IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS ("**QIBS**") IN RELIANCE ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), PROVIDED BY RULE 144A OR (2) OUTSIDE OF THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**").

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Confirmation of your representation: In order to be eligible to view the Document or make an investment decision with respect to the securities, investors must be either (1) a QIB (within the meaning of Rule 144A under the Securities Act ("**Rule 144A**")) or (2) non-U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) located outside the United States. The Document is being sent at your request and by accepting the e-mail and accessing the Document, you shall be deemed to have represented to us that (1) you and any customers you represent are either (a) QIBs or (b) you and any customers you represent are outside of the United States and the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories and possessions, any State of the United States or the District of Columbia and (2) you consent to delivery of such Document by electronic transmission.

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The materials relating to the Offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and BNP Paribas or J.P. Morgan Securities Ltd. (collectively, the "**Joint Lead Managers**"), JSC Halyk Finance (the "**Kazakhstan Lead Manager**" and together with the Joint Lead Managers, the "**Managers**") or any affiliate of the Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Managers or such affiliate on behalf of the Company in such jurisdiction.

No person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes other than in circumstances in which Section 21(1) of the FSMA does not apply.

The Document has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Managers or any person who controls them, nor any director, officer, employee or agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Document distributed to you in electronic format and the hard copy version available to you on request from the Managers.

JSC NATIONAL ATOMIC COMPANY KAZATOMPROM

(incorporated under the laws of the Republic of Kazakhstan)

U.S.$500,000,000 6.25% Notes due 2015

Issue price of Notes: 98.947%

JSC National Atomic Company Kazatomprom (the "**Company**") is issuing U.S.$500,000,000 aggregate principal amount of 6.25% notes due 2015 (the "**Notes**"). Interest on the Notes will accrue from 20 May 2010 at a rate of 6.25% per annum of their outstanding principal amount payable semi-annually in arrear on 20 November and 20 May of each year, commencing on 20 November 2010. The Notes will be constituted by, subject to, and have the benefit of a trust deed dated 20 May 2010 (the "**Trust Deed**") among the Company and BNY Corporate Trustee Services Limited as trustee (the "**Trustee**").

Payments on the Notes will be made free and clear of any withholding taxes imposed by Kazakhstan to the extent described in "*Terms and Conditions of the Notes*". The Notes may be redeemed by the Company in whole but not in part at 100% of their principal amount, plus accrued and unpaid interest, if the Company becomes obliged to pay certain additional amounts and otherwise as described under "*Terms and Conditions of the Notes — Redemption and Purchase — Redemption for Taxation Reasons*". The Notes may be redeemed at the option of the Noteholder at 101% of its principal amount under certain circumstances including Kazakhstan ceasing to own (directly or indirectly) 100% of the issued and outstanding voting share capital of the Company as described under "*Terms and Conditions of the Notes – Redemption at the Option of Noteholders upon a Change of Status*". Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their principal amount on 20 May 2015.

The Notes will be unsecured and unsubordinated obligations of the Company and will rank equally in right of payment with the Company's existing and future unsecured and unsubordinated obligations.

This document (the "**Prospectus**") has been submitted for approval to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 ("**FSMA**") (the "**UK Listing Authority**") and as competent authority under Directive 2003/71/EC (the "**Prospectus Directive**"). Application has been made to the UK Listing Authority for the Notes to be admitted to the official list of the UK Listing Authority (the "**Official List**") and to the London Stock Exchange plc (the "**Stock Exchange**") for the Notes to be admitted to trading on the Stock Exchange's Regulated Market (the "**Regulated Market**"). Reference in the Prospectus to the Notes being "listed" (and all related references) shall mean that the Notes have been admitted to the Official List and admitted to trading on the Regulated Market. This document constitutes a "Prospectus" for the purposes of the Prospectus Directive and the Prospectus (Directive 2003/71/EC) Regulations 2005 (the "**Prospectus Regulations**"). The Regulated Market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC. The Notes will also be listed on the Kazakhstan Stock Exchange ("**KASE**"). There is no assurance that a trading market in the Notes will develop or be maintained in any market.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or with any securities regulatory authority of any State or other jurisdiction of the United States, and may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Notes are being offered and sold outside the United States in accordance with Regulation S under the U.S. Securities Act ("**Regulation S**") and within the United States to qualified institutional buyers ("**QIBs**") in reliance on Rule 144A under the U.S. Securities Act ("**Rule 144A**"). Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this Prospectus. Any representation to the contrary is a criminal offence. The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act and applicable state securities laws pursuant to registration thereunder or exemption therefrom. For a more complete description of restrictions on offers, sales and transfers, see "*Subscription and Sale*" and "*Transfer Restrictions*".

The Notes that are being offered and sold in accordance with Regulation S (the "**Regulation S Notes**") will initially be represented by a Regulation S global note (the "**Regulation S Global Note**") in registered form, without interest coupons attached, which will be registered in the name of a nominee for and will be deposited with a common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") on or about 20 May 2010 (the "**Closing Date**"). Notes which are offered and sold in reliance on Rule 144A will initially be represented by beneficial interests in a restricted global note (the "**Rule 144A Global Note**" and, together with the Regulation S Global Notes, the "**Global Notes**") in registered form, without interest coupons attached, which will be deposited on or about the Closing Date with a custodian for, and registered in the name of Cede & Co. as nominee for, The Depository Trust Company ("**DTC**"). Beneficial interests in the Global Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC, Euroclear and Clearstream, Luxembourg and their account holders. Definitive notes in respect of beneficial interests in the Regulation S Global Note and the Rule 144A Global Note ("**Regulation S Definitive Notes**" and "**Rule 144A Definitive Notes**", respectively, and together, the "**Definitive Notes**") will not be issued except as described under "*Summary of the Provisions Relating to the Notes in Global Form*".

The Notes are expected to be rated "Baa3" by Moody's Investors Service and "BBB-" by Fitch Ratings. **A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.**

An investment in the Notes involves certain risks. Prospective investors should have regard to the factors described under the section headed "Risk Factors" beginning on page 11.

Joint Lead Managers and Joint Bookrunners

BNP PARIBAS **J.P. Morgan**

Kazakhstan Lead Manager

Halyk Finance

Prospectus dated 17 May 2010

This Prospectus comprises a prospectus for the purposes of the Prospectus Directive and, for the purpose of giving information with regard to the Company and the Notes, which, according to the particular nature of the Company and the Notes is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Company and the rights attaching to the Notes. The Company accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company (which has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Information contained in this Prospectus relating to the industry in which the Company operates and the competitors of the Company (which may include estimates and approximations) was derived from publicly available information. The Company accepts responsibility for accurately reproducing such information and data, and as far as the Company is aware and is able to ascertain from information published by such parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, the Company has relied on the accuracy of such information without carrying out an independent verification. In addition, the Company has derived some of the information contained in this Prospectus from official data published by Kazakhstan government agencies. The Company confirms that this information has been copied correctly from its sources. However, the Company does not accept responsibility for the accuracy of such information. Official data published by Kazakhstan federal, regional and local governments are substantially less complete or researched than data published by governmental agencies of Western countries. Official statistics may also be compiled on different bases than those used in Western countries. Any discussion of matters relating to Kazakhstan in this Prospectus may, therefore, be subject to uncertainty due to concerns about the completeness or reliability of available official and public information.

THE NOTES ARE OF A SPECIALIST NATURE AND SHOULD ONLY BE BOUGHT AND TRADED BY INVESTORS WHO ARE PARTICULARLY KNOWLEDGEABLE IN INVESTMENT MATTERS. AN INVESTMENT IN THE NOTES IS SPECULATIVE, INVOLVES A HIGH DEGREE OF RISK AND MAY RESULT IN THE LOSS OF ALL OR PART OF THE INVESTMENT.

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Company, the Trustee or the Managers. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that there has been no adverse change in the financial position of the Company since the date hereof or that the information contained in it or any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

No representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Managers or the Trustee as to the accuracy or completeness of the information contained in this Prospectus or any other information supplied in connection with the Notes. Each person receiving this Prospectus acknowledges that such person has not relied on any of the Managers or the Trustee in connection with its investigation of the accuracy of such information or its investment decision and each person must rely on its own examination of the Company and the merits and risks involved in investing in the Notes. None of the Managers accepts any responsibility whatsoever for the contents of this Prospectus or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company or the Notes. Each of the Managers accordingly disclaims all and any liability whether arising in tort, contract or otherwise which it might otherwise have in respect of this Prospectus or any such statement.

