thereto and duly registered in the Company's registers of shareholders.

Distribution of dividends on the Company's shares will be in cash. Based on the corresponding decision passed by the General Meeting of Shareholders, distribution of dividends on ordinary shares may be in the form of the Company's securities on condition that such a distribution is made with authorized shares of the Company and its bonds subject to a prior written consent of shareholder(s). Distribution of dividends in the form of the Company's securities on preferred shares is not allowed. Shares with unpaid dividends are transferred with the right of their receipt by a new holder, unless otherwise is provided for by the corresponding share transfer agreement.

Over the period of 2015–2020, there was no distribution of dividends on ordinary shares of the Company. The Annual General Meeting of Shareholders held on May 26, 2021 made a decision to pay dividends on ordinary shares for 2020 in the amount of KZT 25,470,600,000.98. Dividends were distributed in full on July 30, 2021.

Distribution of dividends on preferred shares of the Company in 2019 amounted to KZT 207,000.00, in 2020 – KZT 207,000.00, and in 2021 – KZT 207,000.00.

Governing Bodies



General Meeting of Shareholders

In 2021, the Company held three General Meetings of Shareholders, two of which were extraordinary meetings. The General Meetings of Shareholders convened considered

a number of issues touching upon various aspects of the Company's activities.

Information on the General Meetings of Shareholders Held in 2021

Date of the Meeting	Considered Issues
February 25, 2021. Extraordinary meeting	<ul style="list-style-type: none"> Closing by the Company of a number of major deals that it is interested in.
April 30, 2021. Extraordinary meeting	<ul style="list-style-type: none"> Considering the Board of Director's recommendations on appointments and compensations.
May 26, 2021. Annual General Meeting	<ul style="list-style-type: none"> Approval of the Company's consolidated financial statements for the year 2020. Approval of the 2020 net profit distribution procedure. Making a decision on the distribution of dividends on ordinary shares and the approval of the dividend amount based on the amount of dividends per ordinary share of the Company. Considering the issue of complaints by the shareholders about the actions of the Company and its officials and the results of such complaints consideration; Informing the Company's shareholders about the composition of the compensation due to the members of the Board of Directors and Executive Committee of the Company; Closing by the Company of major deals, which the Company is interested in; Making a decision on the Company's participation in the establishment and activity of other legal entities or withdrawal from any such legal entities by means of a transfer (receipt) of a part or several parts of assets constituting in the aggregate 25% (twenty-five) or more of all the assets belonging to the Company.

Board of Directors

The Board of Directors is in charge of general management of the Company's affairs save for the issues included in the exclusive terms of reference of the General Meeting of Shareholders. The Board of Directors' activity is based on the principle of maximum possible safeguarding the interests of the shareholders and is aimed at increase of the Company's market value:

- Disclosure of information and coverage of the Company's activities and is obliged to substantiate the classification of information and ensure the protection and safety of internal (official) information;
- Exercising control of the activities of the Company's executive body.

The General Meeting of Shareholders evaluates performance of the Board of Directors members.

The Board of Directors is responsible for:

- Ensuring process transparency for shareholders and improvement of the corporate governance and the Company's overall management efficiency;

PRINCIPLES OF APPOINTMENT TO THE BOARD OF DIRECTORS

In accordance with the applicable provisions of the Company's Articles, the Board of Directors consists of at least 4 (four) members including its Chairman and President – Chief Executive Officer. At least half of all members of the Board of Directors must be independent directors.

Members of the Board of Directors are appointed by shareholders by means of cumulative voting. A shareholder has the right to vote with all and any number of shares held for one candidate in full or distribute the available votes among

several candidates to the Board of Directors. The candidates with the highest number of votes will be considered elected to the Board of Directors of the Company.

In accordance with the provisions of the Articles, a person cannot be elected as member of the Board of Directors, if the person:

- does not have higher or secondary vocational education;
- has outstanding criminal history on record or that not properly removed from the criminal record in accordance

with applicable procedure in the Republic of Kazakhstan or any other country;

- has lost legal capacity for a total period of more than 3 (three) months during the term of office as a member of the Board of Directors in the past; or
- was previously an executive employee of a legal entity who was declared bankrupt or subjected to conservation, rehabilitation, forced liquidation during the leadership of this person within five years after the date of the decision

on bankruptcy, conservation, rehabilitation, or forced liquidation; or

- does not have 7 years of experience as a CEO and/or member of the Board of Directors in a company in the relevant deposit of activity, which assets are valued at least USD 500 million and that employs at least 1,000 employees (only for candidates for the position of an independent director);
- has a conflict of interest.

BOARD OF DIRECTORS MEMBERS

As of January 1, 2022, the Board of Directors included four members, two of which were independent directors. Out of the total number of the Board of Directors'

members, Vladimir Victorovich Jumanbayev holds 22% of the Company's shares and Diyar Bakhytbekovich Kanashev holds 9.5% of shares.

Board of Directors Members as of January 1, 2022

Full Name	Position
Vladimir Victorovich Jumanbayev	Chairman of the Board of Directors
Scott Morrison	Member of the Board of Directors (independent director). Chairman of the Internal Audit; the Nomination and Remuneration Committees
Diyar Bakhytbekovich Kanashev	Member of the Board of Directors. President – Chief Executive Officer
David Cather	Member of the Board of Directors (independent director). Chairman of the Risk, Safety and Environmental Protection Committees



Vladimir Victorovich Jumanbayev
Chairman of the Board of Directors

WORK EXPERIENCE: Employed by AK Altynalmas JSC since 2017. 20 years of experience in management: Karazhyra JSC (Chairman of the Board of Directors), MMC KAZAKHALTYN JSC (member of the Board of Directors), Vertex Holding LLP (CEO), Kazakhmys Corporation LLP (Strategic Development Director), Karazhyra LTD LLP (CEO).

EDUCATION: T. Ryskulov Kazakh State Academy of Management (economist)



Scott Morrison

Member of the Board of Directors (independent director)
Chairman of the Internal Audit; the Nomination and Remuneration Committees

WORK EXPERIENCE: Employed by AK Altynalmas JSC since 2018. More than 35 years of experience in mining industry, metallurgy and production: Fengro Inc (Chairman of the Board of Directors), Tri-Star Resources PLC/Zinc Oxide LLC/ASA Resources Group PLC (Member of the Board of Directors), Metalor Technologies International SA (Chairman of the Board of Directors, CEO), SGS SA (Executive Vice President), Commercial testing and engineering Co. (President & CEO), SGS Ghana Ltd (Managing Director), SGS SA (Technical Manager).

EDUCATION: BSc (geology), DSc (metallurgical engineer).



Diyar Bakhytbekovich Kanashev

Member of the Board of Directors
President – Chief Executive Officer

WORK EXPERIENCE: Employed by AK Altynalmas JSC since 2008. 20 years of experience in management, finance and jurisprudence: Steppe Capital (Member of the Board of Directors; Director), Almaty International Airport JSC (Member of the Board of Directors), Almex Asset Management JSC (Deputy Director of the Corporate Finance Department), Merrill Lynch International (banker), Norton Rose (lawyer), Chevron Munaygas Eurasia (lawyer).

EDUCATION: Kazakh State University of Economics (Finance and Credit), Kazakh State Law Academy (Jurisprudence), University of Dundee (Master's degree in Petroleum Law and Politics).



David Cather

Member of the Board of Directors (independent director)
Chairman of the Risk, Safety and Environmental Protection Committees

WORK EXPERIENCE: Employed by AK Altynalmas JSC since 2019. Over 30 years of experience in the mining industry: Fengro Industries (Member of the Board of Directors), European Goldfields LTD. (CEO), Abu Dhabi Capital Group (CEO), Avocet mining LTD (CEO), Grafton Resource Investments LTD (director), Anglo American PLC (managing director), Miller Mining (development director), Redland Aggregates LTD (commercial manager for central region).

EDUCATION: Imperial College (BSc, mining)

BOARD OF DIRECTORS ACTIVITY IN 2021

In 2021, the Company's Board of Directors held a total of 24 meetings, at which 85 issues related to various aspects of the Company's activities were considered. The most important issues considered include:

- Closing of non-arm's length transactions by the Company;
- Making decisions on the acquisition (alienation) of ten or more percent of shares (participatory interest in the authorized capital) of other legal entities;

- Preliminary approval of the Company's consolidated annual financial statements for 2021;
- Closure of the Company's branch in Almaty;
- Decisions on issues related to activities within the terms of reference of the General Meeting of Shareholders (members) of a legal entity, ten or more percent of shares (participatory interest in the authorized capital) of which are held by the Company.

COMMITTEES UNDER THE BOARD OF DIRECTORS

As of the end of 2021, there were 4 (four) committees under the Company's Board of Directors, namely: Audit Committee, Risk Management Service Committee, Nomination and Remuneration Committee, and Safety and Environmental Protection Committee.

Audit Committee is a supervisory and advisory body reporting to the Board of Directors and acting within the powers granted to it by the Board of Directors.

The members of the Committee are:

- Scott Morrison – independent director, Chairman of the Audit Committee;
- Diyar Kanashev – President – Chief Executive Officer, member of the Audit Committee;
- David Cather – independent director, member of the Audit Committee.

The main function of the Committee is to ensure structural and systematic supervision of activities in the deposit of corporate governance and internal control. The Audit Committee assists the Board of Directors by consulting and developing recommendations on:

- 1) establishing an effective system of control over financial and economic activities (including the completeness and reliability of financial statements);
- 2) monitoring the reliability and efficiency of the internal control system and the fulfillment of requirements of corporate governance documents;
- 3) controlling the independence of external and internal audits, as well as the process of ensuring compliance with the Republic of Kazakhstan legislation.

The Audit Committee reviews each of the above issues and provides the Board of Directors with an independent opinion and recommendations on current operating practices and potential improvements in these areas.

In 2021, the Audit Committee held 2 meetings.

Risk Management Service Committee. Risk Management Service Committee is a business unit of AK Altynalmas JSC

and is in administrative subordination to the President – Chairman of the Board of AK Altynalmas JSC, as well as in functional subordination to the Board of Directors.

The members of the Committee are:

- David Cather – independent director, Chairman of the Committee;
- Diyar Kanashev – President – Chief Executive Officer, member of the Committee;
- Scott Morrison – independent director, member of the Committee.

Functions of the Risk Management Service Committee:

- Development, update and improvement of the Company's risk management procedures;
- Introduction and implementation of the risk management policy and rules, Risk Management Service Committee regulations and procedures, as well as control over the observance of the above provisions;
- Arranging for and management of the risk management activity in the Company;
- Integration of the risk management process into corporate governance and the existing basic business processes for the purpose of risk-oriented management decision making;
- Control over the introduction of a unified approach to risk management;
- Control over the improvement of the Company's risk management system efficiency;
- Planning and carrying out risk management activities in the Company;
- Consolidation and preparation of external and internal reports on risk management in the Company and submission thereof to the management, Executive Committee, Risk Management Service Committee under the Board of Directors and the Board of Directors itself;
- Drawing up a document with a list of top 20 risks and its submission to the Risk Management Service Committee under the Board of Directors;
- Compiling a list of the Company's key risks and submission to the management, the Board of Directors and the Risk

Management Service Committee under the Board of Directors;

- Consolidation of the Company's risk registers and matrices and their submission to the Executive Committee, the Risk Management Service Committee under the Board of Directors and to the Board of Directors;
- Consolidation of reports on risk management and their submission to the management, the Executive Committee, the Risk Management Service Committee under the Board of Directors and to the Board of Directors;
- Promotion of risk management culture among the Company's employees through training, risk management sessions and consulting on risk management issues;
- Managing the activities of the Risk Management Service Committee under the Company's Board of Directors.

The Risk Management Service Committee held 2 (two) meetings in 2020.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is a standing collegial advisory body under the Company's Board of Directors operating within the scope of powers granted to it by the Company's Board of Directors. The tasks of the Nomination and Remuneration Committee include preliminary consideration, analysis and drawing up of recommendations on issues within its terms of reference to assist the Board of Directors of the Company in making decisions on appointments and remunerations. The members of the Committee are:

- Scott Morrison – independent director, Chairman of the Committee;
- Vladimir Jumanbayev – Chairman of the Board of Directors;
- Diyar Kanashev – President – Chief Executive Officer, member of the Committee;
- Makpal Yergaliyevna Nussipova – Chief People Officer, member of the Committee.

Functions of the Nomination and Remuneration Committee:

- Drawing up recommendations on the number of members and candidates, the appointment period, the amount of fixed salary, labor conditions and bonuses for the Executive Committee members including the President – Chief Executive Officer;
- Drawing up recommendations on the minimum and maximum value of the fixed salary scale and the percentage of the annual salary (non-fixed) bonus

payment for members of the Executive Committee, vice presidents and directors of departments directly reporting to the Executive Committee, the Corporate Secretary, employees of the Internal Audit Service and the Risk Management Service, and subsidiaries;

- Drawing up recommendations on the appointment, the conditions of appointment, fixed salary, terms of remuneration and bonuses for the Corporate Secretary;
- Drawing up recommendations on the composition and terms of appointment of the Internal Audit Service, appointment of its head and members, the amount of fixed salaries, the terms of remuneration and bonuses for employees of the Internal Audit Service;
- Drawing up recommendations on the composition, the terms of appointment of the Risk Management Service, the appointment of its head, the amount of fixed salaries, the terms of remuneration and bonuses for employees of the Risk Management Service;
- Drawing up recommendations on hospitality expenses for the members of the Executive Committee as part of the Company's annual budgeting process;
- Drawing up recommendations on the succession policy in the work of the Board of Directors' members and those of the Executive Committee;
- Drawing up recommendations on the values of key performance indicators for the members of the Executive Committee, the internal auditor (including the Internal Audit Service) and the Risk Management Service;
- Nomination of candidates for the General Meeting of Shareholders, proposing the terms of remuneration and bonus policy for the Executive Committee members, the Corporate Secretary, the Internal Auditor (including the Internal Audit Service), the head of the Risk Management Service (appointments, terms of remuneration and bonus policy) and employees of the Risk Management Service (terms of remuneration and bonus policy).

The Nomination and Remuneration Committee held 2 (two) meetings in 2020.

Safety and Environmental Protection Committee

The Safety and Environmental Protection Committee is a supervisory and advisory body under the Company's Board of Directors. The Committee's duties include preliminary consideration, analysis and drawing up of recommendations on issues within its terms of reference to render assistance to the Board of Directors in making decisions on health, safety and environmental matters.

Members of the Safety and Environmental Protection Committee are:

- David Cather – independent director, Chairman of the Committee;
- Diyar Kanashev – President – Chief Executive Officer, member of the Committee;
- Scott Morrison – independent director, member of the Committee.

Functions of the Safety and Environmental Protection Committee:

- Review and approval of the Company's strategic vision and HSE policies;
- Providing advice to facilitate effective implementation of HSE standards and related safeguards;
- Review of aggregate trends in accident and disease/injury statistics in order to identify problem areas and provide recommendations for corrective actions;

- Considering the results of investigations into unacceptable risks in the deposit of industrial safety, labor protection and environmental protection, as well as review of recommendations for their elimination or reduction of hazards;
- Control and monitoring of HSE activities, leading the HSE department;
- Review and approval of internal regulatory documents in the deposit of industrial safety, labor protection and environmental protection;
- Review of all questions raised by any member of the Committee.

In 2021, the Safety and Environmental Protection Committee held 2 (two) meetings.

Executive Committee

The Executive Committee is the executive body of the Company in charge of the management of its daily activities in accordance with the approved plans. The activity of the executive body is based on the principle of maximum safeguarding of interests of the Company's shareholders.

The Executive Committee is fully accountable to the General Meeting of Shareholders and the Board of Directors of the Company. There are plans to set up six committees under the Executive Committee.

MEMBERS OF THE EXECUTIVE COMMITTEE

As of January 1, 2022, there were 3 (three) members in the Executive Committee of the Company.

Executive Committee Members as of January 1, 2022

Full Name	Position
Diyar Bakhytbekovich Kanashev	President – Chief Executive Officer
Bakhrom Burkhonovich Jalolov	Member of the Executive Committee, Chief Operating Officer. Chairman of the Operations, Resources and Reserves Evaluation Committees to be set up
Kairat Karibayevich Rakhishov	Member of the Executive Committee, Chief Financial Officer. Chairman of the Budgeting, Commercial Affairs, Compliance Control, Methodology and Standardization Committees to be set up



Diyar Bakhytbekovich Kanashev

President – Chief Executive Officer

Chairman of the HSEP, Sanitary Supervision committees, as well as committees for investments, digitalization, HR management, corporate culture and communications to be set up.

WORK EXPERIENCE: Employed by AK Altynalmas JSC since 2008. 20 years of experience in management, finance and jurisprudence: Steppe Capital (Member of the Board of Directors; Director), Almaty International Airport JSC (Member of the Board of Directors), Almex Asset Management JSC (Deputy Director of the Corporate Finance Department), Merrill Lynch International (banker), Norton Rose (lawyer), Chevron Munaygas Eurasia (lawyer).

EDUCATION: Kazakh State University of Economics (Finance and Credit), Kazakh State Law Academy (Jurisprudence), University of Dundee (Master's degree in Petroleum Law and Politics).



Bahrom Burkhonovich Jalolov

Member of the Executive Committee, Chief Operating Officer

Chairman of the Operations, as well as the Resources and Reserves Evaluation Committees to be set up.

WORK EXPERIENCE: Employed by AK Altynalmas JSC since 2008. More than 25 years of experience in mining industry, metallurgy and production: JSCV (Director of Production), Varvarinskoye JSC (Head of Production), Three K Exploration and Mining LTD (Director of Production), Amantaytau Goldfields, Uzbekistan (Head of Mill), Nelson Gold Corporation Taror, Tajikistan (Chief Metallurgist), Tadjik Gold Industrial Association (head of processing plant).

EDUCATION: Moscow Institute of Steel and Alloys (metallurgy engineer)



Kairat Karibayevich Rakhishov

Member of the Executive Committee, Chief Financial Officer

Chairman of the Budgeting Committee, Commercial Committee, Compliance Control Committee and Methodology and Standardization Committee to be set up

WORK EXPERIENCE: Employed by AK Altynalmas JSC since 2008. 20 years of experience in finance: Starleigh Limited (Financial Advisor to the Managing Director), Karakudukmunay (CFO), Nelson Resources (Chief Accountant), Nauryz Bank (Deputy Chief Accountant), Kazakhstan Temir Zholy (Head of the Tax Department), Alfa Bank JSC (Head of Banking Methodology), CA BCD (Chief Accountant).

EDUCATION: KazNAU (BSc in Accounting and Audit), Grenoble GSB (MBA in Finance), London School of Business and Finance (MBA), professional certificates of CIMA and ACCA.

ACTIVITY OF THE EXECUTIVE COMMITTEE

In 2021, the Executive Committee held totally 47 meetings, at which it considered various issues on various aspects of the Company's activity. The most important issues were as follows:

- Approval of the environmental protection policy;
- Approval of the Company's internal investigation rules;
- Approval of standard agreements for procurement and supply of goods and services;

- Approval of new versions of the Company's tax reporting policy;
- Approval of the Company's archive record management instructions;
- Conclusion of transactions by way of purchase from one source.