This Prospectus does not, and is not intended to, constitute or contain an offer to sell or an invitation to subscribe for or purchase any of the Notes in any jurisdiction. Laws in certain jurisdictions may restrict the distribution of this Prospectus and the offer and sale of the Notes. Persons into whose possession this Prospectus or any of the Notes are delivered must inform themselves about, and observe, any such restrictions. Each prospective purchaser of the Notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes or possesses or distributes this Prospectus. In addition, each prospective purchaser must obtain any consent, approval or permission required under the regulations in force in any jurisdiction to which it is subject or in which it purchases, offers or sells the Notes. The Company shall not have any responsibility for obtaining such consent, approval or permission. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States and the United Kingdom. This Prospectus may not be used for, or in connection with, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstances in which such offer or solicitation is not authorised or is unlawful. For a description of these further restrictions on offers and sales of the Notes and distribution of this Prospectus, see "*Subscription and Sale*".

No action is being taken to permit a public offering of the Notes or the distribution of this Prospectus (in any form) in any jurisdiction where action would be required for such purposes.

The contents of this Prospectus should not be construed as legal, financial, business or tax advice. Each prospective investor should consult his or her own legal adviser, financial adviser or tax adviser for legal, financial or tax advice in relation to any purchase or proposed purchase of Notes. Prospective purchasers should be aware that they might be required to bear the financial risks of an investment in the Notes for an indefinite period of time.

In connection with the offering of the Notes, the Managers and any of their affiliates, acting as investors for their own accounts, may purchase Notes and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Notes and other securities of the Company or related investments in connection with the offering of the Notes or otherwise. Accordingly, references in this Prospectus to the Notes being issued, offered, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or acquisition, placing or dealing by, the Managers and any of their affiliates acting as investors for their own accounts. The Managers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Recipients of this Prospectus are authorised to use it solely for the purpose of considering an investment in the Notes and may not reproduce or distribute this Prospectus, in whole or in part, and may not disclose any of the contents of this Prospectus or use any information herein for any purpose other than considering an investment in the Notes. In making an investment decision, prospective investors must rely upon their own examination of the Company and the terms of this Prospectus, including the risks involved.

None of the Company, the Managers nor the Trustee is making any representation to any offeree or purchaser of the Notes regarding the legality of an investment by such offeree or purchaser.

The Managers and their respective affiliates have performed and expect to perform in the future various financial advisory, investment banking and commercial banking services for, and may arrange loans and other non public market financing for, and enter into derivative transactions with, the Company and its affiliates (including its shareholder).

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT, ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

INTERNAL REVENUE SERVICE CIRCULAR 230 DISCLOSURE

PURSUANT TO INTERNAL REVENUE SERVICE CIRCULAR 230, WE HEREBY INFORM YOU THAT THE DESCRIPTION SET FORTH HEREIN WITH RESPECT TO U.S. FEDERAL TAX ISSUES WAS NOT INTENDED OR WRITTEN TO BE USED, AND SUCH DESCRIPTION CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING ANY PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER UNDER THE U.S. INTERNAL REVENUE CODE. SUCH DESCRIPTION WAS WRITTEN TO SUPPORT THE MARKETING OF THE NOTES. TAXPAYERS SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

STABILISATION

In connection with the issue of the Notes, J.P. Morgan Securities Ltd. (the "**Stabilising Manager**") (or persons acting on behalf of the Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted in accordance with all applicable laws and rules.

AVAILABLE INFORMATION

The Company is not required to file periodic reports under Section 13 or 15 of the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"). In order to preserve the exemption for resales and transfers under Rule 144A, the Company has agreed that, so long as any Notes are "restricted securities" within the meaning of Rule 144(a)(3) of the U.S. Securities Act, the Company will, during any period in which it is neither subject to Section 13 or 15(d) of the U.S. Exchange Act nor exempt from reporting thereunder pursuant to Rule 12g3 2(b) under the U.S. Exchange Act, provide to any holder or beneficial owner of any such "restricted security", or to any prospective purchaser of such restricted security designated by such holder or beneficial owner, the information specified in, and meeting the requirements of, Rule 144A(d)(4) of the U.S. Securities Act upon the request of such holder or beneficial owner.

This Prospectus is being furnished by the Company in connection with an offering exempt from the registration requirements of the Securities Act solely for the purpose of enabling a prospective investor to consider the acquisition of Notes described herein. The information contained in this Prospectus has been provided by the Company and other sources identified herein. This Prospectus is being furnished on a confidential basis to QIBs in the United States. Any reproduction or distribution of this Prospectus, in whole or in part, in the United States and any disclosure of its contents or use of any information herein in the United States for any purpose, other than considering an investment by the recipient in the Notes offered hereby, is prohibited. Each potential investor in the Notes, by accepting delivery of this Prospectus, agrees to the foregoing.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Information

Unless the context otherwise requires, the term "**Company**" refers collectively to the Company and its consolidated subsidiaries. The Company's consolidated financial statements as at and for the years ended 31 December 2009, 2008 and 2007 (the "**Financial Statements**"), included in this Prospectus, are presented in Kazakhstan Tenge and have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). The functional currency of the Company and each of its subsidiaries is the Tenge. Accordingly, transactions in currencies other than the Tenge are translated into Tenge at the exchange rates prevailing on the applicable transaction dates. The Financial Statements have been audited by Deloitte LLP.

In this Prospectus, the Company has presented certain non-IFRS measures, including EBIT, Adjusted EBIT, EBITDA, Adjusted EBITDA and ratios based on the adjusted measures. EBIT is defined as profit for the year before interest and income taxes. Adjusted EBIT is defined as EBIT adjusted to exclude the impact of income from associates and jointly controlled entities, foreign exchange gains and losses, finance income, gains or losses on the disposal of investments and other income and expense. EBITDA and Adjusted EBITDA are defined as EBIT and Adjusted EBIT, respectively, plus depreciation and amortisation expense. The Company's calculation of Adjusted EBIT and Adjusted EBITDA may be different from the calculation used by other companies and therefore comparability may be limited. The non-IFRS measures presented in this Prospectus are calculated using figures derived from the Financial Statements.

The Company believes that EBIT, EBITDA, Adjusted EBIT, Adjusted EBITDA and the ratios based on these measures provide useful information to investors because they are indicators of the strength and performance of the Company's ongoing business operations, its ability to fund discretionary spending such as capital expenditures, and its ability to incur and service debt. However, these are not measures of financial performance presented in accordance with IFRS. Accordingly, they should not be considered as alternatives to profit for the period as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. In addition, these non-IFRS measures have important limitations as analytical tools and you should not consider them in isolation or as substitutes for analysis of our results as reported under IFRS. For example, EBITDA and Adjusted EBITDA:

- excludes certain tax payments that may represent a reduction in cash available;
- does not reflect any cash capital expenditure requirements for the assets being depreciated and amortised that may have to be replaced in the future;
- does not reflect changes in, or cash requirements for, working capital needs; and
- does not reflect the significant financial expense, or the cash requirements necessary to service interest payments, on outstanding indebtedness.

Third-Party Information Regarding the Company's Market and Industry

Statistical data and other information appearing in this Prospectus relating to the mining industry generally and the uranium industry specifically have, unless otherwise stated, been extracted from the Organisation for Economic Cooperation and Development, Nuclear Energy Agency and the International Atomic Energy Agency, Uranium 2007: Resources, Production and Demand, 22nd Edition (2008) ("**Red Book**"). The Red Book is a biennial publication produced jointly by the Organisation for Economic Cooperation and Development, Nuclear Energy Agency ("**NEA**") and the International Atomic Energy Agency ("**IAEA**") that tracks present uranium supply and demand and assesses uranium market dynamics. The first edition was published in 1965. Twenty-two editions have since been published and, as at the date of this Prospectus, the NEA and IAEA are in the process of preparing the 23rd Edition. According to the NEA and IAEA, the Red Book is the only government-sponsored publication tracking world trends and developments in uranium resources, production and demand, and is considered by industry participants to be an authoritative source of statistics and information. References in this Prospectus to the "Red Book" are to the 22nd Edition, which includes data as at 1 January 2007.

Statistical data and other information appearing in this Prospectus relating to the mining industry generally and the uranium industry specifically also have, unless otherwise stated, been extracted from documents and other publications released by the National Statistical Agency of Kazakhstan (the "**NSA**"), the Kazakhstan Ministry of Oil & Gas and the Ministry of Industries and New Technologies (the "**Competent Authority**"), the National Bank of Kazakhstan ("**NBK**") and other public sources in Kazakhstan, including the NBK's Annual Report, the World Bank, International Monetary Fund, The Ux Consulting Company, a uranium industry consulting firm ("**Ux Consulting**"), the World Nuclear Association ("**WNA**"), Kazakhstan press reports and publications, edicts and resolutions of the government of the Republic of Kazakhstan (the "**Government**") and estimates of the Company (based on its management's knowledge and experience of the markets in which the Company operates). In the case of the presented statistical information, similar statistics may be obtainable from other sources, although the underlying assumptions and methodology, and consequently the resulting data, may vary from source to source. Any discussion of matters relating to the Republic of Kazakhstan ("**Kazakhstan**") in this Prospectus is subject to uncertainty due to concerns about the completeness or reliability of available official and public information. See "*Risk Factors – Risk Factors Relating to Kazakhstan and Emerging Markets Generally – The Company cannot ensure the accuracy of official statistics and other data in this Prospectus published by Kazakhstan authorities*".