Key Executives Remuneration

In accordance with the Republic of Kazakhstan Law "On Joint-Stock Companies" and the Company's Articles, the conditions and amount of remuneration of the members of the Executive Committee related to the duties they perform within the framework of their functions are determined by the decision of the Board of Directors. At the same time, the Company has a Nomination and Remuneration Committee under the Board of Directors, which draws up recommendations to assist the Board of Directors in making

decisions on remuneration payable to the members of the Company's Executive Committee.

Key executive personnel include members of the Board of Directors and members of the Executive Committee (a total of six employees). Remuneration of the key executive personnel for 2021 amounted to KZT 1,513,369,000.00 including salaries, bonuses, tax payments and contributions to the pension fund.

Corporate Ethics

The basic principles of the Company's corporate ethics are enshrined in the Code of Corporate Ethics approved by the Board of Directors in 2019. The Code regulates the basic aspects of behavior, values and principles guiding AK Altynalmas JSC and its employees in their activities, including:

- Human relations;
- Sustainable development;
- Behavior of employees;
- Team spirit;
- Relations with partners.

Anti-corruption Management

AK Altynalmas JSC Anti-Corruption Code is a set of general principles of professional business ethics and basic rules of conduct that should be followed by all employees of the Company in their daily work activities regardless of their position, in external relations with partners, counterparties and other interested parties and in internal relationships in the performance of their duties.

For the avoidance of corruption risks, which pose a direct threat to both economic activities in general and the Company's reputation as an organization striving to

comply with the highest business standards, all employees of the Company are obliged to:

- perform official and functional duties at a high professional level and in strict compliance with applicable laws and local acts of companies;
- carry out labor activities within the limits of the rights and powers granted to each employee;
- regardless of the position held and the functions performed, exclude actions related to the influence of any personal, property (financial) and other interests that impede the conscientious performance of official duties;

- observe neutrality, excluding the possibility of influence on their professional activities of the decisions of cooperating parties, political parties, public and religious associations; strictly observe the norms of official, professional ethics and rules of business conduct.

Compliance with the Anti-Corruption Code by all employees of the Company is their duty. Employees of the Company shall be held liable for violation of the Code requirements in accordance with the procedure established by applicable

Compliance Service

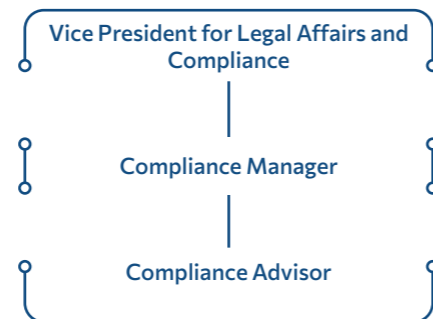
The establishment of the Compliance Service in 2019 enabled the Company to successfully introduce a compliance control practice. The Compliance Service functions include regular training of management and employees ensuring their awareness about the policies related to compliance with labor legislation and observance of the requirements of illegal income laundering counteraction.

The Compliance Service has an independent status for the purpose of proper discharge of its functions and ensuring objectivity and independence of its judgments. The Service constantly monitors the regulatory framework for changes.

law and internal local acts of the Company. All employees of the Company are informed about the current policies. 95% of the Company's employees completed online training on the Code of Corporate Ethics. Newly hired workers are familiarized with these policies and undergo online on-the-job training.

There were no confirmed cases of corruption in the Company during the reporting period. No cases of corruption were recorded in the reporting period.

Organizational Structure of the Compliance Service



No conflict of interest was identified in the work of officials and employees of the Company in the reporting period.

Violation Alert

AK Altynalmas JSC adheres to the highest standards of honesty, openness and responsibility, and values its reputation, and we expect the Company's employees and partners to comply with the highest standards of ethics and integrity.

To maintain the principles of honest and conscientious business conduct, it is crucial that the Company's management be able to receive information about any violations of ethical standards, legislation, the Code of Corporate Ethics of AK Altynalmas JSC or other internal rules. This will enable the Company to promptly respond to violations and to eliminate them.

AK Altynalmas JSC has introduced a Regulation on Reporting Violations of Ethical Standards, Legislation and Internal Rules of the Company.

Employees who have reasonable suspicions of violations of the Company's business ethics, legislation or local acts must first of all inform their immediate supervisor, who is in charge of the situation and who can effectively respond to it as soon as possible. If this option does not seem appropriate, the issue is to be referred to the head of the Compliance Service. If an employee is apprehensive about using the above internal mechanisms, the employee can report concerns to an independent third party using the hotline.

Third person having specific facts or reasons to suspect a violation of ethics or legislation shall, first of all, notify in written his/her contact point in the Company or the head of Compliance Service directly. Third person also has an additional possibility to notify of the problem anonymously using hot line.

The hotline makes it possible to confidentially report incidents or alleged facts of corruption, fraud, discrimination, as well as other violations of law, ethical standards or the Code of Corporate Ethics of AK Altynalmas JSC by any person.

The hotline and Internet resource are operated by an independent company to ensure the confidentiality of all applications. The service is available on a 24/7 basis and has multilingual support for calls both by telephone line and through the Internet resource.

Conflict of Interest Management

The Company has adopted a policy for settlement of conflicts of interest that may arise among employees and officials of AK Altynalmas JSC, which has been developed in accordance with the Articles, the Code of Corporate Ethics of the Company and the current legislation of the Republic of Kazakhstan.

A conflict of interest is defined as a situation in which the personal interest of an employee and an official of the Company affects or may affect the impartial performance of their official duties.

The Company intends to maintain an environment that allows employees and officials to perform their duties openly, conscientiously, honestly and without prejudice.

All employees and officials of the Company must conduct in such a way as to avoid a situation in which a conflict of interest may arise, either in relation to themselves (or persons related to them), or in relation to other persons.

Complainants may report bribery and corruption anonymously, it is up to the complainant to decide whether he or she prefers to remain anonymous.

After receiving a complaint about a violation, the complaint is reviewed by the Compliance Service and a decision is made on necessary measures.

The Company cannot guarantee that it will respond to all applications exactly as the applicant would like, but it will strive to make an objective and adequate decision on each application.

By reporting their suspicions, the applicant does not risk losing their job, being subjected to any form of retaliation or harassment as a result of such an action. Even if the applicant is mistaken, the main thing is that he or she acts in good faith, being guided by the goal of protecting the Company's interests.

The Company establishes a conflict-of-interest management system based on the following principles:

- Mandatory disclosure of information on real or potential conflict of interest or even a semblance of such a conflict;
- Individual consideration of each conflict of interest and assessment of the seriousness of risks for the Company as well as settlement of each particular conflict of interest;
- Confidentiality of the process of conflict of interest and its settlement information disclosure (at the employee's or official's discretion);
- Observance of the balance of interests of the Company and its employee and officials in the settlement of conflicts of interest;
- Protection of the employee from prosecution in connection with a conflict of interest, which was disclosed in a timely manner by this employee.

Information about the presence of a real or potential conflict of interest is carefully checked by the Compliance Service in order to assess the seriousness of risks arising for the Company and to select the most appropriate form of settlement for this conflict.

Procurement Practices

The procurement activity of the Altyntalmas Group is in strict compliance with the requirements of the RK Code “On Mineral Resources and Subsoil Use” dated December 27, 2017, and other regulatory legal acts in effect

in the territory of the Republic of Kazakhstan. Transparency, competitiveness, justice and efficiency are the main principles of the procurement activity.

AK Altyntalmas JSC Procurement Activity Principles

Transparency	<ul style="list-style-type: none"> The procurement procedure and the requirements for its execution are clearly defined and regulated by the Company's internal regulatory documents; Potential suppliers are provided with necessary and sufficient information to participate in procurement procedures; Information on purchases is published in the sources provided for by law and on the Company's website; The Company has established transparent principles and criteria for evaluating proposals and selecting a supplier.
Competitiveness	<ul style="list-style-type: none"> Procurement is carried out by means of selection of the best offer in the competitive environment; Procurements outside competitive environment are carried out in very limited events.
Justice	<ul style="list-style-type: none"> Suppliers have equal conditions for participation in the procurement process; Well-substantiated requirements for suppliers and procured goods, work and services have been set.
Efficiency	<ul style="list-style-type: none"> Decisions on procurements are made based on the quality of the procured goods, work and services and their cost.

The Group's total procurements in 2021 amounted to KZT 69.4 bln net of VAT and local content in the procurements made 58.58%.

Altyntalmas Group Procurements in 2021

Procurement Type	Amount of Procurement, KZT thsd, net of VAT	Local Content Share in Procurement
Procurement of goods	26,837,516.70	26,26%
Procurement of work	1,329,889.08	100.00%
Procurement of services	41,229,386.87	98.60%

Major Transactions

In the reporting period, one major transaction was concluded with the participation of AK Altyntalmas JSC – a supplementary agreement on amendments and addenda to the Loan Agreement dated May 19, 2021. The parties to the transaction were AK Altyntalmas JSC, MMC

Kazakhaltyn JSC, Kazakhaltyn Technology LLP, Aksu Technology LLP (jointly – the Borrowers), Altyntalmas Technology, AKTOGAI MYS LLP and Altyntalmas Trading House LLP, VTB BANK (EUROPE) (SE), subsidiaries of JSC VTB Bank (Kazakhstan) and PJSC VTB Bank.

Internal Audit

Internal Audit Service of AK Altyntalmas JSC was formed in October 2018 and is an independent and impartial division accountable directly to the Board of Directors. In accordance with the current legislation, there is an Audit Committee under the Board of Directors. Independent directors make up 66% of the total number of the Audit Committee members, which exceeds the minimum level set by legislation. The Internal Audit Service task is to render assistance to the Board of Directors and management of the Company in discharge of their supervisory, management and operating duties through audits and counseling aimed at the assessment and maintenance of the internal control system.

The Internal Audit Service operates in accordance with the plan approved by the Board of Directors. In 2021, the Internal Audit Service conducted 3 audits. The findings and risks identified were not critical or catastrophic. Recommendations for most of the detections were implemented at the end of 2021.

In the course of its work, the Internal Audit Service follows the approved Regulations on the Internal Audit Service, as well as the International Standards for the Professional Practice of Internal Audit.

External Audit

The Group's financial statements for 2021 were audited by PricewaterhouseCoopers LLP. Three companies took part in bidding to be selected as an audit company for AK Altyntalmas JSC. Auditor is selected for three years.

Over the period of 2011 through 2019, audits of the Group's statements were conducted by Ernst and Young LLP.

Rotation of auditors is carried out in accordance with the applicable provisions and audit standards.



The auditor is selected by means of a bidding process for audit services. In addition to the price of audit services, the key factors for the Group include also the requirements/obligations for large borrowers, reputation, composition and experience of the audit team, etc. Selection of an audit company in charge of the Group audit is within the terms of reference of the General Meeting of Shareholders in accordance with the law on joint-stock companies.

Cost of services for auditing the AK Altyntalmas JSC financial statements for 2021 amounts to KZT 84,800.00.

05

Risk Management

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Risk Management System

The Company introduced an enterprise risk management system (hereinafter, the RMS) in 2018. In the reporting 2021, Risk Management Service updated the Company’s RMS, namely, the risk management policy, the Risk Management Service Regulations and an enterprise risk management procedure – internal regulatory documents determining general mechanisms and requirements of risk management. The risk management process is applicable to all subsidiaries, divisions and projects of the Company and is used in accordance with the updated RMS policy and procedures.

ST RK ISO 31000:2020 “Risk management. Principles and leadership” is a comprehensive standard and process for risk management in the Company. The risk management process includes the following:

1. Establishing the context;
2. Risk assessment consisting of measures for:
 - Risk identification;
 - Risk analysis;
 - Risk evaluation.
3. Risk regulation
4. Monitoring and analysis



Risk Management Service

Risk Management Service is an independent division accountable to the Board of Directors of the Company that is under the administrative command of the Chief Executive Officer of AK Altynalmas JSC. The Risk Management Service operates in accordance with International Standard ST RK ISO 31000:2020 “Risk Management. Principles and Guidance”. The Risk Management Service has the following tasks:

- Development, introduction and improvement of the risk management process allowing for timely assessment and taking measures to reduce the probability of risk occurrence and/or mitigate negative risk consequences;

- Integration of the risk management process into the basic business processes of the Company and involvement of each employee into the risk management process;
- Introduction of a risk management system across the Company to ensure a common approach, tools and procedures of risk management;
- Promotion of an internal environment, risk culture, awareness and commitment to the risk management process by means of training (seminars, trainings) and exchange of knowledge and experience.

Risk Management Service Committee

The Risk Management Service Committee is a standing collegial advisory body under the Board of Directors of the Company coordinating the process of the risk management system development and operation.

Risk Management Service Committee:

- assists the Board of Directors in exercising its function of building and organizing an effective risk management system;
- coordinates the process of introducing risk management practices into management activities;
- promotes transparency, accountability and best-informed decision-making;

- coordinates the implementation of an integrated risk management process in the Company;
- improves the risk management process based on a single standardized approach.

The tasks of the Risk Management Service Committee include:

- Provision of objective and timely information on the ten most significant risks to the Board of Directors for decision-making;
- Ensuring supervision over the implementation of the Risk Management Policy and its individual procedures and operations;
- Improving the efficiency of the risk management process.

Description of Material Risks

Strategic risks. The Company’s operations in the mining industry are fraught with various types of strategic risks including, but not limited to, risks related to health, safety and environmental protection, as well as those related to geological prospecting, mining, technological and environmental and compliance risks, financial, credit risks, the occurrence of which may result in production, financial, legal, reputational consequences for the Company.

The company strives for successful development through effective risk management, rational allocation of resources

and strengthening of competitiveness. With the help of the RMP system, strategic risks are assessed, action plans for responding to them are developed and their implementation is monitored. In order to assist the Board of Directors of the Company in exercising its function of building and organizing an effective risk management system, the Risk Management Service Committee under the Board of Directors of the Company was established, which quarterly reviews the strategic risks and the “Top Most Significant Risks” of the Company, as well as the necessary response measures.

SUSTAINABLE DEVELOPMENT RISKS

Health, safety and environmental protection risks.

The Company’s operations are associated with health, safety and environmental protection risks that may occur as a result of a violation of requirements, rules or regulations on health, safety and environmental protection, as well as in emergency situations. The occurrence of such risks may result in harm to health and life of employees, suspension of operations, failure to fulfill production plans, as well as financial, legal and reputational consequences for the Company. In order to mitigate the risks of industrial safety and labor protection, the Company has implemented policies and procedures for industrial safety and labor protection, work is underway to introduce international standards for labor protection, to develop corporate standards in the deposit of the use of personal protective equipment, as well as regular training and explanatory measures are conducted for employees and contractors and production control is carried out.

Environmental risks.

A number of the Company’s production processes use a toxic substance – cyanide, and generate cyanide-containing waste. The company is guided by the current legislation of the Republic of Kazakhstan and the requirements of international standards in the deposit of environmental protection, which are constantly updated. In order to reduce environmental risks, the Company has a policy and procedures in accordance with which operational management standards are developed, industrial environmental control is carried out and the possible impact of production processes on the environment is monitored. The Company cooperates with the supervising state authorities in the deposit of environmental protection, including in terms of amending the legislation.

Risks connected with possible changes in environmental protection legislation. National legislation of the Republic of Kazakhstan contains requirements implying the need to incur permanent costs for the implementation of projects in the sphere of commercial minerals extraction. Failure to observe these requirements by the Company may result in penal sanctions, suspension of activity, revocation of mineral license or environmental permission. Given the frequent changes in the current legislation, the Company cannot estimate environmental protection costs over a long-term horizon. Such costs can become significant over time.

Risks connected with COVID-19 pandemic. The Company carried out an analysis of the COVID-19 pandemic related risks for its activity in 2021. Based on the analysis results, a decision was made to adhere to the following preventive control measures:

OPERATING RISKS

Geological prospecting risks. The Company's operations are associated with risks connected with non-confirmation of mineral resources and reserves of gold deposits. The occurrence of such risks results in failure to achieve the planned volume of raw material production and finished product output. In order to minimize geological prospecting risks, the Company involves independent international consulting companies in the evaluation of resources and reserves and uses various software (Minevision, Surpac, Micromine, Datamine, Desvik, Leapfrog). This approach makes it possible to reduce the impact of the human factor in the course of assessment of mineral resources and mining planning. All related work is carried out in accordance with the procedures of JORC 2012. In order to improve the quality of work performed, employee training is carried out.

Mining risks. The Company's mining operations are exposed to risks connected with the planning of mining operations, production and transportation of ore and maintenance of self-propelled equipment. The occurrence of such risks may result in an interruption of the Company's production facilities operation, reduction of ore extraction volumes and financial losses for the Company. In order to mitigate mining risks, the Company carries out quality planning of mining operations using advanced software, controls the process of timely and quality mining in accordance with the required technology. The Company also controls timely transportation of ore with careful handling of self-propelled equipment and timely technical maintenance and repair thereof.

- Quarantine in a buffer village 5 (five) days prior to the shift beginning;
- Presence of a negative PCR-test or a valid vaccination certificate upon entry to the shift camp;
- Vaccination and revaccination of employees involved in the projects implementation (100% of employees to be vaccinated);
- Compliance with the requirements and resolutions of the competent state authorities for sanitary and epidemiological control (face mask wearing, social distancing, non-contact shift changing, screening thermometry and PCR testing, isolation of identified patients and contacts in the quarantine isolator projects);
- Epidemiological monitoring of the COVID-19 situation in the country and regions.

Technological risks. The process of processing and release of finished products is associated with technological risks related to possible breakdowns of stationary equipment, interruptions in electricity or water supply. The materialization of risks of this type may adversely affect production performance and output of finished products and, as a result, lead to non-fulfillment of the production plan, violation of contractual obligations to customers and financial losses of the Company. In order to reduce technological risks, the Company strictly observes and controls the technological parameters of production and output of finished products, conducts technical inspection, condition checks and scheduled preventive repairs of stationary equipment in a timely and high-quality manner, trains employees using simulators, and implements measures for energy and water saving.

The Company's operations are associated with risks connected with non-confirmation of mineral resources and reserves of gold deposits.



FINANCIAL RISKS

Price risk. Fluctuations of the global gold and silver prices have a significant effect on the Company's financial performance since the Company's finished product sales price is determined with account for the LBMA exchange prices for gold and silver. Exchange prices depend on the structure and balance between demand and supply in the global market, as well as on other factors that the Company has no direct influence on.

In order to mitigate of the price risk effect on the Company, it constantly monitors its business sensitivity to the fluctuation of prices for the primary goods in the budget. As a protective measure to ensure the stability of cash inflows, the Company may resort to risk transfer instruments through hedging.

Exchange risk. The Company is exposed to significant exchange risk in the course of its procurement activity and funds raising in foreign currency. At the same time, the Company has a natural hedge through the sale of gold in the national currency pegged to the US dollar.

Interest risk. Future financial inflows and outflows may fluctuate due to changes in interest rates in the financial markets. The interest rate risk may first of all materialize in the form of an increase in the cost of the Company's borrowings. It also has an impact on fixed income investment instruments.

Credit risk is the risk of loss due to a counterparty's inability to meet its contractual obligations. The Company manages credit risk in relation to monetary claims against counterparty banks by setting credit limits. Limits are set on the basis of international credit ratings and equity capital of counterparty banks. The Company periodically monitors the financial condition of counterparty banks in order to timely identify potential risks and respond to them.

Liquidity risk. The Company may find itself in a situation where it cannot fulfill its financial obligations in a timely manner and in full. The Company uses a process of detailed budgeting and cash forecasting over various time horizons to meet all payment obligations.

HR MANAGEMENT RISKS

The basis for the sustainable development of the Company is the availability of a personnel reserve for holding key positions, which makes it possible to ensure continuity in the activities of management. The system for identifying, selecting and promoting prospective employees of the Company is based on the assessment of professional and personal competencies, their potential for growth and development, feedback, including from immediate supervisors, colleagues and subordinates.

The dynamic growth in number associated with the restructuring processes, as well as the integration of the personnel of Kazakhaltyn JSC, enabled the Company to increase its production capacity and improve its competitiveness. However, the shortage of subject matter specialists in the labor market and the loss of qualified specialists, staff turnover may adversely affect the achievement of the Company's long-term strategic goals in both operating and project activities. In order to reduce

INFORMATION SAFETY AND DATA PROTECTION

Number of business-processes, IT assets and vulnerabilities, complexity of tactics and tools of hackers, rate of attack distribution result in higher risks for information safety and the need for IB processes automation. Amid the growing

the risks associated with human resources, the Company pays special attention to the continuous development and training of employees, providing opportunities to participate in various training programs, including those aimed at long-term development of employees, in strategic and innovative projects.

In order to improve the efficiency of the quality of training of young specialists, the Company constantly cooperates with educational institutions, implements measures for social partnership with specialized educational institutions, including leading domestic universities, concerning practical training and internships.

In order to develop an incentive system, the Company uses a wage grading system that provides for the assessment / reassessment of positions and an annual analysis of the competitiveness of employees' salaries.

number of unauthorized interferences with the Company's information systems, additional measures for information protection and ensuring informational safety becomes more and more relevant.

COMMITMENT AND CONTINGENCY RISKS

Legislative and regulatory risks. The industry, in which the Company operates, is subject to regulation by the government that results in additional costs and risks for all industry players. The Company's activities depend on changes in legislation, the consequences of which are difficult to foresee and calculate. Legislative requirements are subject to change, and it is not possible for the Company to calculate potential costs that such changes may entail.

When carrying out exploration work and developing its assets in Kazakhstan, the Company depends on obtaining permits and approvals from authorized bodies for the development of its facilities, as well as on other factors, such as obtaining access to land plots on which work is to be performed, the attitude of the local population to the Company's activities, etc. The Company's activities are subject to the risk of changes in legislation, including international agreements, which may lead to changes and/or revision of the terms of existing contracts or the reduction and/or suspension of any operations.

Territorial specifics. The Company's activity is regulated by the Republic of Kazakhstan legislation, but the Company is subject to regulatory requirements of a number of administrative and territorial units, the specifics of local

legislation (local authorities) and/or the regulation of legal relations that may affect the Company's operations.

Compliance risks. The Company must operate in accordance with the various regulatory requirements of the Republic of Kazakhstan in all its jurisdictions, including subsoil use rights in Kazakhstan. Legislative acts may be subject to frequent changes and uncertainties in interpretation, application and enforcement.

Failure to comply with the provisions of the law may lead to sanctions imposed by competent authorities, fines, legal proceedings and, ultimately, the loss of the operation license. Companies may also be charged significant amounts of taxes or refundable taxes may not be paid as expected.

In order to reduce compliance risks, the Company ensures control over the implementation of all legal requirements, provisions of subsoil use contracts, internal regulatory requirements, including determining external regulatory requirements, assessing compliance risks, developing and implementing various compliance standards and policies, auditing third parties who have business relations with the Company, or potential partners, before establishing a business relationship with them, uses systems for reporting corporate violations with an option of anonymous reporting.



06

HR Management

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HR Policy and Labor Relations Policy

The Company's HR policy is aimed at building an effective system of personnel management, achievement of the Company's strategic objectives and formation of a stable corporate culture. By an effective personnel management system, the Company understands a system that:

- Makes it possible to objectively assess performance of employees;
- Provides opportunities for professional and personal growth for employees;
- Ensures fair remuneration and incentivization of employees;
- Ensures a balance between the economic and social efficiency of human resources use.

The Company is constantly improving the personnel management system and implementing the best international practices in this area. The Company strives to become one of the best employers in Kazakhstan, constantly developing a system of material and non-material incentives, improving working conditions, providing opportunities for professional development and career growth.

The main principles of the Company's policy in the deposit of recruitment are: transparent and fair approach, provision of equal opportunities and objective assessment during selection. The Company pays special attention to building a positive image and increasing its attractiveness among potential employees.

When selecting employees for vacant positions, a comprehensive personnel search system (the SHL international competency assessment system) is used, and measures are taken to identify talented graduates of educational institutions. The search for personnel is carried out using various methods, including employment sites, social networks and through a professional network of contacts. Furthermore, the Company has launched an internal recruiting program "Invite a friend", the purpose of which is to increase the involvement of employees in team building.

The Company does not allow any discrimination of employees, exceptions and preferences in the exercise of their rights. The remuneration of employees depends solely

on their contribution to the Company's activities, each employee can count on equal remuneration with an equal labor contribution.

Any employee of the Company who feels that they have been treated with prejudice may contact their immediate supervisor, the head of the HR administration department, the vice president for compliance control and/or the compliance control manager. All complaints are subject to confidential consideration, and if they are justified, an internal investigation is carried out based on the results of the consideration, entailing, if necessary, the imposition of disciplinary measures in accordance with the terms of the employment contract and the provisions of the legislation of the Republic of Kazakhstan.

In accordance with the norms of the labor legislation of the Republic of Kazakhstan, in the event of termination of an employment contract with an employee or a change in working conditions at the initiative of the Company, the employee is notified of this no later than fifteen calendar days, unless the employment or collective agreement provides for a longer notice period. In 2021, there was one fact that an employee applied to the conciliation commission in connection with the termination of the employment contract. The legality of the Company's actions was confirmed by a court decision, the termination of the employment contract at the initiative of the employer was formalized in accordance with the requirements of labor legislation.

There are two trade unions in AK Altyntalmas JSC:

- Trade union of employees Kazprofmetal Trade Union of Mining and Metallurgical Industry, which includes 1,377 employees;
- KasipKorgan trade union, which includes 502 employees.

The Company does not use child or forced labor. There were no cases of discrimination against employees in the reporting period.

Personnel Structure and Composition

As of the end of the reporting period, for 2021 the headcount of member companies of Altyntalmas Group, increased from 6,709 to 10,540 employees (by 57.1%). At the same time, the number of workers increased from 5,422 to 8,492 (by 56.6%), heads of functional units – from 349 to 654 (by 87.4%). The number of engineering and administrative employees increased from 887 to 1,324 (by 49.3%), and senior managers from 51 to 70 (by 37.3%).

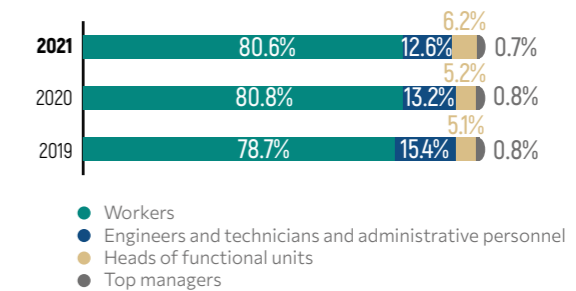
At the end of 2021, the parent company of the Group, AK Altyntalmas JSC, numbered 5,215 employees, or 49.5% of the total headcount of the Group. The number of employees of Kazakhaltyn LLP and AAEngineering Group LLP at the end of the reporting year was 1,753 and 1,021 employees, respectively, or 16.6% and 9.7% of the total number of the Group's employees. Other companies within the Group accounted for 24.2% of the total headcount of its employees.

In general, the share of workers in the personnel of Altyntalmas Group did not undergo significant changes compared to 2020 and amounted to 80.6%, with a decrease in the share of engineering and administrative personnel from 13.2% to 12.6%. Thus, changes in the structure of the Group led to an increase in the share of employees directly involved in the production of products and optimization of support staff.

Headcount of Altyntalmas Group, Number of employees as of the end of the period



Structure of Altyntalmas Group personnel by categories of employees, % as of the end of the year

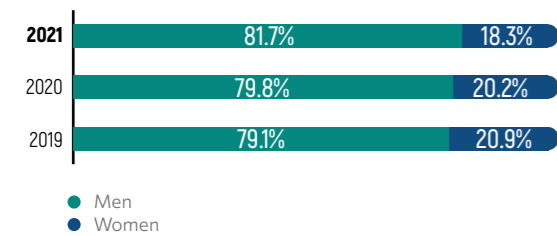




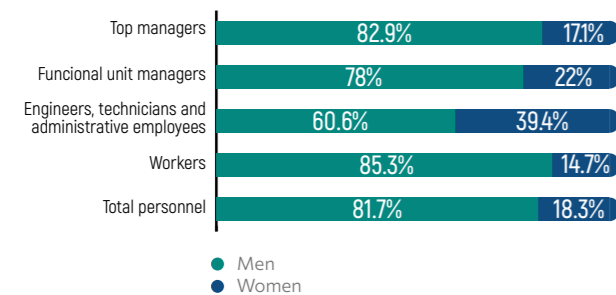
Headcount of Altyntalmas Group Personnel, Employees as of the end of the period

	2019	2020	2021
Altyntalmas Group, total	6,585	6,709	10,540
AK Altyntalmas JSC	1,851	2,003	5,215
Altyntalmas Technology LLP	74	180	121
Aksu Technology LLP	0	33	215
Stepnogorsk Hotel LLP	-	-	27
Kazakhaltyn LLP	4,181	4,041	1,753
Kazakhaltyn Logistic LLP	-	-	195
Kazakhaltyn Technology LLP	-	-	673
AAEngineering Group LLP	-	-	1,021
AAMining LLP	-	-	798
AAE ProService LLP	-	-	143
AAE Service LLP	-	-	145
ProMS LLP	-	-	57
Kazakhaltyn Service LLP	-	-	94
Kazakh Santechproject LLP	-	-	83

Altyntalmas Group personnel structure by gender, % as of the end of the period



Altyntalmas Group personnel structure by gender and employee category at the end of 2021, % as of the end of the period



The gender structure of the Group's personnel did not change significantly in the reporting year. The share of women in the total workforce was 18.3% at the end of the year, with this figure being slightly higher among heads of functional units (22.0%) and significantly higher in the category of engineering and administrative workers (39.4%). At the same time, the proportion of women in the workforce is only 14.7%, which is due to the traditional predominance of men among workers in extractive industries.

In 2021, the share of employees under the age of 30 increased from 20.7% to 22.6%, while the share of employees over 50, on the contrary, decreased from 24.3% to 18.9%. In fact, in all categories of employees, the most numerous is the age group from 30 to 50 years old, which on average accounts for 58.5% of all personnel (55.0% in 2020). Nevertheless, the proportion of employees over 50 years of age is slightly higher among workers (20.4%), and in the category of engineering, administrative and auxiliary personnel, the share of employees under the age of 30 is slightly higher (26.5%).

Altyntalmas Group's personnel are distinguished by a high level of education: 42.7% of employees have higher education, 36.1% – secondary vocational education, 18.4% – secondary education. 2.8% of employees have postgraduate diplomas.

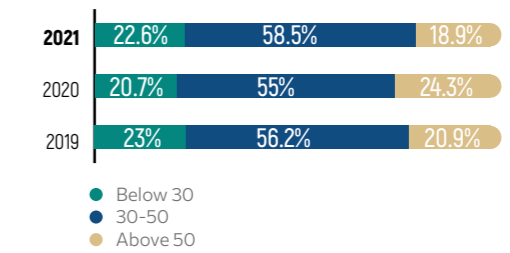
The number of employees with disabilities totaled 153 people, of which 6 are heads of functional units, 27 are engineers, and 118 are workers.

In 2021, 150 employees took parental leave, including 1 man and 149 women. 29 employees returned from parental leave.

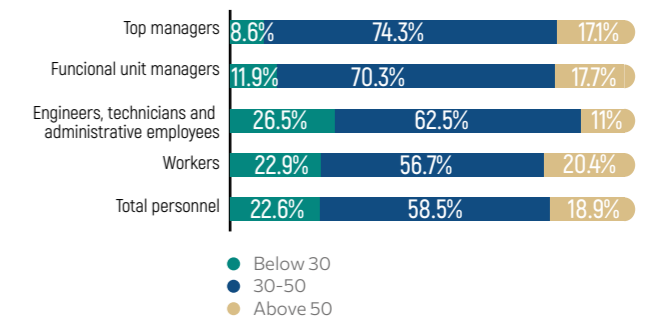
The value of the employee turnover rate across Altyntalmas Group increased from 19% in 2020 to 25% in 2021. The increase in employee turnover was due to the ongoing reorganization of the Group. The number of hired employees also increased from 2,831 in 2020 to 5,977 in 2021, the growth of the indicator was mainly due to the renegotiation of employment contracts during the re-registration and reorganization of the Group companies.



Altyntalmas Group personnel structure by age groups, % as of the end of the period



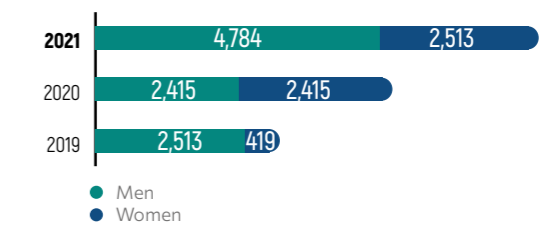
Altyntalmas Group personnel structure by age groups and employee categories as of the end of 2021, % as of the end of the period



Altyntalmas Group employee turnover rate



Number of employees hired by Altyntalmas Group, Employees for the period



Labor Remuneration, Personnel Assessment and Motivation

The Company sets a goal of ensuring fair remuneration of its employees, corresponding to their labor contribution to the Company's activities, the achievement of its strategic and operational goals. The main components of the remuneration of employees are fixed remuneration (base salary), variable remuneration (monthly bonuses and/or year-end remuneration) and a social package.

The company uses a unified remuneration system based on the position grading system (Hay Group methodology). This system implies fair remuneration regardless of gender, age, etc. and is only based on objective factors such as

qualifications, the complexity of the tasks to be solved and the level of responsibility.

The Company regularly monitors the labor market to ensure that the level of wages is in line with market conditions. In 2021, the Company acquired four payroll surveys (Korn Ferry, E&Y, PWC KZ and PWC UK for top management benchmark reports), based on which a labor market analysis was carried out. Based on the results of the analysis, the Company increased the level of remuneration by an average of 17% in 2021.

Change in Remuneration of the Company's Employees in 2021

	Average Salary as of January 1, 2021, KZT	Average Salary as of December 31, 2021, KZT	Increase for 2021
Office and management personnel	644,416	760,411	18%
Production personnel	231,440	270,785	17%
Average for two categories	310,707	363,527	17%

For the purpose of personnel motivation, Altyntalmas Group practices indirect material incentives in the form of additional bonuses, etc.

In 2020, the Company introduced a performance efficiency management system based on the key performance indicators (KPI). A planning and performance evaluation cycle consists of the following 3 stages:

1. Goal setting/tasks and KPI planning for a year;
2. Half-year review of objectives;
3. Assessment of goal/task accomplishment and KPI achievement for the year.

Based on the assessment results, it was planned to pay bonuses to 518 employees, including 149 women (26%) and 432 men (74%) at the end of 2021. The basic remuneration rate depends on the personnel category.

In accordance with the norms of the labor legislation of the Republic of Kazakhstan, Altyntalmas Group companies provide for payment for overtime work, payment for work on holidays and weekends, at night, allowances and additional payments, remuneration for workers engaged in heavy work, work with harmful (especially harmful), dangerous working conditions, additional paid annual leave, financial assistance and a one-time incentive in connection with reaching retirement age.

Employees who combine work with study in educational organizations are also provided with additional vacations for the period of examinations or orientation sessions, preparation and defense of a graduation project (work), passing final exams.

Social Protection of Employees

The Company adheres to a social policy, the purpose of which is to take care of the health of employees and ensure social security of employees and their families. The main components of social support in 2021 were voluntary medical insurance, payment of sick leaves, insurance of employees

against accidents during the performance of their labor (service) duties, material assistance in case of an industrial injury and material assistance for the burial of employees and their family members.

In order to support the team members and their families during the pandemic, Altyntalmas Group provided assistance in the form of providing personal protective equipment to all employees and their families, paying material assistance to employees from low-income families, paying sick leaves for employees diagnosed with CVI and pneumonia in the amount of an average wage.

The Company's social package includes the following support measures in addition to those established by law:

- Catering services;
- Transportation services;
- Financial aid for burial;
- Pension benefits;
- Organization of corporate events;
- Payment of mobile communication services;
- Voluntarily health insurance for full-time employees after the probation period and their family members;
- Additional catering and taxi services in the course of overtime work.

Personnel Training

Altyntalmas Group personnel training programs are implemented across all functional units and departments, all categories of employees are involved in the training – from top managers to workers in the production process. Personnel training is continuous and is carried out throughout the employee's entire career to consistently expand and deepen knowledge and competencies, improve professional skills in accordance with the Company's development needs.

The Company applies the principle of blended learning (70-20-10), where 70% of development activities are related to on-the-job training, 20% involve interaction with other employees, internal or external experts (mentoring, feedback, coaching), and 10% accounts for training (full-time and remote) and self-study. At the same time, various formats of training are used: distance, group, individual. Internal experts are involved in the learning process, as well as external providers: universities, advanced training institutes, training centers and consultants.

Corporate training of the Company's employees is carried out in the following areas:

- Mandatory training programs;
- Functional training (development of professional competences and advanced professional training);
- Programs for improvement of personal effectiveness and language training;
- Management training and leadership development programs;
- Digital skills development programs;
- Academic training.

In 2021, the Company expanded the coverage of various categories of employees with development and advanced training programs. As of the end of the year, a total of 3,922 employees, including managers, were trained, including 186 women and 3,736 men. The total number of training hours was 119,747 hours, including 16,469 hours of training for female employees and 103,279 hours for male employees. The average training time per employee was 14.12 hours (female employee – 12.1 hours, male – 14.53 hours). 59 employees of the Company were trained in higher education institutions.

Below are the main deposits of employees training in 2021:

- Mandatory training of production personnel (62% of the total number of personnel training hours);
- Training and advanced training (18%);
- Management training (5%);
- Corporate training (12%);
- Digital training (3%).

In 2021, the Company revived the tradition of mentoring: more than 60 employees were selected and sent to study at the School of Mentors in order to transfer knowledge and experience to young interns. Also in 2021, Altyntalmas introduced an "internal trainers" program to develop the unique competencies of staff, as well as to offer advanced training programs that are not available on the market for additional education services.