The information described above has been accurately reproduced and, as far as the Company is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, the Company does not accept responsibility for the accuracy of such information. Where third party information has been used in this Prospectus, the source of such information has been identified.

The Company's estimates have been based on information obtained from the Company's subsidiaries, jointly controlled entities, associates, customers, suppliers, trade organisations and other contacts in the markets in which the Company operates. The Company believes these estimates to be accurate in all material respects as at the dates indicated. However, this information may prove to be inaccurate because of the method by which the Company obtained some of the data for these estimates or because this information cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other inherent limitations and uncertainties.

This Prospectus contains illustrations and charts derived from the Company's internal information and the internal information of the Company's subsidiaries, jointly controlled entities and associates, which have not been independently verified unless specifically indicated.

Certain Definitions and Terminology

Certain defined terms are used in this Prospectus. See Appendix II for a glossary of frequently used defined terms that are not otherwise defined in "*Terms and Conditions of the Notes*". Additionally, see Appendix III for a glossary of measurement and technical terminology used in this Prospectus.

Currency and Exchange Rate Information

In this Prospectus, references to "Tenge" or "KZT" are to Kazakhstan Tenge, the lawful currency of Kazakhstan, and references to "U.S. Dollar" or "U.S.$" are to United States Dollars, the lawful currency of the United States of America.

The table below sets forth, for the periods and dates indicated, certain information regarding the exchange rate between the Tenge and the U.S. Dollar. This information is based on the NBK's exchange rates, which uses a composite pricing source. Fluctuations in the exchange rate between the Tenge and the U.S. Dollar in the past are not necessarily indicative of fluctuations that may occur in the future. These rates may also differ from the actual rates used in the preparation of the Financial Statements and other information presented in this Prospectus.

Year ended 31 December	KZT per U.S.$1.00 High	Low	Period average	Period end
2005	129.83	136.12	132.88	133.98
2006	117.25	133.85	126.09	127.00
2007	118.79	127.00	122.55	120.55
2008	119.48	120.87	120.30	120.77
2009	120.79	151.40	147.50	148.36
Month ended				
31 January 2010	147.88	148.46	148.09	148.19
28 February 2010	147.32	148.21	147.87	147.33
31 March 2010	146.89	147.45	147.10	147.11
30 April 2010	146.60	146.39	146.43	146.50

The buying rate of one U.S. Dollar was KZT 146.50 on 30 April 2010.

The Tenge is generally not convertible outside Kazakhstan. A market exists within Kazakhstan for the conversion of Tenge into other currencies, but the limited availability of other currencies may inflate their value relative to the Tenge. No representation is made that the Tenge or U.S. Dollar amounts referred to herein could have been or could be converted into Tenge or U.S. Dollars, as the case may be, at these rates, at any particular rate or at all.

On 4 February 2009, the NBK devalued the Tenge by 18% to KZT 143.98 per U.S.$1.00. See "*Risk Factors – Risk Factors Relating to Kazakhstan and Emerging Markets Generally – Exchange rate policy that devalues the Tenge could have an adverse impact on the Company and Kazakhstan's public finances and economy*".

Rounding Adjustments

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

PRESENTATION OF RESERVES AND RESOURCES

Kazakhstan Methodology

The mineral estimates in this Prospectus have been prepared in accordance with a methodology (the "**Kazakhstan Methodology**") that differs significantly from the disclosure requirements of United States federal securities laws and the securities laws of other jurisdictions. Accordingly, this Prospectus contains descriptions of the Company's mineral deposits that may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws or other companies subject to the securities laws of other jurisdictions. Investors should consider the Company's disclosures regarding its reserves and resources in this light.

The Kazakhstan Methodology was developed by the former Soviet Union and divides mineral concentrations into seven categories of three major groups, based on the level of exploration performed: explored reserves (A, B, C1), evaluated reserves (C2) and prognostic resources (P1, P2, P3). In principle, the categories follow a succession of approximations that are applied to various stages of exploration. This means that reserves are assigned to classes based on the degree of reliability of data.

The following table defines the categories used in the Kazakhstan Methodology:

Kazakhstan Methodology Category	Description
A	The reserves in place are known in detail. The boundaries of the deposit have been outlined by trenching, drilling or underground workings. The quality and properties of the ore are known in sufficient detail to ensure the reliability of the projected exploitation. In practical terms, these reserves are under advanced exploitation.
B	The reserves in place have been explored but are not known in substantial detail. The boundaries of the deposit have been outlined by trenching, drilling or underground workings. The quality and properties of the ore are known in sufficient detail to ensure the basic reliability of the projected exploitation.
C1	The reserves in place have been estimated by a sparse grid of trenches, drill holes or underground workings. This category also includes reporting reserves adjoining the boundaries of A and B reserves, as well as reserves of very complex deposits in which the distribution cannot be determined even by a very dense grid. The density of the survey grid for this category is not less than 200 x 50 metres. The quality and properties of the deposit are known tentatively by analyses and by analogy with known deposits of the same type. The size of the deposit and its geological composition is determined, including the volume of uranium containing ores. The general conditions for exploitation are known. The ore tonnage is derived from estimates of strike length, dip length and the average thickness of the ore body. Allowance for barren blocks may be made statistically. These reserves are often in early production phases.
C2	The reserves have been extrapolated from limited data, often only a single hole. This category includes reserves that are adjoining A, B, and C1 reserves in the same deposit. The density of the survey grid for this category is not less than 800-400 x 100-50 metres. In this category structural peculiarities of the ores are relatively homogenous and their composition and geo-technological characteristics are determined. Reserves in this category have been identified and documented at a preliminary stage only.

P1, P2 and P3	These are prospective resources. These resources are estimated for mineralisation outside the limits of areas that have been explored in detail and are often based on data from trenches and from geochemical and geophysical surveys.

C1 and C2 reserves are sufficient to commence commercial production at the uranium mining facilities that utilise the in situ leaching ("**ISL**") method, which is the mining method used at all of the Company's mines.

A broad equivalence between the categories used in the Kazakhstan Methodology and other methodologies may be presented as follows, although, it is not possible to directly correlate these categories:

Kazakhstan Methodology	**Canada/Australia**	**IAEA**	**United States Department of Energy**
A and B	Measured/ Demonstrated (Measured)	Reasonably Assured	Reasonably Assured
C1...	Indicated/ Demonstrated (Indicated)	Reasonably Assured	Reasonably Assured
C2...	Inferred/Inferred	Inferred	Estimated Additional
P1, P2 and P3.............................	Prognosticated or Speculative/ Undiscovered	Prognosticated or Speculative	Estimated Additional

Source: Red Book.

Under Industry Guide 7, promulgated by the U.S. Securities and Exchange Commission ("**SEC**"), a "final" or "bankable" feasibility study is required to report reserves, the three-year historical average price is used in any reserve or cash flow analysis to designate reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority. Additionally, SEC Industry Guide 7 utilises the following definitions:

SEC Industry Guide 7 Category	**Description**
Reserve	That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. The term "economically", as used in the definition of reserves, implies that profitable extraction or production under defined investment assumptions has been established through the creation of a mining plan, processing plan and cash flow model. The assumptions made must be reasonable, including costs and operating conditions that will prevail during the life of the project. The term "legally", as used in the definition of reserves, does not imply that all permits needed for mining and processing have been obtained or that other legal issues have been completely resolved. However, for reserves to exist, there is reasonable assurance of the issuance of these permits or resolution of legal issues.
Proven (Measured) Reserves.................	Reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; (b) grade and/or quality are computed from the results of detailed sampling and (c) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established. Proven (measured) reserves represent that part of a deposit for which there exists the highest

level of confidence in data regarding its geology, physical characteristics, chemical composition and probable processing requirements.

Probable (Indicated) Reserves................. Reserves for which quantity and grade and/or quality are computed from information similar to that used for proven (measure) reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. This means that probable (indicated) reserves generally have a wider drill hole spacing than for proven reserves. The degree of assurance, although lower than that for proven (measured) reserves is high enough to assume continuity between points of observation.

A broad equivalence between the categories used in the Kazakhstan Methodology and SEC Industry Guide 7 may be presented as follows, although, it is not possible to directly correlate these categories:

Kazakhstan Methodology	**SEC Industry Guide 7**
A and B	Proven (measured) reserves
C1	Probable (indicated) reserves(1)
C2	Not recognised
P1, P2 and P3	Not recognised

(1) This category would only apply to those portions of C1 that could be analogised to proven reserves or probable reserves.