Safety and Health

Safety and health (S&H) issues are supervised by the Committee of the Board of Directors for Safety and Environmental Protection under the leadership of an independent director (member of the Board of Directors). The Committee quarterly reviews management reports on the results of activities in this area, the strategies for improving the level of safety and health and the culture of safe production. In particular, the Board of Directors considers on a mandatory basis the status of the implementation of the SanaSafety – Conscious Safety project, the results of the analysis of the root causes of incidents in the deposit of S&H, the status of corrective measures to prevent the recurrence of incidents in the future.

Heads of structural subdivisions are personally responsible for the safety and health of each subordinate employee. The responsibilities of managers related to the improvement of industrial safety include:

- Personal participation in the assessment of risks in the deposit of occupational safety;
- Conduct of regular behavioral safety audits;
- Regular visits of production facilities and industrial control;
- Holding meetings of Level 2 Safety Committees with teams of structural subdivisions to increase the level of involvement in the process of continuous improvement of the state of industrial safety and receive feedback;
- Personal involvement in the investigation and analysis of the root causes of incidents.

Safety and health (S&H) issues are supervised by the Committee of the Board of Directors for Safety and Environmental Protection under the leadership of an independent director (member of the Board of Directors).

As part of the risk assessment process during production, a job safety analysis (JSA) procedure is being implemented, aimed at identifying hazards and taking timely corrective actions to eliminate them before the start of a work assignment.

The Company pays special attention to the level of competence, skills and abilities for the safe and responsible performance of their duties by employees. After being hired, each employee must undergo an introductory safety briefing and subsequent briefings at the workplace. Further, repeated briefings are regularly held in accordance with the existing S&H programs and initiatives.

The company implemented the digital project “Management of Company Orders” at the production facilities of the Akbakai and Pustynnoye clusters. As part of the project, an automated process for issuing and closing electronic work orders and permits using digital signatures was implemented. The functionality of issuing electronic work permits for high-risk work was implemented in accordance with the latest changes in the legislation of the Republic of Kazakhstan. In addition, the “Instruction” module was introduced as part of the order system for electronic registration in the System of instructions and suspensions of work depending on the significance of Injury Risks. This module is aimed at timely elimination and control over the elimination of identified deviations in the deposit of occupational health and safety.

Accounting and registration of incidents at the production facilities of the Altyntalmas Group are carried out in accordance with the current procedure for recording and classifying incidents in the deposit of industrial safety and labor protection. Accounting and registration are carried out by the Department for industrial safety and labor protection in accordance with the legislation of the Republic of Kazakhstan and international standards in the deposit of safety and health.

The Company recognizes the importance of learning from past incidents and the importance of timely and high-quality identification of systemic causes and the development of effective corrective measures in order to prevent the recurrence of incidents in the future. In this regard, the Company has revised its approach to classifying and recording incidents in the deposit of safety and health, developed and implemented the procedure “Analysis of the root causes of incidents in the deposit of safety and health”.

In order to reduce the complexity of data entry, reporting and analysis of the results of behavioral security audits, risk assessment and analysis of the root causes of incidents, software was developed jointly with EMEX. The program is currently being tested on production sites.

At the hazardous production facilities of the Altyntalmas Group, emergency response plans (ERP) were developed for various areas. An ERP provides for measures to save people, ways to get people out, measures to eliminate accidents and prevent their development, actions of employees in the event of accidents and actions of emergency rescue service units and site workers. The operational part of the ERP is carefully studied by the employees of the relevant sections. For each item of the ERP, regular drills and emergency drills are held, according to the approved schedule.

In connection with the widespread use of automobile and special vehicles during the production process, in order to ensure safe operation of equipment and safety of workers and to reduce the number of traffic accidents, the procedure “Safe operation of vehicles” was developed and its implementation was commenced.

In connection with the involvement of a large number of contractors for various types of work, in order to ensure the safety of the Company’s employees and contractors, the Procedure for “Management of industrial safety and labor protection in contractor companies” was developed and its implementation began.

Altyntalmas Group HSE Statistics as of the end of 2021

Parameter	Altyntalmas	Kazakhaltyn	Kazakhaltyn Technology	AAE	Note
Mortality	0.00	0.00	0.00	0.00	–
LTIFR	0.23	0.22	0.15	0.03	LTIFR = [number of events with DAFW over the reporting period] x 200 000 / (total number of hours worked in the reporting period).
Incidents with days away from work (DAFW)	10	4	1	4	A work-related injury that results in an employee being absent from work for one or more days following the day of the injury.
Incidents leading to disability (RD)	1	0	0	0	–
Provision of medical aid	5	1	0	5	Injuries that do not lead to DAFW or disability, but require more serious measures than first aid.
Serious traffic accidents	5	0	0	6	Traffic accident during which the vehicle rolled over on its side, onto the roof and/or 360 degrees in any axis Traffic accident resulting in DAFW
Fire	17	1	0	6	–
Fines, KZT	5,316,360	0	0	0	–

07

Environmental and Social Responsibility

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Environmental Protection

ENVIRONMENTAL PROTECTION POLICY

In the course of its activity AK Altyntalmas JSC pays special attention to environmental protection and observance of the RK nature conservation legislation. All production processes of the Company are built with due account for its commitment to environmental protection values. The Company is interested in rational use of natural resources and strives to prevent environmental pollution in the course of its activity. We constantly evaluate the possibility of reduction in resources consumption through the use of advance practices and the latest technologies.

In 2021, the Company reorganized the Department of Environmental Protection, as a result of which two separate structural subdivisions were created – the Production Affairs Division and the Corporate Affairs Division. The production division of the Department deals with issues of industrial environmental control, conducts internal audits, inspections and checks, controls all environmental issues at the Company's production facilities, implements the best environmental practices in production, assists the corporate division of the Department in collecting the necessary initial data, provides assistance to the Company's production departments in addressing environmental issues. The corporate division of the Department deals with all environmental reporting, permits, support of environmental design, implementation of international standards in the deposit of environmental protection, maintenance of the environmental component of the principles of sustainable development, environmental audit, communications with state regulatory authorities.

The principles of the Company's activities in the deposit of environmental protection are as follows:

- Ensuring environmental safety in the course of operations;

- Control over the observance of nature preservation legislation, instructions, standards and environmental protection rules and regulations by the Company's subdivisions;
- Control over the implementation of the environmental protection program;
- Accounting of any environmental impacts from decisions made in the development of strategic areas of activity;
- Development and improvement of environmental education and education of the Company's employees and contractors providing services for the Company;
- Intolerance to environmental risks;
- Maintaining transparency and accessibility of environmental information for stakeholders, the public and the population on matters arising in in the course of the Company's activities;
- Ensuring a rational use of energy and natural resources in the course of the Company's production activities;
- Taking immediate decisions to reduce or eliminate negative impacts on the environment in emergency situations;
- Ensuring training and raising awareness in the deposit of environmental management of the Company's employees and contractors to make them aware of their role and responsibility for environmental impacts;
- Striving for the use of low-waste or waste-free innovative technologies;
- Compliance with the requirements of the current environmental legislation of the Republic of Kazakhstan and international standards adopted by the Company;
- Following the best world practices in the deposit of environmental protection.



AKBAKAI PROJECT

Waste management. In the course of production activities at the Akbakai project site, 48 types of waste are generated annually. In the reporting year, 317 tons of waste were handed over for disposal or processed; 1,482,000 tons were placed at the project site (data include tailings and overburden rocks), which is 18.2% lower as compared to 2020.

Waste Generated at the Akbakai Project Sites in 2021, Thsd tons

Hazardous waste	0.18467
Non-hazardous waste	0.13842
Overburden rocks	623.03
Enrichment waste	859.04
Total volume of waste	1,482.4

Production and consumption waste management is carried out in accordance with the Waste Management Program developed and approved by the Company's management. Separate storage of waste is practiced at all sites of the project. As a particular type of waste is generated, each site submits an act of waste generation to the Department of Environmental Protection of the Zhambyl region. Waste is removed for temporary storage on a regular basis as it accumulates on our own vehicles. Production and consumption waste accounting logs are filled in for each type of waste on an ongoing basis.

Accumulation and storage of production and consumption waste at the sites are carried out within the framework of legislative requirements in the deposit of environmental

protection. The limits on the volumes of storage and disposal of waste are observed in accordance with the current permits.

Measures are taken to reduce the impact of production and consumption waste once generated. For example, new generation incinerator plants (with minimal emissions to the environment) are used for burning industrial, solid household and food waste. Up to 40% of generated waste is recycled in the furnace.

In 2021, waste oil and waste large tires were transferred for sale to third parties interested in reusing these wastes as secondary raw materials. Thus, the Company has not only eliminated the potential environmental impact from the disposal of these wastes, but also received economic benefits from the sale of waste as secondary raw materials.

Water consumption. Water is one of the most valuable types of raw materials used in the production process. Water is supplied to the Akbakai project from the Company's own water wells. Akbakai mine's drainage water is used for the purpose of service water supply.

Production facilities of the Akbakai project use a water recycling system and dry tailing technology, which reduces water consumption by 40% and eliminates the discharge of wastewater into the environment. The volume of water used in recycling water supply in 2021 amounted to 1,275,500 m³, which is 47% of the project's total water consumption.

As a part of the industrial environmental control program, the quality of groundwater and surface water is monitored on an ongoing basis with the involvement of an accredited laboratory. Monitoring is carried out at least once a quarter.

Water Consumption by Akbakai Project Production Facilities, Thsd m³

	2019	2020	2021
Ground water	458.5	177.9	1,457.8
Surface water	–	–	–
Other natural sources/Beskempir	89.8	240.7	–
Total water from natural sources	548.3	418.6	1,457.8
Share of natural sources	39%	34%	53.33%
Recycling water supply	945.66	1,038.0	1,275.5
Share of recycling water supply	67%	85%	46.7%
Other sources	–	–	–
Total water consumption	1,404.2	1,215.9	2,733.3
Water consumption per ton of processed raw materials	1.6	1.4	3.15

Waste water discharge. Household wastewater from the Akbakai project is pumped out of septic tanks using a sewage truck, treated at the local wastewater treatment plant Bio-Eikos-40 and discharged into the existing household wastewater storage pond.

The storage pond with the area of 108,900 m² was built by constructing an embankment dam, taking into account the terrain. The design capacity of the storage pond, taking into account the slopes, is 218,900 m³. The replenishment of the storage pond due to precipitation is 23,520 m³/year with an average rainfall of 216 mm per year. Evaporation from the surface of the reservoir is 144,400 m³/year.

The storage pond is used in the enterprise's recycling water supply system for a more rational use of water resources. The volume of discharges into the storage pond in 2021 amounted to 43,840 tons of waste.

Power consumption and efficiency. The Company systematically works to improve the energy efficiency of production. In 2021, the total volume of electricity consumption for the Akbakai project amounted to 69.1 million kWh. Electricity consumption per ton of doré produced was 36.4 million kWh.

In 2021, a total of KZT 2.9 million was allocated for measures to reduce electricity consumption. In particular, work was carried out to replace fluorescent lighting lamps with LED ones, install reactive power compensation devices to achieve the standard value of the power factor in the networks of 0.4 kV, and install frequency converters on electric motors.

In the buffer village of the project, there are solar power generation plants and a battery storage system that makes it possible to use generated energy to illuminate the central part of the buffer village and the entrance group at night. Thus, the Company reduces its costs for the use of electricity from external sources, reducing indirect greenhouse gas emissions.

The implementation of measures to increase energy efficiency made it possible, by the end of 2021, to reduce energy consumption at the facilities of the Akbakai project by 391,100 kWh.

Power Consumption by Akbakai Project Facilities, mln. kWh



Reduction of atmospheric emission. Emissions into the atmosphere during mining and processing from gold and silver ores are predominantly in the form of inorganic dust. The total volume of pollutant emissions into the atmosphere for 2021 amounted to 307.39 tons.

To reduce the environmental impact, the crushing and screening complex of the branch is equipped with a dust settling and dust trapping system in closed blocks. Ore is loaded into the crushing complex feed hopper with its preliminary moistening in order to reduce the dusting of the finely dispersed ore fraction. The dust suppression efficiency is 85%. The crushing and screening complex is equipped with cyclone units with a dust suppression efficiency of 90%. When excavating the rock mass at the Akbakai, Beskempir-Aksakal and Karyernoje deposits, hydrosprinkling is carried out, the dust suppression efficiency of which is about 85%.

In addition, in order to reduce emissions into the atmospheric air, a number of innovative solutions are being applied at the production facilities of the Akbakai project, including the following:

- An environmentally neutral reagent – bischofite (magnesium salt) is used for dust suppression on onsite roads. Unlike most dust control materials, bischofite absorbs moisture from the air and retains it in the applied areas for a long time. Possessing such properties as hygroscopicity (strong ability to absorb moisture even from relatively dry air), bischofite ensures maximum moisture content of the road surface and significantly reduces dust levels. This reagent also extends the life of the roadway, providing soil stabilization;

- Crushing and screening complex is equipped with Donaldson's new generation aspiration units to capture dust with an efficiency of more than 95%;
- At the moment, preparatory work is underway (documentary and technical part of the issue, market research of equipment suppliers, selection of efficient equipment, creation of technical specifications for the competition, etc.) for the introduction of automated environmental monitoring stations (AMS) at the project. AMS data are intended for a continuous monitoring of pollutant concentrations in the atmospheric air in real time. According to the requirements of the new Environmental Code of the Republic of Kazakhstan, the introduction of AMS is an integral part of obtaining integrated environmental permits in the coming years;
- In order to reduce the blowing off of the dry beaches of the tailing dump, hydro-dedusting of the surface is carried out with an efficiency of 85%.

Industrial environmental control. To ensure compliance with state requirements in the environmental protection sphere, the Company regularly carries out industrial environmental control (IEC), the objects of which are:

- Atmospheric air at the border of the sanitary protection zone (SPZ), working and residential areas, industrial emissions of pollutants into the atmosphere;

- Underground and waste water;
- Soils and land resources;
- Production and consumption wastes;
- Radiation situation of the territory;
- Flora and fauna;
- Noise;
- Technological facilities and their technical condition;
- Sanitary and living conditions of personnel;
- Monitoring of temporary waste disposal sites;
- State of the environment in case of emergencies.

The results of work based on the results of the IEC for 2021 confirmed the compliance of the environmental impact with the approved limits in the permit documentation.

Landscape gardening. In 2021, landscaping work was carried out on the project area, as part of which green spaces were planted, including:

- 450 nurselings of elm tree;
- 450 nurselings of poplar;
- 75 nurselings of lilac;
- 75 nurselings of hibiscus;
- Perennial and annual flowers.

PUSTYNNOYE PROJECT

Waste management. In the process of production activities at the industrial sites of the Pustynnoye project, 78 types of production waste are generated. Separate collection of production and consumption waste is organized in the territory of production facilities.

The total volume of waste generated at the project's production facilities in 2021 amounted to 25,598,600 tons, of which 460.2 tons were sent for disposal to other organizations, 74.5 tons were processed and disposed of at production facilities. Waste generated as a result of household activities (solid household waste, SHW) is placed at the SHW landfill of the production project. Waste disposal is carried out in accordance with the permitted limits.

All operations for the disposal of industrial waste are carried out by third parties on the basis of concluded contracts. Waste disposal costs in 2021 amounted to KZT 3,049,239.00.



Waste Generated at the Pustynnoye Project Sites in 2021, tons

Type of Waste	Generated Waste Volume	Sent for recycling to other organizations	Placed on industrial sites	Recycled and disposed of at the industrial site
GPP tailings	4,996,940.2	-	4,996,940.2	-
Overburden rocks	20,601,090.0	-	20,601,090.0	-
Hazardous waste	272.4	219.0	-	53.3
Non-hazardous waste	344.9	241.2	82.5	21.2
Total	25,598,647.5	460.2	25,598,112.7	74.5

The presence of a solid household waste landfill significantly reduces the impact on the environment, as such impact can only be possible during the transportation of waste from the source of its generation to the place of disposal. The Company formed a liquidation fund to carry out land reclamation activities and monitor the environmental impact after the closure of the landfill.

The reagent facility has an IN-50.02K incinerator plant for incinerating waste from sodium cyanide containers, caustic soda (sodium hydroxide) and medical waste. The unit is equipped with an afterburning system for flue gases. To ensure a permissible amount of harmful emissions into the atmosphere from waste incineration, the complex was equipped with a flue gas cleaning system using the "dry" method. The plant incinerates 140.25 tons/year of waste, or 50.81 kg/h, with an operating time of 8 hours a day. After the incineration of production waste, ash and slag, gas cleaning products (unloading of the dust collector bin), containers from slaked lime and active coal remain.

In order to reduce environmental pollution, agreements have been concluded with third parties for the sale of a number of waste products (paper and cardboard, scrap metal, used oils, used metal balls, plastic, metal drums and used tires) for use as secondary raw materials.

Water consumption. The Company pumps groundwater from development wells, drainage water from the quarry of the Pustynnoye gold deposit, and also uses the surface water of Lake Balkhash for technical purposes.

In 2021, 2,570 m³ of water was withdrawn from underground wells for domestic water supply of the branch. Water consumption from underground water sources decreased by 26,630 m³ compared to 2020 due to the commissioning of a desalination plant that produces water for household needs.

3,597,410 m³ of water was taken from Lake Balkhash for the plant's technical needs. Compared to 2020, the volume of water consumption from the lake increased by 382,810 m³, due to an increase in the volume of processed ore. However, specific water consumption per unit of production decreased by 5%.

During the year, no groundwater was withdrawn from the quarry at the Pustynnoye deposit because of a low water inflow into the quarry, evaporation and removal of water along with the rock mass.

Like the Akbakai project, the Pustynnoye project uses a recycling water supply system, which saves water consumption for domestic and industrial needs.

Water Consumption by Production Facilities of Pustynnoye Project Production Facilities, thsd m³

	2019	2020	2021
Ground water	55.2	29.2	2.57
Surface water of Balkhash Lake	1,504.5	3,214.6	3,597.41
Total water from natural sources	1,559.7	1,559.8	3,600.0
Share of natural sources	35%	52%	60%
Recycling water supply	2,939.0	2,939.0	2,385.5

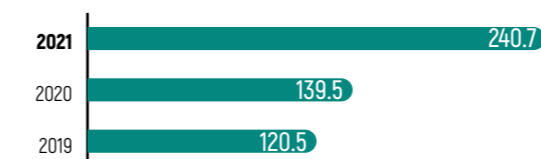
	2019	2020	2021
Recycling water supply share	65.0%	46.8%	39.9%
Other sources	-	-	-
Total water consumption	4,498.7	6,182.8	5,985.5
Water consumption per 1 ton of processed ore	1.78	1.62	1.13

Wastewater. There were no wastewater discharges in 2021. All industrial effluents from the gold processing plant and waste water after household use enter the tailings. Household effluents are discharged into the Bio-Eikos biological treatment plant, then the treated effluents are discharged into a waterproofed tailing dump and, together with clarified water, enter the plant's recycling water supply system for use for industrial purposes. The impact from the discharge of used water is excluded due to the absence of discharges to the surface of adjacent territories or into natural water bodies.