Pursuant to SEC Industry Guide 7, estimates other than proven (measured) reserves or probable (indicated) reserves generally may not be disclosed. Therefore, SEC disclosure would not permit disclosure of C2 or a portion of C1 reserves.

C1 and C2 reserves have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of a C1 or C2 reserve will ever be upgraded to a higher category. Investors are cautioned not to assume that all or any part of a C1 or C2 reserve exists or is economically or legally mineable. See "*Risk Factors – Risk Factors Relating to the Company's Business – The Company's actual uranium reserves may be lower than reported because of the use of the Kazakhstan Methodology*" and "*Risk Factors – Risk Factors Relating to the Company's Business – The reported quantities or classifications of the Company's uranium reserves may be lower than estimated because of inherent uncertainties in the calculation of reserves*".

Re-Evaluation of Reserves and Resources

Reserves and resources data in Kazakhstan are officially maintained by the Committee of Geology of the Ministry of Industry and New Technologies ("**Geology Committee**"). The amount of reserves and resources associated with a deposit is registered with the Geology Committee at the time of the deposit's discovery. The official estimate of reserves and resources of a deposit that is in production (whether pilot production or commercial production) is increased or decreased from year to year based on production levels and new exploration data obtained as described below.

A deposit operator is required on a quarterly basis to report the amount of uranium produced from each of its deposits. The purpose of the quarterly production report is to determine how much of a deposit's reserves has been exhausted during the reporting period and whether the C1 reserves that remain are sufficient to maintain the production level required by the subsoil use agreement governing the deposit. If the official estimate maintained by the Geology Committee, as reduced by the production indicated in the operator's quarterly production reports, indicates that the required production level can be maintained, no re-evaluation occurs. However, if the official estimate, as reduced by actual production, indicates that there are insufficient reserves to maintain production at the required level, the deposit operator conducts exploratory work in and around the deposit to determine whether C2 reserves can be upgraded to C1 reserves and P resources can be upgraded to C2 reserves.

Exploratory work is conducted in accordance with an exploration programme prepared by Volkovgeology JSC ("**Volkovgeology**"), a subsidiary of the Company, and approved by and registered with the Geology Committee. In connection with its exploratory works, the deposit operator submits quarterly and annual reports to the Company for analysis and verification. These reports provide the scientific support for any suggested upgrade of C2 resources to C1 reserves or P resources to C2 resources. The reports, if approved by the Company, are then filed with the Geology Committee. After the exploration programme is complete and Volkovgeology has determined the optimal parameters of the reserve calculation, the report is finalised. The Geology Committee updates the official reserves and resources data in Kazakhstan in June or July of each year based on the finalised reports in respect of the preceding year. Consequently, reserves and resources data as at 31 December 2009 will not be available until June or July 2010.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain forward looking statements with respect to the financial condition, results of operations and business of the Company and certain of the plans, intentions, expectations, assumptions, goals and beliefs of the Company regarding such items. These statements include all matters that are not historical fact and generally, but not always, may be identified by the use of words such as "believes", "expects", "are expected to", "anticipates", "intends", "estimates", "should", "will", "will continue", "may", "is likely to", "plans" or similar expressions, including variations and the negatives thereof or comparable terminology.

Prospective investors should be aware that forward looking statements are not guarantees of future performance and that the Company's actual results of operations, financial condition and the development of the industry in which it operates may differ significantly from those predicted or suggested by the forward looking statements contained in this Prospectus. In addition, even if the Company's results of operations, financial condition and business and the development of the industry in which it operates are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

Factors that could cause actual results to differ materially from the Company's expectations are contained in cautionary statements in this Prospectus and include, among other things, the following:

- supply and demand for industrial products containing metals;
- price fluctuations in uranium and nuclear fuel markets and the other markets in which the Company operates and related fluctuations in demand for such products;
- the availability and price of sulphuric acid used in the in situ leaching method of uranium extraction;
- operational limitations, including equipment failures, labour disputes and processing limitations;
- effects of the global financial crisis, the duration of which cannot be predicted;
- the availability or cost of transportation routes and fees charged for arranging transportation;
- overall economic and business conditions, including commodity prices;
- changes in national and international government regulations, relating to the exploration, production and transportation of uranium and uranium products, including regulatory changes affecting the availability of permits and governmental actions that may affect operations or the Company's planned expansion;
- unplanned events or accidents affecting the Company's operations or facilities;
- changes in tax requirements, including tax rate changes, new tax laws and revised tax law interpretations;
- the Company's ability to increase market share for its products and control expenses;
- economic and political conditions in Kazakhstan and international markets, including governmental changes;
- incidents or conditions affecting the export of uranium and nuclear fuel;
- success of the Company's cooperation strategy and its strategy to expand its sales of high-value products, such as fuel rods and fuel assemblies (each as hereinafter defined);
- an inability to implement any potential acquisition or an inability to acquire such interests on terms proposed by the Company; and

- the timing, impact and other uncertainties of future actions.

The sections of this Prospectus entitled "*Risk Factors*" and "*Management's Discussion and Analysis of Results of Operations and Financial Condition*" contain a more complete discussion of the factors that could affect the Company's future performance and the industry in which it operates. In light of these risks, uncertainties and assumptions, the forward looking events described in this Prospectus may not occur.

The Company undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on their behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a joint stock company organised under the laws of Kazakhstan and all of its officers and all of its directors and other persons referred to in this Prospectus are residents of Kazakhstan. All or a substantial portion of the assets of the Company and most of such persons are located in Kazakhstan. As a result, it may not be possible to (a) effect service of process upon the Company or any such person outside Kazakhstan, (b) enforce against any of them, in courts of jurisdictions other than Kazakhstan, judgments obtained in such courts that are predicated upon the laws of such other jurisdictions or (c) enforce against any of them, in Kazakhstan's courts, judgments obtained in jurisdictions other than Kazakhstan, including judgments obtained in respect of the Notes or the Trust Deed in the courts of England and judgments obtained in the United States predicated upon the civil liability provisions of the federal securities laws of the United States.

The Notes and the Trust Deed are governed by the laws of England and the Company has agreed in the Notes and the Trust Deed that disputes arising thereunder are subject to arbitration in London or, at the election of the Trustee, to the non-exclusive arbitration of English courts. See Condition 18 under "*Terms and Conditions of the Notes*". Kazakhstan's courts will not enforce any judgment obtained in a court established in a country other than Kazakhstan unless there is in effect a treaty between such country and Kazakhstan providing for reciprocal enforcement of judgments and then only in accordance with the terms of such treaty. There is no such treaty in effect between Kazakhstan, the United Kingdom or the United States. However, each of Kazakhstan, the United Kingdom and the United States are parties to the 1958 New York Convention on Recognition and Enforcement of Arbitral Awards (the "**Convention**") and, accordingly, an arbitral award under the Convention should generally be recognised and enforceable in Kazakhstan provided the conditions to enforcement set out in the Convention are met.

The Law on International Commercial Arbitration (the "**Arbitration Law**") was adopted by the Parliament of Kazakhstan (the "**Parliament**") on 28 December 2004. The Arbitration Law is intended to resolve uncertainty created by prior decisions of the Constitutional Council of Kazakhstan regarding enforcement of the Convention in Kazakhstan that were effective 15 February 2002 and 12 April 2002 and were cancelled by the Constitutional Council in February 2008. The Arbitration Law provides clear statutory guidelines for the enforcement of arbitral awards under the conditions set forth in the Convention.

Additionally, the Company is listed in the Register of Strategic Assets approved by the Decree of the Government dated 30 June 2008 as a "strategic asset", which is defined by the Kazakhstan Civil Code adopted in December 1994, as amended (the "**Civil Code**"), as an asset that is of social and economic importance to the sustainable development of Kazakhstan and ownership and or use of which can affect the national security of Kazakhstan. The Civil Code provides, among other things, that listed assets may not be sold or pledged without Government approval and if such assets are sold, the Government has a preemptive right to acquire such assets. Further, if default in respect of a pledged asset occurs, the Government has a preemptive right to acquire the asset in connection with any foreclosure. Consequently, Noteholders that have obtained a judgment in their favour may be limited in their pursuit of the Company's assets.

CONTENTS

OVERVIEW OF THE COMPANY

This overview must be read as an introduction to this Prospectus, and any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole.

Information is presented in this Prospectus on the basis of certain conventions that are set forth under "Presentation of Financial and Other Information" and "Presentation of Reserves and Resources".

General Description of the Company

The Company is the national atomic company of Kazakhstan and is responsible for mining uranium in Kazakhstan and exporting uranium and its compounds from Kazakhstan. As the national atomic company, the Company is Kazakhstan's representative in the front-end of the nuclear fuel cycle (as hereinafter defined) and, as such, has certain privileges, including, among other things, obtaining subsoil use agreements to produce uranium from Kazakhstan's reserves through direct negotiations with the Government.

The Red Book reports that Kazakhstan's uranium reserves account for approximately 16% of the world's reasonably assured resources and inferred resources as at 1 January 2007 (the most current date for which Red Book information is available). See "*Presentation of Financial and Other Information – Third-Party Information Regarding the Company's Market and Industry*" for a discussion of the Red Book. The Company's A+B+C1+C2 reserves of uranium, calculated pursuant to the Kazakhstan Methodology, were 199,540 tonnes as at 31 December 2008 (the most current date for which official information is available). See "*Presentation of Reserves and Resources – Kazakhstan Methodology*" for a discussion of the Kazakhstan Methodology. For the year ended 31 December 2009, the Company produced 4,177.0 tonnes of uranium and sold 6,609.3 tonnes of uranium products.

In addition to producing and processing uranium, the Company is involved in generating, transmitting and selling electric power and thermal energy; producing and selling industrial and drinking water distilled from sea water; and manufacturing and selling beryllium and tantalum products. For the year ended 31 December 2009, the percentage of total sales revenue allocable to each of the Company's operations was 65.3% for uranium production, 13.8% for power and water, 2.7% for tantalum production, 1.7% for beryllium production and 16.5% for other operations, which includes, among other things, the manufacture and sale of other products and the rendering of services for the Company's main production activities, including drilling works and transportation.

The Company operates its business through a number of subsidiaries. The Company's principal subsidiaries include Mining Company LLP ("**Mining Company**") for its uranium mining and Volkovgeology for its exploration and drilling services. Ulba Metallurgical Plant JSC ("**Ulba JSC**") engages in the production of high quality uranium, beryllium and tantalum products on behalf of the Company at its plant in the city of Ust-Kamenogorsk ("**Ulba Facility**"). MAEK-Kazatomprom LLP ("**MAEK**") performs the Company's power and water services and is the sole supplier of electric and heat power and potable water for consumers in the Mangistau oblast in Western Kazakhstan. The Company owns, directly or indirectly, all of the voting shares of Mining Company, Volkovgeology, Ulba JSC and MAEK. Appak LLP and Semizbay-U LLP are subsidiaries owned 65% and 51% by the Company, respectively, which also conduct mining operations and are fully consolidated by the Company for accounting purposes.

The Company has also formed joint ventures with prominent participants in the international nuclear industry. The Company has significant influence over, and in some cases joint control of, these ventures, which the Company accounts for using the equity method. The associates of the Company include, among others, JV KATCO LLP ("**KATCO**") (the Company is 49% owner) with venture partner AREVA; JV Inkai LLP ("**Inkai LLP**") (the Company is 40% owner) with venture partner Cameco Corporation; and three joint ventures with Uranium One Inc., JV Betpak Dala LLP ("**Betpak Dala**") (the Company is 30% owner), Karatau LLP (the Company is 50% owner), and Kyzylkum LLP ("**Kyzylkum**") (the Company is 30% owner).

The A+B+C1+C2 reserves of uranium of the Company's jointly controlled entities and associates, calculated pursuant to the Kazakhstan Methodology, were 370,069 tonnes as at 31 December 2008. For the year ended 31 December 2009, the Company's jointly controlled entities and associates produced an aggregate of 8,391.5 tonnes of uranium.

The Company's revenue for the year ended 31 December 2009 increased KZT 51.4 billion, or 40.4%, to KZT 178.5 billion from the same period in 2008.

As at 31 December 2009, the Company's total assets were KZT 387.3 billion, which represented a KZT 45.6 billion, or 13.3%, increase from the same date in 2008. The Company's total liabilities as at 31 December 2009 were KZT 143.0 billion, which represented a KZT 4.1 billion, or 3.0%, increase from the same date in 2008.

Credit Ratings

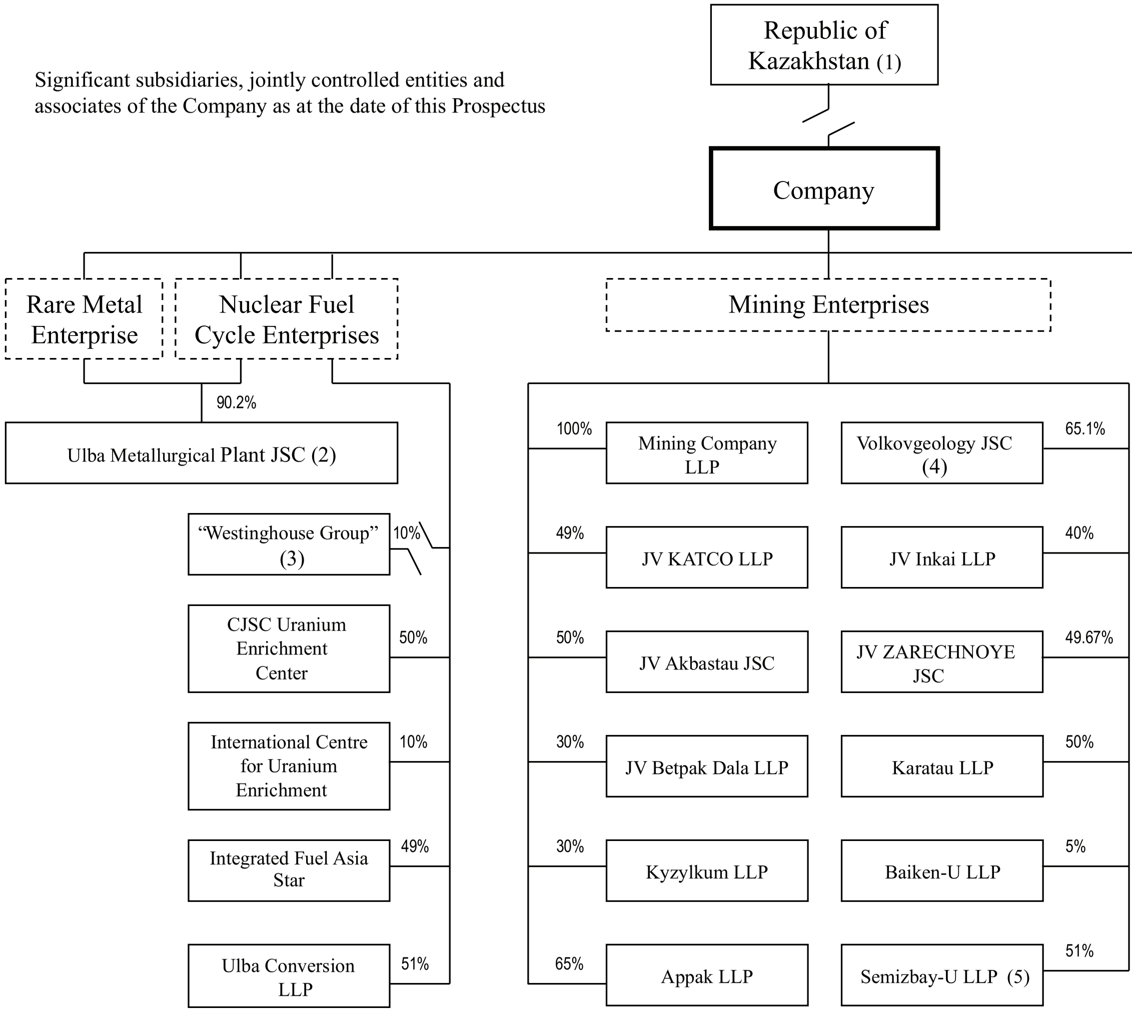
The Company has been assigned long-term foreign currency ratings of "Baa3" by Moody's Investors Service ("**Moody's**") and "BBB-" by Fitch Ratings ("**Fitch**").

Risk Factors

For a detailed discussion of the risks and other factors to be considered when making an investment decision with respect to the Notes issued under this Prospectus, see "*Risk Factors*" and "*Forward-Looking Statements*".

CORPORATE ORGANISATION

Significant subsidiaries, jointly controlled entities and associates of the Company as at the date of this Prospectus



(1) The Company is owned 100% by the Government through JSC Sovereign Wealth Fund Samruk-Kazyna.

(2) Private parties unaffiliated with the Company own 9.8% of the share capital as non-convertible, non-voting preference shares.

(3) The Company owns a 10% interest in Toshiba Nuclear Holdings U.S. Inc. which owns all of the holding company of Westinghouse Electric Company LLC. The Company also owns a 10% interest in Toshiba Nuclear Energy Holdings UK, Ltd., which owns all of the holding company of Westinghouse UK Ltd.

(4) Ulba Metallurgical Plant JSC also owns 24.9% of the shares. Private parties unaffiliated with the Company own 10% of the share capital as non-convertible, non-voting preference shares.

(5) The Company owns 11% of its interest in Semizbay-U LLP directly and 40% of its interest through Mining Company.