Power consumption and efficiency. The Company pays special attention to measures for reducing electric power consumption and carbon footprint and implements a number of investment projects aimed at the reducing energy consumption and improving energy efficiency. In 2021, KZT 178.6 mln was allocated for investment of power energy projects at the Pustynnoye project site. As part of these activities, solar panels with gel batteries were installed to power the lighting devices on the road between the Pustynnoye and Dolinnoye deposits, which had not previously been lit. In total, 217 lighting towers were installed along the road section of 12.8 km between the deposits. The lighting towers are equipped with modern LED lights with a service life of 10 years. Solar panels have reduced electricity consumption from external suppliers by 76,000 kWh.

In 2021, the total volume of energy consumption at the facilities of the Pustynnoye project amounted to 240.75 million kWh. Energy consumption per unit of production (1 ton of doré) was 46.3 million kWh.

Total Power Consumption by Pustynnoye Project Sites, mln. kWh



Atmospheric air protection. Air emissions from the mining and processing of gold and silver ores of the Pustynnoye project are predominantly inorganic dust. The sources of dust emission during the reporting period were drilling and blasting, excavation and loading operations, transportation of rock mass. In 2021, dust emissions from the Pustynnoye project accounted for up to 94% of the total emissions of pollutants into the atmospheric air.

In 2021, in order to reduce the dust impact on the environment and the health of workers, a set of steps and environmental measures were implemented, including:

- Dust suppression of technological roads and rock dumps of the deposit. Efficient irrigation reduces dust emission by 50%;
- Maintenance of the factory's dust collection equipment and crushing and screening complex, ensuring the efficiency of the dust collection system (cleaning efficiency of at least 95%);
- **The use of covered belt conveyors** to reduce dust during the transportation of ore to processing sites. Ore transfer units from one conveyor to another are equipped with a dust suppression system (irrigation);
- **Landscaping and site improvement.** Green spaces are included in the life support system of workers, they are the most important environment-forming and environmental protection factor that ensures the comfort and quality of the production environment. In 2021, 40 seedlings of coniferous trees were planted;
- **Hydraulic stemming of wells** in the process of blasting provides a reduction in emissions of solid particles up to 60% and gaseous substances up to 85%;
- **Regular monitoring of the environment condition** and impact of dust on sensitive environments, control over compliance with emission standards approved in the project documentation.

In 2021, the total volume of pollutant emissions into the atmosphere at the facilities of the Pustynnoye project amounted to 2,569 tons. There were no accidental or irregular discharges of pollutants.

Industrial environmental monitoring. To ensure compliance with state requirements in the deposit of environmental protection and ecology, IEM is carried out on a regular basis at the facilities of the Pustynnoye project. Based on the results of the IEM conducted in 2021 at the project sites, the following conclusions were drawn:

1. The studied technogeosystem did not experience loads of inorganic dust. Chemical analyses of air samples at stationary sources, conducted by an accredited laboratory of Scientific Analytical Center LLP, confirmed that the emissions from sources do not exceed the established standards for maximum allowable emissions;

2. At the stage of surface, ground and process water monitoring in 2021, water samples were taken and analyzed;
3. According to the results of the analysis of noise levels in all places of measurement, the noise level does not exceed the maximum permissible level;
4. According to the results of the analysis of the radiation background in all places of measurement, the level of the radiation background does not exceed the established standard.

KAZAKHALTYN LLP PRODUCTION FACILITIES

Kazakhaltyn LLP (previously –Kazakhaltyn MMC JSC) extracts raw materials and produces gold at the Aksu deposit, Aksu – Quartzite Hills, Bestobe and Zholymbet deposits.

Key Indicators

Key Indicators of Environmental Friendliness and Resource Consumption at the Production Facilities of Kazakhaltyn LLP in 2021

Total mass of regulatory waste generation, ton	
Aksu and Aksu – Quartzite Hills mines	32,404,792.0
Bestobe mine	127.4
Zholymbet mine	4,327,769.0
Water consumption volume, thsd m ³	
Aksu and Aksu – Quartzite Hills mines	2,113.1
Bestobe mine	333.3
Zholymbet mine	1,087.7
Electric power consumption, thsd kWh	
Aksu and Aksu – Quartzite Hills mines	110,439.0
Bestobe mine	30,317.8
Zholymbet mine	52,559.0
Water drainage volume, thsd m ³	
	53.4
Greenhouse gases emission volume (carbon dioxide, methane, nitrous oxide), ton	
	21,142.4
Cost of environmental protection measures, KZT thsd	
Aksu and Aksu – Quartzite Hills mines	171,829
Bestobe mine	19,038
Zholymbet mine	41,012

Product Quality

In 2021, there were no facts of non-compliance of the Company's products with the requirements of the legislation of the Republic of Kazakhstan. The Company was not subject to fines, penalties or warnings related to the negative impact of the Company's products on the health or safety of customers or the inconsistency of information or labeling about the properties of its products (goods or services), including advertising, promotion and sponsorship.

The Company does not sell products that are prohibited in some markets or raise questions from interested parties and are the subject of public discussion. Sale of the Company's products is carried out in full compliance with the requirements of the legislation of the Republic of Kazakhstan.

Interaction with Stakeholders

As part of the ISO 9001:2015 international certification, the Company determined a list of stakeholders with whom it interacts in the course of its activities, according to the criterion of their degree of influence on the Company's activities. The Company's stakeholders included customers, the state, suppliers, local and other authorities, banks, investors, residents of the regions where production activities are carried out, regulatory authorities, shareholders, employees of the Company, managers. For the purpose of the certification, the key stakeholder expectations, their needs and interests, as well as the actions required to meet their needs were also identified.

Any matter of interaction with all stakeholders are regulated by the following corporate documents and regulations:

- AK Altynalmas JSC Articles of Association;
- AK Altynalmas JSC Corporate Ethics Code;
- AK Altynalmas JSC Conflict of Interest Policy;
- AK Altynalmas JSC Regulation on Reporting Violations of Ethical Standards;
- Regulation on Work in Conditions of COVID-19 Coronavirus Infection;
- Regulation on Health, Safety and Environmental Protection;
- AK Altynalmas JSC Procurement Policy.

Social Responsibility

AK ALTYNALMAS JSC COMMITMENTS UNDER SUBSOIL USE CONTRACTS

The terms of most of the Company's contracts for the development of deposits imply that it incurs obligations to finance the socio-economic development of the regions in which the deposits are located, as well as to conduct research and development. Social obligations are accrued on an annual basis and involve mandatory payments for the development of the region's socio-economic sphere under subsoil use contracts.

According to the approved work program, in 2021 the amount of the Company's payments for the social development of the regions was KZT 94.1 million. Actual payments under BCC 206114 "Deductions from subsoil users for the socio-economic development of the region" amounted to KZT 103.4 million, i. e. KZT 9.3 million more than the planned value.

AK Altynalmas JSC Expenses on Social Development of Regions under Concluded Contracts for Subsoil Use as of the End of 2021, KZT

No.	Deposit/Contract	Contractual Obligations	Working Program	Paid	Difference
1	Akbakai Contract No.68 dated October 15, 1996	Total under the contract USD 15,000.00	5,100,000	8,668,000	3,568,000
		Including social development of Akbakai village		1,868,000	
		Including the funds transferred to BCC 206114		6,800,000	
2	Karyernoye Contract No.1089 dated December 29, 2002	Total under the contract USD 2,000.00	860,000	1,000,000	140,000
		Social development of Akbakai village		-	
		Including the funds transferred to BCC 206114		1,000,000	
3	Beskempir-Aksakal Contract No.653 dated April 18, 2001	Total under the contract USD 5,000.00	1,850,000	2,250,000	400,000
		Social development of Akbakai village		-	
		Including the funds transferred to BCC 206114		2,250,000	
4	Svetinskoye Contract No.2359 dated May 11, 2007	Total under the contract USD 84,000.00	31,500,000	36,500,000	5,000,000
		Social development of Akbakai village		-	
		Including the funds transferred to BCC 206114		36,500,000	
5	Pustynnoye Contract No.273 dated November 30, 1998	Total under the contract: 0.2% of annual production costs	22,753,000	22,800,000	47,000
		Social development of the region		-	
		Including the funds transferred to BCC 206114		22,800,000	
6	Karyernoye site Contract No.1021 dated October 23, 2002	1,000 MRI	2,917,000	2,917,000	-
		Including the funds transferred to BCC 206114			
7	Baktai ore deposit Contract No.4857-TPI dated June 9, 2016	2,000 MRI	5,834,000	5,834,000	-
		Including the funds transferred to BCC 206114			
8	Mizek Contract No.34 dated December 26, 1995	KZT 3,250,000	3,250,000	3,250,000	-
		Including the funds transferred to BCC 206114			
9	Izvestnyak Contract No.1089 dated December 29, 2002	KZT 100,000.00	100,000	100,000	-
		Including the funds transferred to BCC 206114			
10	Dolinnoye Contract No.5661-TPI dated November 15, 2019 (prospecting)	800 MCI	2,333,600	2,333,600	-
		Including the funds transferred to BCC 206114			
11	Itkudukskoye site Contract No.5662-TPI dated November 15, 2019 (prospecting)	800 MCI	2,333,600	2,333,600	-
		Including the funds transferred to BCC 206114			
12	Ortasai Contract No.5664-TPI dated November 15, 2019 (prospecting)	800 MCI	2,333,600	2,333,600	-
		Including the funds transferred to BCC 206114			
13	Pustynnoye-Baktayskoye site Contract No.5663-TPI dated November 15, 2019	800 MCI	2,333,600	2,333,600	-
		Including the funds transferred to BCC 206114			

No.	Deposit/Contract	Contractual Obligations	Working Program	Paid	Difference
14	Dolynnoye Contract No.636 dated February 19, 2001	KZT 9,780,000.00	9,780,000.00	9,780,000.00	-
		Including the funds transferred to BCC 206114			
15	Kenzhem Contract No.2577 dated February 15, 2008		-	150,000	150,000
		Including the funds transferred to BCC 206114			
16	Karaul-Tobe Contract No.34-TK dated June 19, 2017	In accordance with the submitted calculations under the contract	816,760.00	817,000.00	240
		Including the funds transferred to BCC 206114			
17	Sayak 4 License No.15-ML dated December 11, 2020	Not provided for	-	-	-
		Including the funds transferred to BCC 206114			
Total			94,095,160.00	103,400,400.00	9,305,240.00

The amount of costs planned for 2021 was KZT 487.3 mln. Actual expenses amounted to KZT 507.1 mln, which was KZT 19.9 mln above the planned level.

AK Altynalmas JSC Expenses on Training under Concluded Subsoil Use Contracts as of the End of 2021, KZT

No.	Deposit/Contract	Contractual Obligations	Working Program	Paid	Difference
1	Akbakai Contract No. 68 dated October 15, 1996	USD 57,000.00	19,380,000	25,144,000	5,764,000
2	Karyernoye Contract No. 1089 dated December 29, 2002	0.1% of production costs	2,241,000	2,250,000	9,000
3	Beskempir-Aksakal Contract No. 653 dated April 18, 2001	0.1% of production costs	6,986,000	7,000,000	14,000
4	Svetinskoye Contract No. 2359 dated May 11, 2007	0.1% of production costs	-	-	-
5	Pustynnoye Contract No. 273 dated November 30, 1998	1% of annual investments	245,124,000	266,303,000	21,179,000
6	Karyernoye site Contract No. 1021 dated October 23, 2002	1% of annual investments	667,100	700,000	32,900
7	Baktai ore deposit Contract No. 4857-TPI dated June 9, 2016	1% of annual investments	874,200	900,000	25,800
8	Mizek Contract No. 34 dated December 26, 1995	1% of annual investments	78,611,000	79,000,000	389,000
9	Izvestnyak Contract No. 882 dated September 3, 2019	1% of production costs	184,000	192,000	8,000
10	Dolinnoye site Contract No. 5661-TPI dated November 15, 2019 (prospecting)	1% of geological prospecting operations costs	342,600	350,000	7,400
11	Itkudukskoye Site Contract No. 5662-TPI dated November 15, 2019 (prospecting)	1% of geological prospecting operations costs	830,700	831,000	300
12	Ortasai Contract No. 5664-TPI dated November 15, 2019 (prospecting)	1% of geological prospecting operations costs	558,300	600,000	41,700

No.	Deposit/Contract	Contractual Obligations	Working Program	Paid	Difference
13	Pustynno-Baktaiskoye site Contract No. 5663-TPI dated November 15, 2019 (prospecting)	1% of geological prospecting operations costs	857,300	857,300	–
14	Dolinnoye Contract No. 636 dated February 19, 2001	1% of annual operating costs	122,186,000	123,008,000	822,000
15	Kenzhem Contract No. 2577 dated February 15, 2008	1% of annual operating costs	8,443,000	0	–8,443,000
16	Karaul-Tobe Contract No. 34-TK dated June 19, 2017	Not provided for	–	–	–
17	Sayak 4 License No. 15-ML dated December 11, 2020	1% of production costs incurred in the previous year	–	–	–
18	Olimpiiskoye License No. 26-ML dated October 8, 2021	1% of production costs incurred in the previous year	–	–	–
Total			487,285,200	507,135,300	19,850,100

Amount of R&D costs planned for 2021 was KZT 427.1 mln. Actual costs amounted to KZT 644.1 mln, which was KZT 217.0mln higher than the planned level.

AK Altylnalmas JSC R&D Costs under Concluded Subsoil Use Contracts as of the End of 2021, KZT

No.	Deposit/Contract	Contractual Obligations	Working Program	Paid
1	Akbakai Contract No. 68 dated October 15, 1996	61,686,000	95,402,000	33,716,000
2	Karyernoje Contract No. 1089 dated December 29, 2002	31,590,000	34,978,000	3,388,000
3	Beskempir-Aksakal Contract No. 653 dated April 18, 2001	109,789,000	111,546,000	1,757,000
4	Svetinskoye Contract No. 2359 dated May 11, 2007	–	–	–
5	Pustynnoye Contract No. 273 dated November 30, 1998	59,396,000	228,564,000	169,168,000
6	Karyernoje site Contract No. 1021 dated October 23, 2002	–	–	–
7	Dolinnoye Contract No. 636 dated February 19, 2001	164,687,000	173,627,000	8,940,000
Total		427,148,000	644,117,000	216,969,000

In 2021, the Company spent a total of KZT 582 mln on social and economic development of its presence regions including the amount of contractual obligations fulfillment and sponsor support.

KAZAKHALTYN MMC JSC OBLIGATIONS UNDER SUBSOIL USE CONTRACTS

According to the terms of subsoil use contracts concluded by Kazakhaltyn MMC JSC for 2021, expenses for the socio-economic development of the regions of its presence, training and R&D in the amount of KZT 1.5 billion were planned.

The amount of actually incurred expenses was equal to KZT 958.4 million, including KZT 239.9 million for socio-economic development, KZT 156.5 million for training and KZT 561.9 million for research and development.

Kazakhaltyn MMC JSC Expenses on Social Sphere as of the end of 2021 under Concluded Subsoil Use Contracts, thsd KZT

Deposit	Contract/ License No.	Social and Economic Development		Training		R&D	
		Plan	Fact	Plan	Fact	Plan	Fact
Aksu and Aksu – Quartzite Hills deposits	145	219,845.7	219,846.0	319,768.7	138,013.6	695,992.4	561,909.4
Zholymbet deposit TMF	917	7,081.0	7,081.0	7,081.0	8,284.2	91,226.8	–
Bestobe deposit TMF	761	3,120.1	3,120.0	3,120.1	6,714.5	53,361.4	–
Aksu deposit TMF	762	6,958.8	6,959.0	6,958.8	3,499.5	85,697.2	–
Ushtoban deposit	5311	2,405.0	2,917.0	33.0	35.0	–	–
Total		239,410.6	239,923.0	336,961.6	156,546.8	926,277.8	561,909.4

MEDICAL SCREENING OF POPULATION IN THE REGIONS OF PRESENCE

Altylnalmas is fully aware of the need to take care of the health of residents of settlements located near its production facilities. In the fall of 2021, the Company organized a free screening (comprehensive medical examination) of the population of Bestobe, Zholymbet and Aksu villages of Akmola region. Screening was carried out in the form of on-site consultations by doctors of the Medicare company. Laboratory studies were carried out by Kazakh Research Institute of Oncology and Radiology JSC of the Republic of Kazakhstan Ministry of Public Health under the guidance of Doctor of Medical Sciences, Head of the Research Laboratory of Health and the Environment, Professor D.V. Vinnikov.

Screening was carried out for residents of settlements aged 16 to 84. A total of 549 adults and 463 children applied for advice from specialized doctors and for additional examinations in three villages. A medical team stayed for 10 days in each of the villages.

The patients who came for examination were referred for a consultation with a therapist, who collected an anamnesis, information about dispensary records (that is, about previously confirmed chronic diseases), and then drew up an examination plan. In this regard, a complete blood count, a general urinalysis, a biochemical blood test (total

protein, total bilirubin, glucose, creatinine) and 12-lead electrocardiography were mandatory. Also, with the consent of the patient, ultrasound examinations of the abdominal cavity and retroperitoneal organs, fecal occult blood analysis, blood tests for cholesterol, alpha-fetoprotein and mercury levels, chest x-ray, spirometry, if indicated, computed tomography of chest organs, echocardiography, cytological examination, mammography, analysis for prostate-specific antigen were prescribed.

After the examination and consulting the therapist, some of the patients were also examined by a dentist. The children were examined by a pediatrician.

The Company initiated the screening guided by the principles of social responsibility and concern for the health of the population of the regions where it operates, as well as in connection with the concern of some local residents about the possible negative impact of production activities on their health. At the same time, the screening results indicated that the level of morbidity and detection of diseases in Bestobe, Aksu and Zholymbet villages does not exceed the average statistics for the regions of the Akmola region and the Republic of Kazakhstan.

CHARITY

Altylnalmas Group is fully aware of its social responsibility to the residents of the territories adjacent to its production facilities. The Company's management regularly comes up with charitable initiatives and welcomes the promotion of such initiatives by the Company's employees in private.

In 2021, the Company held a number of charity events in various settlements of the Akmola, Abay (East Kazakhstan) and Zhambyl regions.

RESULTS OF MEDICAL EXAMINATION OF AKSU, ZHOLYMBET AND BESTOBE VILLAGES' INHABITANTS

	General Practitioner	Dentist	Pediatrician	Ultrasonography	Respiratory Function	CT
BESTOBE	382	305	103	276		
ZHOLYMBET	105	14	295	74		
AKSU	62	54	65	35		
TOTAL	549	373	463	385	81	5

Age Range of the Examined People – 16 to 84 years old (average age – 52 years old)

CONDUCTED EXAMINATIONS:

Mandatory:

- Complete blood cell count;
- Common urine examination;
- Biochemical blood count;
- 12-lead electrocardiography (ECG);
- Pulse oximetry;
- Spirography.