CONDENSED SELECTED CONSOLIDATED FINANCIAL AND OTHER INFORMATION

The financial information of the Company set forth below as at and for the years ended 31 December 2009, 2008 and 2007 has been derived from, should be read in conjunction with, and is qualified in its entirety by, the Financial Statements, including the notes thereto, contained elsewhere in this Prospectus.

Prospective investors should read the selected financial and other information in conjunction with the information contained in "*Risk Factors*", "*Capitalisation*", "*Management's Discussion and Analysis of Results of Operations and Financial Condition*", "*Business*" and the Financial Statements, including the notes thereto, and other financial data appearing elsewhere in this Prospectus.

Condensed Selected Consolidated Statement of Comprehensive Income

	For the year ended 31 December		
	2009	**2008**	**2007**
	(KZT in thousands)		
Revenue	**178,506,818**	**127,104,898**	**117,758,289**
Cost of sales	(112,709,539)	(82,695,061)	(61,213,761)
Gross profit	**65,797,279**	**44,409,837**	**56,544,528**
Distribution expenses	(1,824,124)	(2,014,923)	(1,494,101)
Administrative expenses	(8,984,719)	(12,920,966)	(11,989,385)
Financial income	3,111,251	2,031,266	3,444,144
Financial expenses	(7,834,292)	(4,099,430)	(2,552,941)
Foreign exchange losses	(9,653,705)	(239,961)	(1,708,676)
Share of results of associates and jointly controlled entities	16,849,096	5,724,687	8,810,384
(Loss)/profit on disposal of investments	–	(2,796,207)	1,462,925
Other income	865,510	544,782	1,274,269
Other expenses	(4,254,120)	(5,314,367)	(2,172,694)
Profit before income tax	**54,072,176**	**25,324,718**	**51,618,453**
Income tax expense	(12,612,443)	(14,279,460)	(15,615,271)
Profit for the year	**41,459,733**	**11,045,258**	**36,003,182**
Profit for the year attributable to:			
Owners of the Company	40,683,975	11,119,990	35,615,769
Non-controlling interests	775,758	(74,732)	387,413
	41,459,733	**11,045,258**	**36,003,182**

Condensed Selected Consolidated Statement of Financial Position

	As at 31 December		
	2009	**2008**	**2007**
	(KZT in thousands)		
ASSETS			
Non-current assets			
Property, plant and equipment, investment property and intangible assets	80,288,416	75,393,966	57,937,529
Mine development assets	18,351,136	15,955,306	8,821,591
Exploration and evaluation assets	3,865,138	438,833	3,342,297
Investments in associates and jointly controlled entities	42,241,425	23,058,530	17,407,830
Other investments	66,045,671	66,045,647	65,313,083
Advances paid and other receivables	1,769,348	7,307,023	5,401,914
Inventories	7,077,867	9,148,251	9,968,853
Term deposits	1,040,154	875,112	386,527
Deferred tax assets	1,639,226	2,877,676	1,083,777
Total non-current assets	**222,318,381**	**201,100,344**	**169,663,401**
Current assets			
Inventories	52,103,354	34,447,267	21,700,500
Other investments	–	22,653,413	1,942,559
Prepaid income tax	3,876,978	1,974,202	5,026,689
Trade receivables	54,466,234	47,318,703	36,336,556
Term deposits	22,742,735	15,201	3,092,484
Cash and cash equivalents	30,082,948	34,160,628	10,287,760
Restricted cash	1,662,066	–	–
Total current assets	**164,934,315**	**140,569,414**	**78,386,548**
Total assets	**387,252,696**	**341,669,758**	**248,049,949**

	As at 31 December		
	2009	2008	2007
	(KZT in thousands)		
EQUITY AND LIABILITIES			
Equity			
Share capital	36,692,362	36,692,362	36,692,362
Additional paid-in capital	5,330,324	5,573,807	4,187,732
Foreign currency translation reserve	(1,316,787)	(1,614,661)	(3,056,951)
Retained earnings	194,418,746	153,742,508	143,663,119
Total equity attributable to Owners of the Company	**235,124,645**	**194,394,016**	**181,486,262**
Non-controlling interest	9,109,619	8,372,715	5,349,122
Total equity	**244,234,264**	**202,766,731**	**186,835,384**
Non-current liabilities			
Loans and borrowings	34,974,316	35,671,281	20,265,040
Other financial liabilities	38,592,034	28,273,845	–
Provisions	4,667,555	4,437,811	3,620,988
Trade payable	280,125	254,808	231,501
Preferred shares	264,827	264,827	271,275
Grants	353,309	334,552	353,619
Deferred tax liabilities	1,200,547	584,485	1,353,187
Total non-current liabilities	**80,332,713**	**69,821,609**	**26,095,610**
Current liabilities			
Loans and borrowings	26,007,475	32,808,527	17,500,641
Trade payable	32,747,554	29,873,893	14,602,765
Other current liabilities	3,930,690	6,398,998	3,015,549
Total current liabilities	**62,685,719**	**69,081,418**	**35,118,955**
Total liabilities	**143,018,432**	**138,903,027**	**61,214,565**
Total equity and liabilities	**387,252,696**	**341,669,758**	**248,049,949**

Key Financial Ratios

The following table sets forth key financial ratios used by the Company's management in assessing the Company's performance. The financial ratios set forth in this table reflect the operations of the Company.

	For the year ended 31 December		
	2009	2008	2007
	(KZT in thousands, except ratios)		
Adjusted EBITDA[(1)]	60,629,889	35,055,233	47,177,309
Total debt[(2)]/Adjusted EBITDA[(1)]	1.64	2.76	0.80
Net debt[(3)]/Adjusted EBITDA[(1)]	1.15	1.87	0.58
Coverage (Adjusted EBIT[(4)]/net interest expense[(5)])	11.39	13.84	147.39
Total debt/equity[(6)]	0.41	0.48	0.20

(1) See "*Presentation of Financial and Other Information – Financial Information*" for a discussion of the Company's use of non-IFRS measures. The Company defines "Adjusted EBITDA" as Adjusted EBIT (as defined below) plus amortisation and depreciation.

(2) Debt is non-current and current loans and borrowings and other financial liabilities as at 31 December of the relevant period. See Note 34 of the Notes to the Financial Statements.

(3) Net debt is debt minus cash and cash equivalents as at 31 December of the relevant period. See Note 31 of the Notes to the Financial Statements.

(4) See "*Presentation of Financial and Other Information – Financial Information*" for a discussion of the Company's use of non-IFRS measures. EBIT is defined as profit for the year before interest and income taxes. The Company defines "Adjusted EBIT" as EBIT further adjusted to exclude the impact of income from associates and jointly controlled entities, foreign exchange gains and losses, finance income, gains and losses on the disposal of investments and other income and expense. The Company defines "EBITDA" and "Adjusted EBITDA", as EBIT and Adjusted EBIT, respectively, plus depreciation and amortisation expense.

(5) Net interest expense is defined as financial income less financial expense.

(6) Equity is total equity as at 31 December of the relevant period.

The following is a reconciliation of profit for the year to EBIT, EBITDA, Adjusted EBIT and Adjusted EBITDA, respectively:

	For the years ended 31 December		
	2009	2008	2007
	(KZT in thousands)		
Profit for the year	41,459,733	11,045,258	36,003,182
Income tax expense	12,612,443	14,279,460	15,615,271
Interest expense	6,652,427	3,244,861	1,723,452
EBIT	60,724,603	28,569,579	53,341,905
Depreciation and amortisation	6,823,318	6,435,854	4,945,756
EBITDA	67,547,921	35,005,433	58,287,661
Adjustments:			
Foreign exchange losses	9,653,705	239,961	1,708,676
Financial income	(3,111,251)	(2,031,266)	(3,444,144)
Share of results of associates and jointly controlled entities	(16,849,096)	(5,724,687)	(8,810,384)
(Loss)/profit on disposal of investments	–	2,796,207	(1,462,925)
Other income	(865,510)	(544,782)	(1,274,269)
Other expense	4,254,120	5,314,367	2,172,694
Adjusted EBIT	53,806,571	28,619,379	42,231,553
Depreciation and amortisation	6,823,318	6,435,854	4,945,756
Adjusted EBITDA	60,629,889	35,055,233	47,177,309

OVERVIEW OF THE OFFERING

*The following is an overview of the terms of the Notes. This overview is derived from, and should be read in conjunction with, the full text of the Terms and Conditions of the Notes (the "**Conditions**") and the Trust Deed constituting the Notes, which prevail to the extent of any inconsistency with the terms set out in this overview. Capitalised terms used herein and not otherwise defined have the respective meanings given to such terms in the relevant Conditions.*

Notes being offered:	U.S.$500,000,000 6.25% Notes due 20 May 2015 (the "**Notes**").
	The Notes are being offered, by the Company through the Managers, to (i) certain qualified institutional buyers ("**QIBs**") (as defined in Rule 144A under the Securities Act), in the United States in reliance on Rule 144A under the Securities Act; and (ii) to certain non-U.S. persons outside the United States in offshore transactions in reliance on Regulation S. See "*Subscription and Sale*".
Issuer:	The Company, JSC National Atomic Company Kazatomprom.
Issue price:	98.947%.
Issue date:	20 May 2010.
Maturity date:	20 May 2015.
Interest:	The Notes will bear interest at the rate of 6.25% per annum from and including 20 May 2010.
Interest payment dates:	Interest on the Notes will be payable semi-annually in arrear on 20 November and 20 May of each year commencing on 20 November 2010.
Ranking of the Notes:	The Notes will constitute direct, unconditional, unsubordinated and (subject to Condition 4(a) (*Negative Pledge*) unsecured obligations of the Company and shall at all times rank *pari passu* and without preference among themselves (save for such exceptions as may be provided by mandatory provisions of applicable law) with all other present and future unsecured and unsubordinated obligations of the Company from time to time outstanding.
Use of proceeds:	The net proceeds from the issue of the Notes, expected to amount to approximately U.S.$492,935,000 after deduction and payment of fees and commissions but prior to payment of legal, accounting, printing and other fees and expenses, will be used for general corporate purposes.
Further issues:	The Company may from time to time, without the consent of the holders of the Notes, create and issue further notes either ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon) (provided that any such notes are issued with no more than a *de minimis* amount of original discount or the notes are part of a qualified reopening for U.S. federal income tax purposes) so that the same shall be consolidated and form a single series with the outstanding Notes constituted by the Trust Deed. See "*Terms and Conditions of the Notes – Further Issues*".
Additional amounts:	In the event that Kazakhstan withholding taxes are required to be withheld or deducted from payments on any of the Notes, the Company will, subject to certain exceptions described in this

	Prospectus, pay such additional amounts as will result, after deduction or withholding of such taxes, in the payment of the amounts which would have been payable in respect of such Notes had no such withholding or deduction been required. See "*Terms and Conditions of the Notes – Taxation*".
Optional redemption for tax reasons:	The Notes may be redeemed at the option of the Company, in whole but not in part, at any time at 100% of the principal amount thereof plus accrued interest on the date fixed for redemption if certain events occur that would require the Company to pay additional amounts, as described under "*Terms and Conditions of the Notes – Redemption and Repurchase – Redemption for Taxation Reasons*".
Change of Status Put Option:	The Notes may be redeemed at the option of the Noteholder at 101% of its principal amount upon Kazakhstan ceasing to own (directly or indirectly) 100% of the issued and outstanding voting share capital of the Company or upon a reorganisation leading to an Adverse Rating Event (as defined under "*Terms and Conditions of the Notes – Redemption at the Option of Noteholders upon a Change of Status*").
Substitution:	The Trust Deed contains provisions permitting the Trustee to agree, without the consent of the Noteholders, to the substitution of certain other entities in place of the Company as principal obligor under the Trust Deed and the Notes. See Condition 12(c) (*Substitution*).
Form and denomination:	The Notes will be in registered form, without interest coupons attached, in denominations of U.S.$100,000 or integral multiples of U.S.$1,000 in excess thereof. The Notes will be issued in the form of a Regulation S Global Note and a Rule 144A Global Note, each in registered form without interest coupons. The Regulation S Global Note will be deposited with, and registered in the name of, a nominee for the common depository for Euroclear and Clearstream, Luxembourg. The Rule 144A Global Note will be deposited with a custodian for, and registered in the name of, Cede & Co., as nominee of DTC. Ownership interests in the Global Regulation S Global Note and the Rule 144A Global Note will be shown on, and transfer thereof will be effected only through, records maintained by DTC, Euroclear, Clearstream, Luxembourg and their respective participants. Notes in definitive form will be issued only in limited circumstances.
Listing and Trading:	The Prospectus has been approved by the UK Listing Authority, as competent authority under the Prospectus Directive. Application has been made to the UK Listing Authority for the Notes to be admitted to the Official List of the UK Listing Authority and for the Notes to be admitted to trading on the Stock Exchange's Regulated Market. The Notes also will be listed on the Kazakhstan Stock Exchange.
Events of Default and certain covenants:	The terms and conditions of the Notes contain events of default and covenants (including a limitation on dividend payments, a limitation on asset sales, a cross default provision and a negative pledge) as described further in "*Terms and Conditions of the Notes – Events of Default*" and "*Terms and Conditions of the Notes – Negative Pledge and Covenants – Negative Pledge*".

Trustee:	BNY Corporate Trustee Services Limited.
Principal Paying Agent and Transfer Agent:	The Bank of New York Mellon, London Branch.
Registrar:	The Bank of New York Mellon (Luxembourg) S.A.
US Paying Agent:	The Bank of New York Mellon, New York Branch.
Governing law:	The Notes, the Trust Deed and the Paying Agency Agreement will be governed by, and construed in accordance with, English law.
Risk factors:	Prospective purchasers of the Notes should consider carefully all of the information set forth in this Prospectus and, in particular, the information set forth under "*Risk Factors*" below before making an investment in the Notes.
Selling restrictions:	The Notes have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person, except to QIBs in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The offer and sale of Notes is also subject to restrictions in the United Kingdom, Hong Kong, Singapore and Kazakhstan. See "*Subscription and Sale*".
Security Codes:	Regulation S ISIN: XS0510820011 Regulation S Common Code: 051082001 Rule 144A ISIN: US63253RAA05 Rule 144A Common Code: 051127641 Rule 144A CUSIP: 63253RAA0 KASE Trading Code: KZAPe1
Expected Rating of the Notes:	"Baa3" by Moody's and "BBB-" by Fitch. ***A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.***

RISK FACTORS

The Company believes that the following factors may affect its ability to fulfil its obligations under the Notes. Some of these factors are contingencies which may or may not occur and the Company is not in a position to express a view on the likelihood of any such contingency occurring or not occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below. If any of the risks described below materialises, the Company's business, prospects, financial condition, cash flows or results of operations could be materially adversely affected. If this were to happen, the trading price of the Notes could decline or the Company could be unable to pay interest, principal or other amounts on or in connection with any Notes.

The Company believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Company to pay interest, principal or other amounts on or in connection with the Notes, or otherwise perform its obligations under the Notes, may occur for other reasons that may not be considered significant risks by the Company based on information currently available to it or for reasons which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

The order in which these risk factors are presented does not necessarily reflect the likelihood of their occurrence or the magnitude of their potential impact on the Company's business, prospects, financial condition, cash flows or results of operations.

Risk Factors Relating to the Company's Business

Current adverse global conditions in financial and economic markets may adversely impact the Company's operations.

The financial markets, both globally and in Kazakhstan, have experienced significant volatility and market participants have faced significant liquidity constraints since the onset of the global financial crisis, which began to unfold in the autumn of 2007 and worsened after August 2008. The global financial turmoil has significantly affected Kazakhstan's economy, causing a decrease of Kazakhstan's GDP, a collapse in the real estate market, failures and restructurings of banks, significant declines in debt and equity prices and a substantial outflow of capital. A side effect of those events was an increased concern about the stability of the financial markets generally and the strength of counterparties, and many lenders and institutional investors reduced funding to borrowers, which significantly reduced the liquidity in the global financial system.

In response to the crisis, the governments of many countries, including Kazakhstan, took unprecedented actions to restore investor confidence, provide liquidity and support medium-term growth. While many countries, including Kazakhstan, have recently reported improvement of the situation in the financial markets, a further economic downturn could still occur, and additional state support measures might be required. Adverse changes arising from systemic risks in global financial systems could slow or disrupt the Kazakhstan economy, adversely affect the Company's access to capital and the cost of capital and, more generally, its business, prospects, financial condition, cash flows and results of operations.

Despite governmental efforts to provide liquidity to Kazakhstan banks and companies, there continues to be uncertainty regarding access to, and the cost of, capital for the Company and its counterparties. The Company's counterparties may be affected by the reduced liquidity environment, which could in turn impact their ability to repay the amounts owed to the Company. This could adversely affect the Company's business, prospects, financial condition, cash flows or results of operations. In addition, deteriorating operating conditions for debtors may also have an impact on management's cash flow forecasts and assessment of the impairment of financial and non-financial assets. Management is unable to reliably estimate the effects on the Company's financial position of any further deterioration in general economic conditions in Kazakhstan or in the liquidity of the financial markets and the increased volatility in the currency and equity markets.

The price of uranium is volatile, affecting the Company's profitability and financial condition.