Optional or if medically required:

- Ultrasound investigation (USI) of abdominal cavity organs;
- Ultrasound investigation of retroperitoneal space;
- Faecal occult blood test;
- Seruma-fetoprotein;
- Total cholesterol;
- Serum mercury level;
- Chest examination;
- Smear cytology and mammography;
- Prostate specific antigen;
- Thoracic organs computer tomography;
- Echocardiography.

UNDERLYING CONDITIONS

- 20% arterial hypertension
- 3% coronary heart disease
- 3% diabetes mellitus
- 1% bronchocele
- 1% chronic gastritis
- 1% bronchial allergy
- 1% Chronic obstructive lung disease (COPD)

STATISTICS OF COMMON DISEASES IN THE CONTEXT OF VILLAGES

- ARTERIAL HYPERTENSION:**
Zholymbet – 40%, Aksu – 19%, Bestobe – 15%
- CARDIAC ISCHEMIA:**
Zholymbet – 11.1%, Aksu – 1.2%, Bestobe – 7.2%
- DIABETES:**
Zholymbet – 6%, Aksu – 6%, Bestobe – 2%
- BRONCHOCELE:**
Zholymbet – 3%, Aksu – 5%, Bestobe – 0%

CONCLUSION:

Conducted deposit consultations by specialty physicians in three villages of the Akmola region (Aksu, Bestobe and Zholymbet) did not reveal a special, excessive structure of diseases in the population, which, according to the population, is associated with the operation of gold mines in close proximity to their places of residence. The structure and prevalence of the most common diseases corresponded to, and in some cases were even lower (COPD, tuberculosis, tumors, and fibrosis) than those of the population of other regions.

Altyntalmas Group Charity Activity in 2021

- January 2021
 - Altyntalmas cleaned intra-settlement roads of snow in Akbakai village, Zhambyl region;
 - Altyntalmas provided material support to children from low-income families in the Akbakai village: Nurgeldy Rashin, the Akbakai project manager, presented 11 children with winter clothes on behalf of Altyntalmas;
 - MMC Kazakhaltyn JSC (currently Kazakhaltyn LLP), as part of support for educational organizations and distance learning during the pandemic, donated 185 tablets to schools in Aksu, Bestobe and Zholymbet villages in Akmola region.
- February 2021
 - Kazakhaltyn MMC JSC rendered help to 10 low-income families in Bestobe village by provision of totally 20 tons of coal to them.
- March 2021
 - Employees of Kazakhaltyn MMC JSC held Nauryz Meiramy campaign in the course of which they handed food baskets to 80 low-income multi-member families.
 - Kazakhaltyn Technology LLP donated to the village of Zholymbet, Akmola region, a machine for the collection and removal of solid waste worth KZT 16 million. The company also donated 50 garbage containers to the village for a total amount of KZT 2,350,000.00.
- April 2021
 - Kazakhaltyn MMC JSC provided sponsorship assistance in the amount of KZT 10 million to equip robotics classrooms in secondary schools No.1 and No.2 in Aksu village, Akmola region. The classrooms are designed for 14 students and are equipped with all the necessary equipment: robots, a 3D printer, designers, other equipment and appropriate furniture.
- May 2021
 - On the eve of May 9, representatives of Kazakhaltyn Technology LLP congratulated veterans of the Great Patriotic War and home front workers living in the city of Stepnogorsk and the villages of Aksu, Bestobe and Zholymbet of Akmola region.
- June 2021
 - On Children's Day JSC "AK Altyntalmas" donated 137 sets of gifts for children with disabilities and children from low-income and large families of the city of Stepnogorsk to the "Kind Heart of Stepnogorsk" community.
 - Kazakhaltyn MMC JSC donated a vehicle for the collection and removal of solid waste to the municipal services of the Bestobe village of the Akmola region. In addition, the Company donated 72 garbage containers to the settlement.
- July 2021
 - Kazakhaltyn MMC JSC purchased and donated 30 beds and 30 sets of bedding to the Stepnogorsk multidisciplinary city hospital in the amount of 2 million tenge.
 - Altyntalmas assisted in the aftermath of the hurricane in the villages of Betobe and Izobilnoye in the Akmola region. The company carried out repair and restoration work of overhead power lines and restored power supply to the homes of residents in the Bestobe settlement. In addition, having received official requests from the akimats of the villages for assistance in the purchase of building materials, on July 31, 2021, the employees of Kazakhaltyn Technology LLP purchased and delivered to the villages the building materials necessary for the restoration of the affected buildings in the amount of more than KZT 8 million.
- August 2021
 - Kazakhaltyn MMC JSC handed over a PAZ-32054 passenger bus of 2021 make to residents of Aksu village, Akmola region, to carry out passenger flights on the Aksu-Stepnogorsk-Aksu route.
- September 2021
 - As part of the Road to School campaign, 44 children from socially vulnerable families in Aksu villages and Zavodskoy, Akmola region, received school bags with school supplies and stationery from AK Altyntalmas JSC.
- October 2021
 - AK Altyntalmas JSC carried out work on the construction and operation of street lighting networks along the street 40 years of Pobedy in the village of Zholymbet, Akmola region. The company installed metal poles and connected 50 street lighting lamps and two in the Victory Park to the production line of AK Altyntalmas JSC. Lanterns illuminate the road from the entrance to the village to the production facilities of AK Altyntalmas JSC.
- November 2021
 - Altyntalmas Group financed renovation of the sports hall at the house of culture in Zholymbet village, Akmola region, built more than half a century ago. This hall is the only sports facility of its kind in the village. Works were carried out to replace the flooring, install heating, install new windows, build a new bathroom and reconstruct the locker room.
 - In the city of Stepnogorsk, a solemn opening of the Center for the provision of special social services in conditions of a semi-hospital NGO "Balapan", working under the state social order, took place. Kazakhaltyn Technology LLP participated in sponsoring this center along with other enterprises in the region.
- December 2021
 - Kazakhaltyn MMC JSC donated new, modern dental equipment worth about KZT 2 million to the outpatient clinic of Zholymbet village, Akmola region. This is the only dentistry office in the village, which serves the entire population of the village.
 - On the New Year eve, the Company's employees bought 30 sets of food and household goods at their own expense and, together with volunteers from the Red Crescent Society, handed them over to families with children with disabilities and single mothers.

08

Appendix

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APPENDIX 2. GRI INDEX	106
APPENDIX 3. AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR 2021	116
GLOSSARY	133



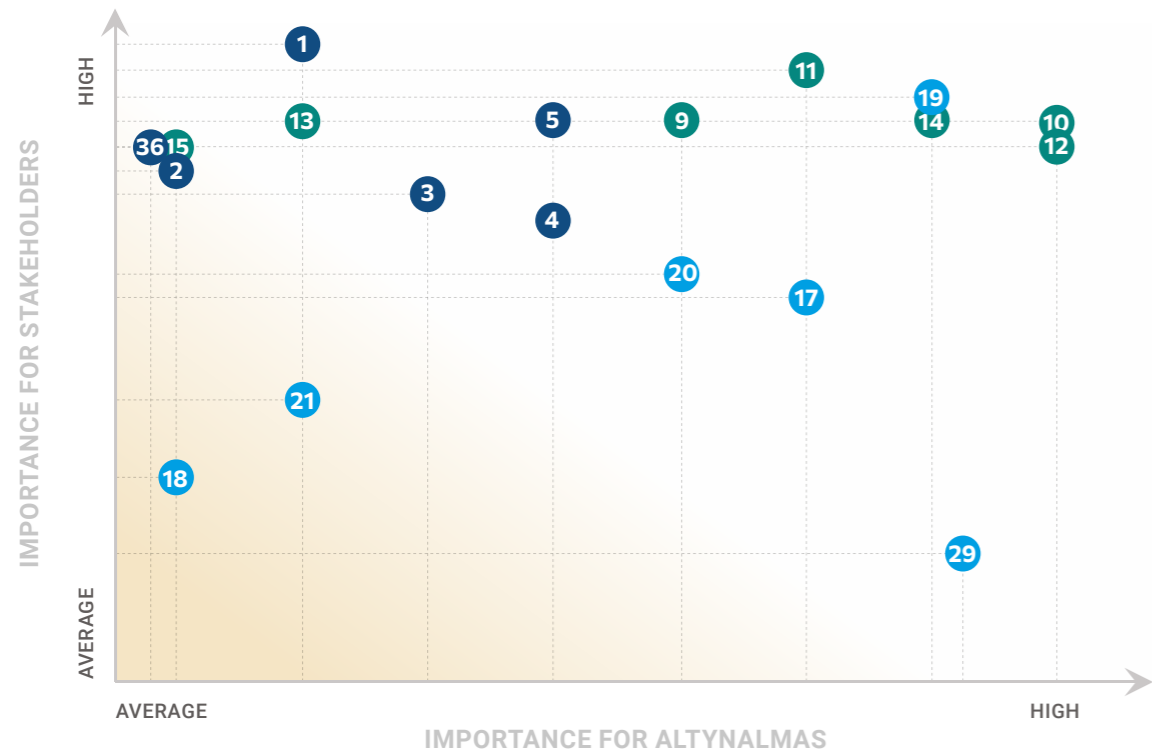
Appendix 1. Scope of the Report

AK Altyntalmas JSC strives to ensure maximum transparency and disclosure of information to the extent that satisfies the needs of all stakeholders, in connection with which, starting from 2020, the Company began to apply GRI standards when preparing its annual reports. This Annual Report contains not only information on operational and financial performance, but also sections on sustainable development, including issues of personnel management and personnel policy, social responsibility, corporate governance, and environmental protection.

This Annual Report includes information and data for the period from January 1 to December 31, 2021, some data from previous periods, as well as plans and forecasts of

the Company. During the preparation of the Report, no significant revision of the disclosed indicators was carried out. The report has not been externally verified.

When preparing the Report, the Company conducted an analysis of the materiality of all sustainable development topics based on a survey of internal and external stakeholders. An online stakeholder survey was prepared, which was attended by representatives of the Company's shareholders, suppliers, associations, local government bodies, banks, partners and customers. Based on the results of the survey, a materiality matrix was prepared, presented below.



● economy ● social sphere ● ecology

- economy**
- 1 financial indicators
 - 2 presence in the markets
 - 3 indirect economic effect
 - 4 procurement practices
 - 5 anti-corruption management
 - 36 technologies and innovations

- social sphere**
- 17 labor practice
 - 19 safety and health
 - 20 training and development of employees
 - 29 local communities
 - 18 relations between employees and management
 - 21 diversity and equal opportunities

- ecology**
- 9 power consumption control
 - 10 water resources
 - 11 land and biological diversity preservation
 - 12 greenhouse gas emissions

- ecology**
- 13 air quality
 - 14 wastes and tailing ponds
 - 15 compliance with environmental requirements

Assessment of Sustainable Development Aspects Materiality

No.	Parameter	Importance for the Company	Importance for Stakeholders
1	Financial performance	60%	91%
2	Presence in the markets	53%	85%
3	Indirect economic effect	67%	83.75%
4	Procurement practice	73%	82.50%
5	Anti-corruption management	73%	87.50%
6	Technologies and innovations	40%	86.25%
7	Power consumption control	80%	87.50%
8	Water resources	100%	87.50%
9	Land and biodiversity preservation	87%	90%
10	Greenhouse gas emission	100%	86.25%
11	Air quality	60%	87.50%
12	Wastes and tailing ponds	93%	87.50%
13	Compliance with environmental requirements	53%	86.25%
14	Labor practice	87%	78.75%
15	Safety and Health	93%	88.75%
16	Employees training and development	80%	80%
17	Local communities	73%	66.25%
18	Relations between employees and management	53%	70%
19	Diversity and equal opportunities	60%	73.75%
20	Financial performance	60%	91%
21	Presence in the markets	53%	85%
22	Indirect economic effect	67%	83.75%

Appendix 2. GRI Index

Standard No.	Parameter	Section of Report/Comment	Page
GRI 1: Basics			
GRI 2: General information			
2-1 Company profile			
2-1a	Company name	General information	
2-1b	Property type and form of incorporation	General information	
2-1c	Location of head-quarter	General information. Contact information	
2-1d	Business location	Geographic reach	
2-2 Entities included in the company's report on sustainable development			
2-1a	Legal entities controlled by the organization or in which the company has participation interest, included in the sustainable development report	Composition of AK Altynalmas JSC Group	
2-1b	Legal entities, reports of which was included in the report of the company	Composition of AK Altynalmas JSC Group	
2-3 Reporting period, frequency and contact point			
2-3a	Reporting period and frequency	Report limits	
2-3b	Reporting period and financial statements frequency	Report limits	
2-3c	Date of report publication	Report limits	
2-3d	Contact point that can be referred to with the questions about the given report	Contact information	
2-4 Restatement of information			
2-4a	Restatement of information for the past reporting periods (recalculations)	The indicators in the previous report were not reformulated	
2-5 External assurance			
2-5a	Policy and practice of the organization regarding the provision of external assurance of accounts	General information	
2-6 Activity, value creation chain and other business relations			
2-6a	Sectors (public, private/financial or other) in which the organization operates	Economic environment Operating activity of the Company	
2-6b	Value creation chain	Operating activity of the Company	
2-7 Employees			
2-7a	Total number of employees, breakdown by gender and regions	Structure and composition of personnel	
2-7b	Total number of permanent, temporary, full-time employees by gender and region, as well as the total number of part-time employees, non-guaranteed hours of work	Structure and composition of personnel	
2-7e	Significant fluctuations of the number of employees over the reporting period and between reporting periods	Structure and composition of personnel	

Standard No.	Parameter	Section of Report/Comment	Page
2-8 Employees that are not salaried employees			
2-8a	The total number of workers who are not employees and whose work is controlled by the organization	Not applicable	
2-9 Management structure and composition			
2-9a	Management structure, including top management committees	Board of Directors members	
2-9b	Committees under the supreme Management Body in charge for decision making and supervision over management of company's effect on economy, environment and social sphere	Committees under the Board of Directors	
2-9c	Composition of the Supreme Management Body and its committees	Board of Directors members Committees under the Board of Directors	
2-10 Appointment and election of the supreme management body			
2-10a	Processes of nomination and election to the supreme management body and its committees	Principles of nomination to the Board of Directors	
2-10b	Criteria used for nomination and election to the supreme management body	Principles of nomination to the Board of Directors	
2-11 Chairman of the supreme management body			
2-11a	Chairman of the supreme management body	Members of the Board of Directors	
2-11b	Functions of the chairman of the supreme management body in the organization	Board of Directors	
2-12 Role of the Supreme management body in the supervision of impact management			
2-12a	The role of the supreme management body and senior management in developing, validating and updating the goals, values or mission of the organization. Statements, strategies, policies and goals related to sustainable development	Board of Directors	
2-12b	Role of the supreme management body in overseeing processes for identifying and managing the organization's economic, environmental and social impacts	Board of Directors	
2-12c	Role of the supreme management body in analysis of the company's processes efficiency (2-12a, 2-12b), review frequency	Board of Directors	
2-13 Delegation of responsibility for impact management			
2-13a	Delegation of responsibility for managing economic, environmental and social impacts to the supreme management body	Environmental and social responsibility	
2-13b	Monitoring process and frequency	Environmental and social responsibility	
2-14 Role of the supreme management body in sustainable development reporting			
2-14a	Supreme management body responsibility for the information provided	Information policy	
2-15 Conflict of Interest			
2-15a	Processes for preventing conflict of interest by the supreme management body	Conflict of interest management	
2-15b	Disclosure of conflict of interest to stakeholders	Conflict of interest management	

Standard No.	Parameter	Section of Report/Comment	Page
2-16 Notification of important problems			
2-16a	Process of the supreme management body notification about critical problems	Violation alert	
2-16b	Total number and nature of critical problems, about which the supreme management body was notified over the reporting period	Violation alert	
2-17 Collective knowledge of the supreme management body			
2-17a	Measures taken for development of collective knowledge, skills and experience of supreme management body in sustainable development	Personnel training	
2-18 Assessment of the supreme management body performance			
2-18a	Processes of the supreme management body performance assessment	No assessment was not performed over the reporting period	
2-18b	Independence and frequency of assessment		
2-18c	Actions taken in response to assessment		
2-19 Remuneration policy			
2-19a	Policy of remuneration for members of the supreme management body and senior managers	Key management personnel remuneration	
2-19b	Effect of the supreme management body and that of the top management activity results on the remuneration policy	Key management personnel remuneration	
2-20 Process for establishing remuneration			
2-20a	Process for the development of the remuneration policy and establishment of remuneration	Remuneration to key management personnel	
2-20b	Report on the results of stakeholders (including shareholders) voting on remuneration policy and suggestions	Remuneration to key management personnel	
2-21. Total annual compensation factor			
2-21a	The ratio of the annual total remuneration for the highest paid employees of the organization to the average annual total remuneration for all employees (excluding the highest paid person)	Labor remuneration; personnel assessment and motivation	
2-21b	Ratio of the percentage increase in annual total remuneration for the organization's highest paid employee to the average percentage increase in annual total remuneration for all employees (excluding the highest paid employee)		
2-21c	Contextual information (21-2a, 21-1b)		
2-22 Sustainable development strategy report			
2-22a	Report by the supreme management body or top manager of a company on relevance of sustainable development for company and its strategy of sustainable development facilitation	Environmental and social responsibility	
2-23 Political obligations			
2-23a	Political obligations of responsible business	Social responsibility	
2-23b	Political commitment to human rights	Social responsibility	
2-23c	References to political obligations	Social responsibility	

Standard No.	Parameter	Section of Report/Comment	Page
2-24 Introduction of political obligations			
2-24a	Introduction of political obligations	Social responsibility	
2-25 Negative effect elimination processes			
2-25a	Obligations to ensure or cooperate in the elimination of negative consequences	There were no complaints about activity of the Company in 2021	
2-25b	Approach to identification and consideration of complaints including complaint processing procedures		
2-25c	Other processes used by the company to ensure elimination of negative consequences		
2-25d	Participation by stakeholders in development, analysis, operation and improvement of complaint processing procedures		
2-25e	Tracking the effectiveness of grievance mechanisms and other remediation processes, examples of their effectiveness, including stakeholder feedback		
2-26 Procedures of seeking advice and raising concerns			
2-26a	Procedures allowing for certain individuals to seek advice on introduction of policies and practices in the deposit of responsible conduct of business	Violation alert	
2-27 Observance of laws and regulatory legal acts			
2-27a	Total number of significant cases of non-compliance with laws and regulations during the reporting period (disaggregated by cases for which fines were imposed and for which non-monetary sanctions were applied)	In 2021, there were no significant cases of regulatory violations.	
2-27b	Total number and monetary value of fines for non-compliance with laws and regulations that were paid during the reporting period (disaggregated by fines for non-compliance with laws and regulations that occurred in the current reporting period and previous reporting periods)		
2-27c	Significant cases of non-compliance with laws and regulatory acts		
2-27d	Determining significant cases of non-compliance with laws and regulatory acts		
2-28 Association membership			
2-28a	Industry associations, other member associations and national or international human rights organizations in which the organization plays a significant role	The company is not a member of international associations	
2-29 Approach to interaction with stakeholders			
2-29a	The stakeholder engagement approach, including the categories of stakeholders it engages with and how they are identified; purpose of stakeholder engagement; meaningful stakeholder engagement	Interaction with stakeholders	
2-30 Collective agreements			
2-30a	Share of the total number of employees covered by collective agreement	HR policy and labor relations practice	
2-30b	Organization of working conditions and conditions of employment for workers not covered by collective agreements		

Standard No.	Parameter	Section of Report/Comment	Page
GRI 3: Material issues of 2021			
3-1 Process for determining material issues			
3-1a	The process of identifying material issues, including identifying the actual and potential, negative and positive impacts on the economy, the environment and the social environment as part of its activities and business relationships; prioritizing impacts for reporting based on their significance.	Report limits	
3-1b	Stakeholders and experts, which opinions influenced the process of determining material issues		
3-2 List of material issues			
3-2a	List of material issues	Report limits	
3-2b	Changes in the list of material issues as compared to the previous reporting periods		
3-3 Management of material issues			
3-3a	Actual and potential, negative and positive effect on economy, environment and social sphere	Management report Environmental and social responsibility	
3-3b	Company's connection with negative effect resulting from its activity or its business relations	Management report Environmental and social responsibility	
3-3c	Policy or commitment regarding the topic of the material	Report limits	
3-3d	Actions taken to manage the topic and associated consequences	Report limits	
3-3e	Tracking the effectiveness of actions taken	Report limits	
3-3f	Effect of interaction with stakeholders on measures taken (3-3d) and information on actions efficiency (3-3e)	Report limits	
GRI 201: 2016 economic performance indices			
201-1 Direct economic value created and distributed			
201-1a	Direct economic value generated and distributed on an accrual basis, including major components for the organization's global operations	Operating activity of the Company	
201-1b	Direct economic value at country, region or market level, and the criteria used to determine significance		
201-2 Financial consequences and other risks and possibilities connected with climate change			
201-2	Risks and opportunities connected with climate change that may result in material changes in operations, income or expenses	Environmental protection	
201-3 Plan obligations with established payments and other retirement schemes			
201-3a	Estimated value of liabilities that are covered by the general resources of the organization	Labor remuneration; personnel assessment and motivation	
201-3b	Retirement obligations payment plan		
201-3c	Retirement obligations coverage by fund		
201-3d	Percentage of wages paid by an employee or employer		
201-3e	Participation rate in mandatory and voluntary, regional or country pension schemes or schemes with financial impact		

Standard No.	Parameter	Section of Report/Comment	Page
201-4 Financial aid obtained from government			
201-4a	Total value of financial aid obtained by the company from any government over the reporting period	Operating activity of the Company	
201-4b	Information in 201-4a on countries		
201-4c	Presence of any government in structure of shareholders; degree of presence		
GRI 202: Presence in the market in 2016			
202-1 Ratio of standard entry level wage by gender compared to local minimum wage			
202-1a	Time of receipt of wages by a significant proportion of workers in accordance with the rules of the minimum wage, the ratio of entry-level wages by gender in the main places of work to the minimum wage		
202-1b	Time of receipt of wages by other workers (excluding employees) performing the activities of the organization, in accordance with the rules for the minimum wage, actions taken to receive wages by workers above the minimum wage	Labor remuneration, personnel assessment and motivation	
202-1c	Local minimum salary breakdown by gender		
202-1d	Definition used for "important" locations of operations		
202-2 Share of top management hired from local community			
202-2a	Percentage of top management in important places of business hired from the local community	Executive Committee	
202-2b	Definition used to refer to top management		
202-2c	Organization's geographic definition of "local" term		
202-2d	Definition used for "important" locations of operations		
GRI 203: Indirect economic effect in 2016			
203-1	Supported investments in infrastructure and services	Social responsibility	
203-2	Significant indirect economic consequences		
GRI 204: Procurement practice 2016			
204-1	Share of expenses on local suppliers	Procurement practice	
GRI 205: Fight against corruption 2016			
205-1	Operations assessed for risks connected with corruption	Fight against corruption	
205-2	Information and training on the issues of anti-corruption policy and procedures		
205-3	Confirmed cases of corruption and measures taken		
GRI 206: Anticompetitive (antimonopoly) behavior 2016			
206-1	Lawsuits for anticompetitive behavior, antitrust and monopoly practices	No facts of anti-competitive behavior and monopoly practices were recorded in the reporting period.	

Standard No.	Parameter	Section of Report/Comment	Page
GRI 207: Taxation in 2019			
207-1	Taxation approach	Tax information is disclosed in full version of financial statements (appendix 3)	
207-2	Tax management, control and risk management		
207-3	Stakeholders' involvement in solving tax-related problems		
207-4	Reporting by countries		
GRI 301: Materials 2016			
301-1	Materials used by weight and volume	Environmental protection	
301-2	Secondary primary materials used		
301-3	Recycled products and their packaging materials		
GRI 302: Energy 2016			
302-1	Power consumption within the company	Environmental protection	
302-2	Power consumption beyond the company		
302-3	Energy intensity		
302-4	Power consumption reduction		
302-5	Reduction of power consumption by products and services		
GRI 303: Water and effluents 2018			
303-1	Interaction with water as common resource	Environmental protection	
303-2	Management of effect connected with water drainage		
303-3	Water intake systems		
303-4	Water drainage		
303-5	Water consumption		
GRI 304: Biological diversity 2016			
304-1	Operational sites owned, leased, managed in or near protected areas, and in areas of high biological value outside protected areas	Environmental protection	
304-2	Significant impact by activity, products and services on biological diversity		
304-3	Protected or restored habitat		
304-4	IUCN Red List species and National Conservation List species found in areas affected by operations		

Standard No.	Parameter	Section of Report/Comment	Page
GRI 305: Emissions 2016			
305-1	Direct (sphere of application 1) emission of greenhouse gases	Environmental protection	
305-2	Indirect emissions of greenhouse gases by power sector (sphere of application 2)		
305-3	Other indirect (sphere of application 3) emissions of greenhouse gases		
305-4	Intensity of greenhouse gas emissions		
305-5	Reduction of greenhouse gas emissions		
305-6	Emission of ozone destroying substances (ODS)		
305-7	Nitrogen oxide (NOx), sulphuric oxide (Sox) and other significant atmospheric emissions		
GRI 306: Wastes 2020			
306-1	Generation of wastes and significant impact connected with wastes	Environmental protection	
306-2	Management of significant impact connected with wastes		
306-3	Generated wastes		
306-4	Waste rejected from disposal		
306-5	Wastes sent for disposal		
GRI 308: Environmental assessment of supplier 2016			
308-1	New suppliers selected with the use of environmental criteria	Environmental protection	
308-2	Negative impact on the environment in supply chain and measures taken		
GRI 401: Recruiting 2016			
401-1	Recruiting new employees and personnel turnover	HR policy and labor relations practices	
401-2	Benefits provided to full-time workers that are not available to temporary or part-time workers		
401-3	Parental (maternity) leave		
GRI 402: Labor/management relations 2016			
402-1	Minimum period of notification about changes in operation	HR policy and practice of labor relations	

Standard No.	Parameter	Section of Report/Comment	Page
GRI 403: Safety and Health 2018			
403-1	Safety and health management system	Safety and Health	
403-2	Identification of hazards, risk assessment and incident investigation		
403-3	Occupational safety services		
403-4	Participation by employees, counseling and notification on the safety and health issues		
403-5	Training of employees on the occupational health and safety issues		
403-6	Strengthening health of employees		
403-7	Prevention and mitigation of consequences for safety and health directly connected with business relations		
403-8	Employees covered by the system of safety and health management system		
403-9	Job-related injuries		
403-10	Poor health condition connected with work		
GRI 404: Training and education 2016			
404-1	Average number of training hours per year per employee	Personnel training	
404-2	Advance training programs for employees and support programs in transitional period		
404-3	Number of employees regularly receiving reviews of efficiency and career development		
GRI 405: Diversity and equal opportunities 2016			
405-1	Diversity of governing bodies and employees	Remuneration, assessment and motivation of personnel	
405-2	Basic salary to remuneration to women and men ratio		
GRI 406: Non-discrimination 2016			
406-1	Events of discrimination and measures taken for correction of situation	HR policy and labor relations practice	
GRI 408: Children's labor 2016			
408-1	Operations and suppliers exposed to significant risk of abusive child labor	HR policy and labor relations practice	
GRI 409: Forced or Compulsory Labor 2016			
409-1	Operations and suppliers exposed to significant risk of forced or compulsory labor events	HR policy and labor relations practice	
410-1: Safety precautions 2016			
410-1	Security personnel trained in human rights policies or procedures	Safety and labor protection	
GRI 411: Rights of the local population 2016			
411-1	Events of local population rights violation	No events of local population rights violation were identified	

Standard No.	Parameter	Section of Report/Comment	Page
GRI 413: Local communities 2016			
413-1	Community Engagement Operations, Impact Assessment and Development Programs	Social responsibility	
413-2	Operations with significant actual and potential negative impacts on local communities		
GRI 414: Social evaluation of supplier 2016			
414-1	New suppliers selected with the use of social criteria	Procurement practice	
414-2	Negative social consequences in the supply chain and measures taken		
GRI 415: Governmental policy 2016			
415-1	Political contribution	Operating activity of the Company	
GRI 416: Health and safety of customers 2016			
416-1	Assessment of impact of goods and services categories on health and safety	Product quality	
416-2	Cases of non-compliance with requirements regarding the impact of products and services on health and safety		
GRI 417: Marketing and marking 2016			
417-1	Requirements for information and marking of products and services	Quality of the products	
417-2	Events of non-compliance with requirements related to information on products, services and marking		
417-3	Events of non-compliance with requirements related to marketing communications		

Appendix 3. Audited Consolidated Financial Statements for 2021



Independent Auditor's Report

To the Shareholders, Board of Directors and Management of JSC AK Altynalmas

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of JSC AK Altynalmas (the "Company") and its subsidiaries (together – the "Group") as at 31 December 2021, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021;
- the consolidated statement of financial position as at 31 December 2021;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Kazakhstan. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Republic of Kazakhstan that are relevant to our audit of the consolidated financial statements.



INDEPENDENT AUDITOR'S REPORT (Continued)

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Our audit approach

Overview



Overall Group materiality: 6,175 million of Kazakhstani Tenge, which represents 5% of profit before tax adjusted for impairment loss.

- Our Group audit scope covered the audit work at the Company and 9 largest subsidiaries.
- Our audit scope addressed 99% of the Group's revenue and 99% of the Group's profit before tax.
- Goodwill impairment test
- Compliance with debt covenants
- Reliability of reserve estimate
- Assessment of site restoration provision
- Accounting for business combination

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.



INDEPENDENT AUDITOR'S REPORT (Continued)

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Overall Group materiality	6,175 million of Kazakhstani Tenge
How we determined it	Approximately 5% of profit before tax adjusted for impairment loss
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We further adjusted it for impairment losses of 26,282,610 thousand Tenge in 2021 (Note 15), which is a significant one-off item considered separately in our audit. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
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Goodwill impairment test

Refer to Notes 4 and 21 to the consolidated financial statements Our procedures included:

Under IFRS, the Group is required to test goodwill for impairment at least annually.

At 31 December 2021, total goodwill comprised 47,842,078 thousand Tenge, of which 6,083,423 thousand Tenge was attributable to the acquisition in 2019 of the GMK Kazakhaltyn JSC group (further «Kazakhaltyn» or «Kazakhaltyn Group»), 41,192,544 thousand Tenge was attributable to the acquisition in 2021 of AAEngineering Group LLP (further «AAEngineering») and 566,111 thousand Tenge to other acquisitions.

Management performed an impairment test over *Kazakhaltyn* and *AAEngineering* cash generating units (CGU) as of 31 December 2021.

- We obtained, understood and evaluated management's impairment models prepared by the Group's internal experts for *Kazakhaltyn* and *AAEngineering* CGU's. The impairment models were prepared based on a template developed by an external valuation expert engaged by the Group in 2020 and reviewed by our valuers for the methodology and assumptions used.
- We evaluated the reasonableness of key assumptions used, such as pricing, discount rate, growth rates, inflation rates, country risk and exchange rates based on external market data.
- We evaluated the process by which the future cash flow forecasts were drawn up, including comparing them to the latest Board approved targets and long-term plans.
- We compared operating and future capital expenditure and reserve life data to the latest approved mine plans and budgets (for *Kazakhaltyn* CGU). We compared construction projects data (percentage of completion, planned profit margin,



INDEPENDENT AUDITOR'S REPORT (Continued)

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The estimated recoverable amount of *Kazakhaltyn* CGU significantly exceeded the carrying amount and therefore even reasonably possible changes in key assumptions would not lead to recognition of impairment losses.

The estimated recoverable amount of *AAEngineering* CGU was lower than its carrying amount, and the Group recognised goodwill impairment loss in the amount of 7,065,585 thousand Tenge.

The future cash flows use forward looking estimates which are inherently difficult to determine with precision. There is also a level of judgement applied in determining the other key inputs.

Valuation of goodwill is a key audit matter in the audit due to the size of the goodwill balance and the high level of management judgement involved.

actual and total costs, total project amount) with approved budgets and estimates (for *AAEngineering* CGU).

- We evaluated the forecast gold prices incorporated into the impairment test for *Kazakhaltyn* CGU including comparison to available market data.
- We compared the key assumptions used in the impairment model to the historic performance of the CGU.
- We assessed compliance with the requirements of IFRS of the related disclosures in the consolidated financial statements.



INDEPENDENT AUDITOR'S REPORT (Continued)

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Compliance with debt covenants

Refer to Notes 4 and 30 to the consolidated financial statements

In accordance with the terms of the Facility Agreement with VTB Banks, the Group must comply with certain financial and non-financial debt covenants.

In 2021, the Group breached a production volume covenant for the year. The Group applied for but did not receive a waiver for debt covenant breaches before 31 December 2021. Accordingly, at 31 December 2021, the amount of 384,407,425 thousand Tenge under the Facility Agreement was classified as payable on demand within current liabilities in the consolidated statement of financial position. As a result, as at 31 December 2021 the current liabilities of the Group exceeded its current assets by 269,651,734 thousand Tenge. As at the date of issuance of the consolidated financial statements, the Group is in negotiations with the bank and management believes that it will obtain a waiver from VTB Banks.

We focused on this area because compliance with debt covenants can have a significant impact on the going concern assumption used in the preparation of the consolidated financial statements. Total balance with VTB Banks as at 31 December 2021 was 384,407,425 thousand Tenge or 66% of the Group's total liabilities.

Our procedures included:

- We obtained understanding of the financial and non-financial debt covenants applicable to the Facility Agreement with VTB Banks, including amendments and modifications.
- We reviewed analysis and calculation of covenants, including financial ratios, performed by management of the Group during the year.
- We assessed arithmetic accuracy of calculation of financial covenants and compared data used in the calculation to the consolidated financial statements. We examined documentation supporting compliance with debt covenants throughout the year.
- Where non-compliance was identified, we obtained copies of written waivers in relation to the breached covenants and determined whether the waiver specifically and appropriately addressed each event of non-compliance and its effective date.
- We considered whether classification of borrowings at the reporting period end as current or non-current is consistent with the results of the assessment.
- We assessed the Group's disclosures relating to non-compliance with debt covenants applicable to the Facility Agreement with VTB Banks and its impact on the going concern assumption in the consolidated financial statements.



INDEPENDENT AUDITOR'S REPORT (Continued)

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Reliability of reserve estimate

Refer to Note 4 to the consolidated financial statements

The Group uses proved reserves and, for some mines, a portion of resources expected to be converted into reserves, as the basis for calculation of depreciation and amortisation of mining assets and subsoil use rights, when applying the units of production (UoP) method.

In 2018-2021, the Group engaged SRK consultants to assess the Group's reserves and resources in accordance with the JORC Code.

The Group adopted the following approach when depreciating its mining assets and subsoil use rights:

- *Reserves* were used for mines, that had SRK reserve reports available (other than Aksu and Bestobe, owned by Kazakhaltyn group): Akbakai, Aksakal-Beskempir, Pustynnoe, Dolinnoe and Karyerno. For Zholymbet mine (owned by Kazakhaltyn group), the Group used reserve estimates per SRK feasibility study prepared in 2020.
- *Resources* (expected to be converted into reserves) were used for mines, that had no SRK reserve reports available: Aksu and Bestobe. These mines were acquired as part of Kazakhaltyn acquisition in 2019. In 2020, the Group's engineers performed an internal assessment of mineable resources that the Group expected to extract in an economic manner but had chosen to delay the work required to designate them formally as reserves.

The Group compared these estimates of mineable resources to underlying resource estimation used in the valuation of Kazakhaltyn acquisition in 2019, as well as resource reports issued by SRK consultants for Kazakhaltyn mines in prior years.

Our procedures included:

- We evaluated the competency and objectivity of the external expert appointed by management based on their professional qualifications, experience and use of industry accepted methodology.
- We performed enquiries with the Group's internal experts (involved in estimation of mineable resources at Aksu and Bestobe) to assess their competency and use of industry accepted methodology, as well as to evaluate deviations from resource estimates used in the valuation of Kazakhaltyn acquisition in 2019 and resource reports issued by SRK consultants in prior years.
- We tested mathematical accuracy of the UoP calculation performed by the Group for each mine or contract area. We agreed the key inputs used in the calculation to the underlying financial information, production data and reports on reserves and resources.
- We involved our accounting technical specialists to assist in the review of the applied accounting policies across the Group for calculation of UoP depreciation and amortisation against the requirements of the relevant accounting standards.
- We assessed the Group's disclosures relating to the use of reserves and resources in calculation of UoP depreciation and amortisation, including the sensitivities provided, against the requirements of the relevant accounting standards and found them to be adequate.



INDEPENDENT AUDITOR'S REPORT (Continued)

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Total UoP depreciation and amortisation recognised by the Group on these mines in 2021 amounted to 4,351,908 thousand Tenge. Management performed a sensitivity analysis as disclosed in Note 4 and concluded that possible changes in key assumptions will not result in a significant change in the depreciation and amortisation calculated using the units of production method.

We focused on this area because the assessment of mineral resources and ore reserves involves significant assumptions and estimates and may have a material impact on the calculation of UoP depreciation and amortisation expense.

Assessment of site restoration provision

Refer to Notes 4 and 34 to the consolidated financial statements

The Group incurs obligations to close, restore and rehabilitate its mining sites.

At 31 December 2021, the Group has recognised provisions for site restoration of 13,364,122 thousand Tenge.

This area was considered significant to the current year audit for the following reasons:

- Changes in local laws and regulations and management's expected approach to restoration and rehabilitation could have a material impact on these provisions. The quantum, scope and timing of future costs are governed by the respective subsoil use contracts, Group internal policies and interpretation of local law and are based on estimates by the Group's engineers.
- The calculation of these provisions requires management judgement in estimating future costs and scope of work. These calculations also require management to determine an appropriate rate to discount future costs back to their net present value.

Our procedures included:

- We assessed the work of the Group's internal experts in identifying rehabilitation activities against legislative requirements and assessed their timing and likely cost. We evaluated their methodology against industry practice and requirements of the applicable subsoil use contracts and our understanding of the business.
- We considered the appropriateness and consistency of the data used in the Group's future cost estimates between different sites. We also evaluated the competency and objectivity of the experts based on their professional qualifications, experience and use of industry accepted methodology.
- We evaluated the key economic assumptions used in the calculation of significant closure and rehabilitation provisions, including the discount rate applied to calculate the net present value of the provision and foreign exchange rates used in translating the future obligations.
- The assumptions were compared against market observable data including risk free rates and nominal cost values.
- We assessed the Group's disclosures relating to the environmental obligations in notes 4 and 34 to the consolidated financial statements with respect to the Group's environmental obligations, against the



INDEPENDENT AUDITOR'S REPORT (Continued)

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- The majority of the Group's assets are long-life, which increases the estimation uncertainty relating to future cash flows.
- The judgement required to estimate such costs is further compounded by the fact that there has been limited restoration and rehabilitation activity and historical precedent against which to benchmark estimates of future costs.
- Environmental obligations may not be adequately disclosed in the consolidated financial statements.

Assessment of site restoration provision was a key audit matter due to the significant size relative to the Group's financial position and the level of judgement applied by us in evaluating management's estimates of the quantum and timing of future costs.

requirements of the relevant accounting standards and found them to be adequate.

Accounting for business combination

Refer to Notes 4 and 7 to the consolidated financial statements

In May 2021, the Group completed a transaction to acquire AAEngineering Group LLP for a total consideration of 77,403,598 thousand Tenge. The acquisition was accounted for as a business combination under IFRS 3.

The valuation of the Group's acquired identifiable assets and liabilities was performed by an independent appraiser.

The primary element of the valuation and purchase price allocation process was to assess the fair value of the property, plant and equipment, determined at 15,171,332 thousand Tenge, and contracts with customers at 10,727,361 thousand Tenge recognised within intangible assets. Resulting goodwill amounted to 41,192,544 thousand Tenge.

We focused on this area because any assessment of the purchase price allocation, the fair valuation of assets and liabilities, and the identification and valuation of intangible assets can be

Our procedures included:

- We assessed the competence, capabilities and objectivity of the external valuation experts appointed by management and evaluated the reasonableness of their conclusions in relation to the key assumptions used.
- We involved our valuation experts to assist in the evaluation of the methodology and assumptions used in the valuation report, such as discount rates, inflation rates, country specific risk rates and foreign exchange rates to external market data. Also, they provided assistance in checking the mathematical accuracy of the calculations in the valuation report, analysis of the sensitivity of key assumptions used and verifying the compliance of the calculations with the accepted methodology.
- We compared the key assumptions used in the valuation report, such as projected execution of construction contracts with budget, macroeconomic data to observable market data.
- We involved our accounting technical specialists to assist in the review of the accounting treatment for business combination and the Group's disclosures relating to the business combination in Notes 4 and 7



INDEPENDENT AUDITOR'S REPORT (Continued)

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inherently subjective and involve significant judgement.

to the consolidated financial statements against the requirements of the relevant accounting standards.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the group engagement team, or component auditors. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group consolidated financial statements as a whole. The assets and operations of the Group are spread amongst the Company and its nine largest subsidiaries (components). We have identified the Company and its nine subsidiaries as material components. For material components, we with involvement of component auditors, as mentioned above, carried out a full scope audit of the financial information of the components, which the Group uses for the preparation of the consolidated financial statements. We have discussed with component auditors the key assumptions and methodology, received independence and compliance with IESBA Code requirements confirmations. In general, the scope of our audit covered 99% of the Group's revenue and 99% of the Group's profit before tax. The procedures performed have enabled us to obtain sufficient appropriate audit evidence in relation to the consolidated financial statements of the Group and provide a basis for our audit opinion on it.

Other information

Management is responsible for the other information. The other information comprises Annual Report (but does not include the consolidated financial statements and our auditor's report thereon). The Group's complete Annual Report is expected to be made available to us after the date of our 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 Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



INDEPENDENT AUDITOR'S REPORT (Continued)

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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 International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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.



INDEPENDENT AUDITOR'S REPORT (Continued)

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

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats and safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.


The engagement partner on the audit resulting in this independent auditor's report is Azamat Konratbaev.

PricewaterhouseCoopers LLP

30 April 2022

Almaty, Kazakhstan

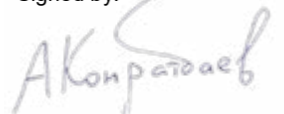
Approved by:


 Dana Inkarbekova
 Managing Director
 PricewaterhouseCoopers LLP
 (General State License of the Ministry of
 Finance of the Republic of Kazakhstan
 №0000005 dated 21 October 1999)

Signed by:


 Svetlana Belokurova
 Auditor in charge
 (Qualified Auditor's Certificate
 №0000357 dated 21 February 1998)

Signed by:


 Azamat Konratbaev
 Audit partner
 (The Association of Chartered Certified
 Accountants Certificate №00770863 dated 8
 May 2003)

AK Altynalmas JSC

Consolidated statement of profit or loss and other comprehensive income

<i>In thousands of Tenge</i>	Notes	2021	2020*
Revenue from contracts with customers	9	347,847,304	299,914,527
Cost of sales	10	(187,080,346)	(131,366,327)
Impairment loss on non-financial assets	15	(19,399,969)	(1,535,197)
Gross profit		141,366,989	167,013,003
General and administrative expenses	11	(34,806,788)	(40,368,055)
Selling expenses	12	(1,353,608)	(1,878,557)
Other operating income	13	3,428,904	1,607,987
Other operating expenses	13	(3,384,775)	(2,766,041)
Reversal of impairment on financial assets, net	14	153,186	5,743,512
Impairment loss on non-financial assets, net	15	(6,882,641)	(1,377,022)
Operating profit		98,521,267	127,974,827
Finance income	16	1,256,952	1,017,295
Finance costs	16	(24,561,822)	(15,645,246)
Foreign exchange gain/(loss), net	39	22,010,789	(46,179,406)
Profit before tax		97,227,186	67,167,470
Income tax expense	17	(8,573,640)	(3,925,773)
PROFIT FOR THE YEAR		88,653,546	63,241,697
Other comprehensive income		713,181	205,350
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		89,366,727	63,447,047
Profit for the year attributable to the:			
Shareholders of the parent		88,645,101	49,454,040
Non-controlling interests		8,445	13,787,657
Total comprehensive income for the year attributable to the:			
Shareholders of the parent		89,358,282	49,614,621
Non-controlling interests		8,445	13,832,426
Earnings per share			
Basic and diluted, profit for the year attributable to owners of the parent, Tenge	29	8,183	4,565

* Certain amounts in this column do not correspond to the consolidated financial statements for the year ended 31 December 2020, since they comprise reclassifications that are described in Note 3.

Signed on behalf of the Management on 30 April 2022:


 Karat K. Rakhshov
 Chief Financial Officer


 Dina A. Demegenova
 Director of Accounting and Reporting
 Department

AK Altynalmas JSC
Consolidated statement of financial position

<i>In thousands of Tenge</i>	Notes	31 December 2021	31 December 2020
ASSETS			
Non-current assets			
Property, plant and equipment	18	302,536,324	215,355,175
Right-of-use assets	19	14,854,397	11,685,370
Exploration and evaluation assets	20	23,113,037	22,758,233
Intangible assets	21	113,022,909	63,399,563
Advances paid for non-current assets	22	6,932,960	65,009,739
Loans given, non-current		124,221	–
Deferred tax assets	17	6,217,564	7,361,600
Other non-current assets	23	2,306,834	2,814,237
		469,108,246	388,383,917
Current assets			
Inventories	24	110,906,924	70,432,762
Trade and other accounts receivable	25	15,838,667	6,419,392
Loans given, current		–	4,000
Income tax prepaid		2,402,438	1,503,818
Tax assets other than income tax	26	23,497,782	21,721,594
Other current assets	28	31,591,281	6,595,986
Contract assets	9	33,301,768	–
Cash and cash equivalents	27	54,191,892	62,878,548
		271,730,752	169,556,120
Assets held for sale		265,020	106,178
TOTAL ASSETS		741,104,018	558,046,215


AK Altynalmas JSC
Consolidated statement of financial position (continued)

<i>In thousands of Tenge</i>	Notes	31 December 2021	31 December 2020
EQUITY AND LIABILITIES			
Equity			
Share capital	29	27,114,488	27,114,488
Additional paid-in capital		5,656,940	5,656,940
Repurchased preferred shares	29	(24,150)	(24,150)
Retained earnings		128,281,767	64,394,085
Equity attributable to the shareholders of the parent		161,029,045	97,141,363
Non-controlling interests		4,289	(4,216)
TOTAL EQUITY		161,033,334	97,137,147
Non-current liabilities			
Borrowings, non-current	30	998,223	2,329,457
Lease liabilities, non-current	19	5,423,671	5,990,132
Financial liabilities under subsoil use contracts	31	262,831	293,620
Trade and other accounts payable, non-current	35	659,354	3,148,760
Other non-current liabilities	32	445,576	653,593
Employee defined benefit liability	33	70,035	654,178
Provisions	34	13,547,622	9,794,263
Deferred tax liabilities	17	17,280,886	15,794,657
		38,688,198	38,658,660
Current liabilities			
Borrowings, current	30	390,389,305	352,723,087
Trade and other accounts payable, current	35	63,753,171	27,447,636
Lease liabilities, current	19	5,302,412	3,209,792
Contract liabilities	9	52,918,124	1,630,280
Income tax liability		258,577	2,127,415
Tax liabilities other than income tax	26	15,899,572	13,368,177
Financial liabilities under subsoil use contracts	31	3,679,224	2,719,470
Employee defined benefit liability	33	13,430	71,317
Other current liabilities	36	9,168,671	18,953,234
		541,382,486	422,250,408
TOTAL LIABILITIES		580,070,684	460,909,068
TOTAL EQUITY AND LIABILITIES		741,104,018	558,046,215

Signed on behalf of the Management on 30 April 2022.



Karlat K. Rakhishov
Chief Financial Officer



Dina A. Demegelova
Director of Accounting and Reporting
Department

AK Altynalmas JSC
Consolidated statement of changes in equity

In thousands of Tenge	Attributable to the shareholders of the parent					Non-controlling interests	Total equity
	Share capital	Additional paid-in capital	Repurchased shares	Retained earnings	Total		
At 1 January 2020	27,114,488	5,656,940	(24,150)	26,935,103	59,682,381	37,757,788	97,440,169
Profit for the year	-	-	-	49,454,040	49,454,040	13,787,657	63,241,697
Other comprehensive income	-	-	-	160,581	160,581	44,769	205,350
Total comprehensive income for the year	-	-	-	49,614,621	49,614,621	13,832,426	63,447,047
Acquisition of non-controlling interests (Note 8)	-	-	-	(12,155,639)	(12,155,639)	(51,594,430)	(63,750,069)
At 31 December 2020	27,114,488	5,656,940	(24,150)	64,394,085	97,141,363	(4,216)	97,137,147
Profit for the year	-	-	-	88,645,101	88,645,101	8,445	88,653,546
Other comprehensive income	-	-	-	713,181	713,181	-	713,181
Total comprehensive income for the year	-	-	-	89,358,282	89,358,282	8,445	89,366,727
Dividends declared	-	-	-	(25,470,600)	(25,470,600)	-	(25,470,600)
Other	-	-	-	-	-	60	60
At 31 December 2021	27,114,488	5,656,940	(24,150)	128,281,767	161,029,045	4,289	161,033,334

Signed on behalf of the Management on 30 April 2022:



Kairat K. Rakishov
Chief Financial Officer



Dina A. Demeghova
Director of Accounting and Reporting Department

AK Altynalmas JSC
Consolidated statement of cash flows

In thousands of Tenge	Notes	2021	2020
Cash flows from operating activities			
Profit before tax		97,227,186	67,167,470
Adjustments for:			
Depreciation and amortisation	18,19,21	39,498,165	29,579,536
Reversal of impairment on financial assets, net	14	(153,186)	(5,743,512)
(Reversal)/accrual of provision for advances paid	15	(159,984)	703,014
Accrual of provision for obsolete inventories	15	1,627,882	993,571
Accrual of reserve for unused vacation	10,11	2,361,301	1,351,852
Accrual of bonus reserve	10,11	2,581,346	1,314,684
Impairment of property, plant and equipment	15	17,772,087	541,626
Change in disability provisions		(7,349)	(19,972)
Loss on disposal of property, plant and equipment		245,043	313,675
Social obligation expenses	11	1,186,716	1,163,947
Impairment of intangible assets	15	7,042,625	674,008
Income from trade payables write-off		(539)	(10,046)
Writing-off withholding tax	11	6,021,043	-
Unrealised foreign exchange (gain)/loss		(20,953,628)	45,055,469
Finance income	16	(1,256,952)	(1,017,295)
Finance costs	16	24,561,822	15,645,246
Operating cash flows before changes in working capital		177,593,578	157,713,273
Change in working capital			
Change in tax assets other than income tax		(675,643)	(5,906,685)
Change in inventories		(30,344,251)	(19,499,620)
Change in trade and other accounts receivable		9,038,395	7,725,697
Change in other current and non-current assets		22,711,001	(4,939,128)
Change in trade and other accounts payable		(9,187,283)	(12,483,371)
Change in tax liabilities other than income tax		(4,781,069)	5,669,959
Change in contract liabilities		6,638,484	(6,188,395)
Change in other current and non-current liabilities		(18,440,208)	8,157,273
Cash flows from operating activities		152,553,004	130,249,003
Income taxes paid		(11,551,576)	(6,250,920)
Net cash flows from operating activities		141,001,428	123,998,083
Cash flows from investing activities			
Purchase of property, plant and equipment		(100,097,653)	(90,764,084)
Purchase of exploration and evaluation assets		(2,874,528)	(2,491,507)
Purchase of intangible assets		(9,801,160)	(4,099,544)
Payment for acquisition of subsidiary, net of cash acquired		(34,421,917)	-
Repayments of loans given to related party		(118,093)	1,000,022
Transfers to restricted cash		(252,574)	(979,561)
Receipt of government grant		-	19,872
Interest received on bank deposits		1,132,094	516,893
Net cash flows used in investing activities		(146,433,831)	(96,797,909)

AK Altynalmas JSC**Consolidated statement of cash flows (continued)**

<i>In thousands of Tenge</i>	Notes	2021	2020
Cash flows from financing activities			
Receipt of bank loans		71,379,376	193,064,272
Dividends paid		(25,470,600)	–
Acquisition of non-controlling interests in subsidiary		–	(63,759,559)
Repayment of bank loans		(24,852,155)	(96,324,084)
Payment of interest on bank loans		(20,895,986)	(12,715,573)
Repayment of other financial liabilities		(332,734)	(617,521)
Payment of principal portion of lease liabilities		(566,892)	(2,229,390)
Interest payment of lease liabilities		(3,469,269)	(240,513)
Net cash flows from financing activities		(4,208,260)	17,177,632
Net change in cash and cash equivalents			
		(9,640,663)	44,377,806
Effect of changes in foreign exchange rates on cash and cash equivalents		954,401	1,056,729
Change in provision for expected credit losses		(394)	(42,172)
Cash and cash equivalents at the beginning of the year		62,878,548	17,486,185
Cash and cash equivalents at the end of the year	27	54,191,892	62,878,548

NON-CASH TRANSACTIONS – SUPPLEMENTAL DISCLOSURE

The following non-cash transactions are excluded from the consolidated statement of cash flows:

Purchase of property, plant and equipment

Property, plant and equipment that were acquired but not paid for as of 31 December 2021 comprise 2,504,591 thousand Tenge (31 December 2020: 6,382,889 thousand Tenge).

Leases

In April 2021, the Group signed lease agreements for production equipment and recognised lease liabilities in the amount of 2,765,184 thousand Tenge (Note 19).

Signed on behalf of the Management on 30 April 2022:



Karat K. Raishov
Chief Financial Officer



Dina A. Demegenova
Director of Accounting and Reporting
Department

Glossary

TERMS AND DEFINITIONS

Refining – the final stage of metal processing, in which residual impurities are removed from the intermediate product (doré alloy, cementate) and metal ingots are produced in accordance with the requirements of the London Metal Exchange.

Cathode gold – metallic gold obtained in the process of electrochemical deposition on the cathode from gold-containing solutions.

Doré bar – doré alloy in bars.

Doré alloy – a gold-silver alloy obtained from gold deposits and sent to refineries for further purification.

Flotation – process of separating small solid particles based on their difference in wettability with water. Valuable particles come (float) to the surface and form a mineralized foam layer, which is collected for further processing.

Coal-in-leaching – process of gold and silver leaching with cyanide solutions with simultaneous adsorption of the metal from the pulp by activated carbon.

Coal-in-pulp – process of gold and silver leaching with cyanide solutions, followed by adsorption of the metal from the pulp with activated carbon.

Tailings (in mining) – mineral processing wastes, consisting mainly of waste rock, that is, having a minimum mineral content.

LIST OF ABBREVIATIONS

AK Altynalmas JSC, Altynalmas, Company – AK Altynalmas Joint-Stock Company

Altynalmas Group, Altynalmas – Group of AK Altynalmas Joint-Stock Company

AISC – all-in sustaining costs

CIL – carbon in leach

CIP – carbon in pulp

EBITDA – earnings before interest, taxes, depreciation and amortization

ESG – environmental, social, governance

ERP – enterprise resource planning

ETF – exchange-traded fund

GRI – global reporting initiative

KPI – key performance indicator

LBMA – London Bullion Market Association

MI&I – measured, indicated and inferred (resources).

OTC – over the counter

oz – troy ounce (a measure of weight equal to 31.1034768 grams)

ROA – return on assets

ROE – return on equity

ROS – return on sales

USGS – United States Geological Survey

WGC – World Gold Council

engl. – English language

JSC – joint-stock company

AMS – automated monitoring station

NSBRK ASPR – National Statistics Bureau under the Republic of Kazakhstan Agency for Strategic Planning and Reforms

GDP – gross domestic product

MSE – mining-and-smelting enterprise

GPP – gold process plant

ETP – engineering and technical personnel

AVI – actual volume index

BCC – budget classification code

kV – kilovolt

kWh – kilowatt-hour

CGC – corporate governance code

CoE – coefficient of efficiency

CP – check-point

MCI – minimum calculation index

RK NB – Republic of Kazakhstan National Bank

NJSC – national joint-stock company

R&D – research and development

OPM – open-pit mining

PA – public association

EP – environmental protection

LLC – limited liability company

OS – occupational safety

IS – industrial security

HSE – health, safety and environmental protection

UGM – underground mining

ECP – emergency control plan

I.m. – linear meter

IEM – industrial environmental monitoring

RK – Republic of Kazakhstan

USA – United States of America

SDW – Solid Domestic Wastes

TDS – technical design specifications

TMF – technogenic mineral formation

LLP – limited liability partnership

TEF – technical and economic feasibility

MEES – medical examination electronic system

EDS – electronic digital signature

SAR – South Africa Republic



CONTACT INFORMATION

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