The Company's profitability is directly related to the market prices of uranium. The market price of uranium can be volatile and is impacted by numerous factors beyond the Company's control, including but not limited to:

- demand for nuclear power and the rate of construction of nuclear power plants;
- the forward contracting of U_3O_8 supplies by nuclear power plants;
- political and economic conditions in uranium producing and consuming countries;
- reprocessing of used nuclear reactor fuel and the re-enrichment of depleted uranium tails;
- sales of excess civilian and military inventories of uranium (including from the dismantling of nuclear weapons) by governments and industry participants;
- uranium production levels and costs of production;
- significant uranium production interruptions or delays in expansion plans;
- actions of investment and hedge funds in the uranium market;
- political or technological developments related to the storage of nuclear waste;
- an accident at a nuclear power plant anywhere in the world;
- supply and demand for industrial products containing metals;
- transactions by central banks and other holders, speculators and producers of metals; and
- the prices of alternative sources to nuclear power, including oil, natural gas, coal, hydroelectric, solar and wind.

The Company cannot predict the effect of these factors on the price of uranium. Prices of U_3O_8 have fluctuated widely in the last several years and have experienced significant declines since 2008. Further declines in market prices in the future could delay or deter a decision to commence production at a mine or could cause production to become unprofitable after commencement. Declines in market prices could also adversely affect the Company's ability to finance development projects, all of which could have a material adverse effect on the Company's business, prospects, financial condition, cash flows or results of operations.

The Company's failure to maintain existing reserves or to discover new reserves could negatively affect the Company's future results and financial condition.

The Company's mineral reserves and resources are the foundation of its operations and fundamental to the Company's success. Over recent years, an increased production rate from the Company's operations has resulted in existing reserves being depleted at an accelerated rate. Additionally, many of the deposits being operated by the Company's subsidiaries have been in production for many years. The Company's revenues and profits are related to its mining operations and its results and financial condition are directly related to the Company's access to sufficient reserves. The Company believes its calculated reserves are sufficient to meet anticipated production levels for the near term and does not have an extensive exploration programme at this time. However, the continued depletion of reserves will eventually require the Company to increase its exploration activities. The Company cannot give any assurances that its future exploration efforts will result in any new economically viable mining operations or yield new reserves to replace or expand current reserves. A failure in the Company's ability to discover new reserves, enhance existing reserves or develop new operations in sufficient quantities to meet anticipated production levels in the future could have a material adverse effect on the Company's business, prospects, financial condition, cash flows or results of operations.

Extraction of uranium from mineral deposits may not be commercially viable.

Exploration and development of uranium deposits involve substantial risk that no commercial production will be obtained or that the production will be insufficient to recover exploration, development and production costs. Whether a uranium deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit, such as its size and grade; costs and efficiency of the recovery methods that can be employed; proximity to and condition of infrastructure; financing costs; and governmental regulations, including regulations relating to prices, taxes, infrastructure, land use, import and export of commodities and environmental protection. The effect of these factors, either alone or in combination, cannot be accurately predicted and their impact may result in the Company being unable to economically extract minerals from any identified mineral resource. It is impossible to ensure that the Company's properties will continue to be commercially viable or will become commercially viable, as the case may be. The failure to delineate commercially viable uranium deposits that may be economically extracted could have a material adverse effect on the Company's business, prospects, financial condition, cash flows or results of operations.

The Company's actual uranium reserves may be lower than reported because of the use of the Kazakhstan Methodology.

Potential investors should not place undue reliance on the information contained herein concerning the reserves of the Company and its jointly controlled entities and associates. The reserves and resources data contained in this Prospectus, unless otherwise stated, are taken from analyses prepared in accordance with the Kazakhstan Methodology and Kazakhstan regulations. Estimates derived using the Kazakhstan Methodology may differ substantially from those derived using other industry standards, such as those used in the United States, Canada or Australia. Such data may, by other industry standards, significantly overstate the Company's recoverable reserves.

The Company has not, and does not intend to, engage independent experts to prepare a reserve report in accordance with SEC or other industry standards in respect of any of its deposits. There can be no assurance that if such an independent report were to be prepared, it would not estimate the Company's reserves to be materially lower and more adverse than the Company's current estimates. If the Company's actual reserves and resources are less than reported, the Company and its jointly controlled entities and associates may be unable to produce uranium at or above historic levels and this may have a material and adverse impact on the Company's business, prospects, financial condition, cash flows or results of operations. See "*Presentation of Reserves and Resources – Kazakhstan Methodology*".

The reported quantities or classifications of the Company's uranium reserves may be lower than estimated because of inherent uncertainties in the calculation of reserves.

There are numerous uncertainties inherent in estimating the quantity of reserves and in projecting future rates of production, including many factors beyond the Company's control. Estimating the quantity of reserves is a subjective process, and estimates made by different experts often vary significantly. In addition, results of drilling, testing and production subsequent to the date of an estimate may result in revisions to that estimate. Accordingly, the Company's estimates of uranium reserves may be different from the quantity of uranium that is ultimately recovered and, consequently, the revenue therefrom could be less than that currently expected. The validity of such estimates is highly dependent upon the accuracy of the assumptions on which they are based, the quality of the information available and the ability to verify such information against industry standards.

All reserves data are estimates only and should not be construed as representing exact quantities. These estimates are based on production data, prices, costs, ownership, geological and engineering data, and other information assembled by the Company's subsidiaries, jointly controlled entities and associates, and they assume, among other things, that the future development of the uranium deposits of the Company and its jointly controlled entities and associates and the future marketability of such uranium will be similar to past development and marketability. These assumptions may prove to be incorrect.

If the assumptions upon which the Company's estimates of reserves and resources have been based are incorrect, the Company and its jointly controlled entities and associates may be unable to produce uranium at or above historic levels and this may have a material and adverse impact on the Company's business, prospects, financial condition, cash flows or results of operations.

A material portion of the uranium reserves the Company expects to develop is owned by the Company's jointly controlled entities and associates and subject to the risk of joint product development.

The Company is a party to several joint ventures that are a significant part of its current and prospective revenue sources, and it expects to enter into new joint ventures in the future. A significant portion of the reserves and production from which the Company derives benefits belongs to the Company's jointly controlled entities and associates, which the Company accounts for using the equity method. As at 31 December 2008, the Company's jointly controlled entities and associates had the right to produce uranium from reserves estimated at 370,069 tonnes as compared to 199,540 tonnes for the Company. For the year ended 31 December 2009, the Company's jointly controlled entities and associates produced 8,391.5 tonnes of uranium as compared to 4,177.0 tonnes for the Company. The Company does not own the assets from which its jointly controlled entities and asssociates produce uranium.

The Company does not and cannot unilaterally control the operations of its jointly controlled entities or associates, nor can it unilaterally make major decisions with respect to the assets of such entities. The Company's partners may have economic or business interests or goals that are inconsistent with or opposed to those of the Company. Such partners may also exercise veto rights so as to block actions that the Company believes to be in its or the joint venture's best interests. Any of these factors could adversely affect the Company's jointly controlled entities or associates which could have a material adverse effect on the Company's business, prospects, financial condition, cash flows or results of operations.

The Company is currently dependent on a small number of customers that purchase a significant portion of the Company's U_3O_8, and this customer concentration may increase.

The nuclear energy industry is highly consolidated. The Company believes that there are approximately 80 end-users of uranium in the world. As a result, the Company is dependent on a relatively small number of customers that purchase a majority of its uranium production through long-term contracts. For the year ended 31 December 2009, the Company had nine customers in total under long-term contracts. The Company's top five customers accounted for approximately 86% collectively and at least 10% individually of the Company's total sales by volume. As the nuclear power industry in China expands, the Company expects that its customers will increasingly be located in China. The loss of any of the Company's top customers, or the reduction in purchases by these customers, or adverse changes in the relationship between Kazakhstan and China could have a material adverse effect on the Company's business, prospects, financial condition, cash flows or results of operations.

The Company is subject to evolving national and international environmental, operational health, safety and other regulations.

All phases of the nuclear industry, including the production and processing of uranium performed by the Company and the use of the Company's products by its customers, are subject to extensive international and national environmental, health and safety regulation. The standards and practices of international organisations such as the United Nations International Atomic Energy Commission affect the operations of the Company, and continue to evolve, reflecting public concerns. The legal framework in Kazakhstan for environmental protection and operational health and safety is becoming more comprehensive and complex. The Company expects its expenditures for compliance to be affected by standards established by such national and international organisations. Moreover, the Company could be adversely affected by future actions and fines imposed on the Company by environmental authorities.

Compliance with environmental requirements may make it necessary for the Company, at costs which may be substantial, to undertake new measures in connection with storage, handling, transport, treatment or disposal of hazardous materials and wastes and the remediation of contamination including the contamination left from past operations during the Soviet era. The Company benefits from the low costs associated with the use of the in situ leaching method of extracting uranium. This method involves pumping sulphuric acid into the ground to recover a uranium solution. The in situ method may be the subject of additional environmental regulations on its use, which could reduce the cost advantage of this method of uranium production. Any such change in environmental regulation could have a material adverse effect on the Company's business, prospects, financial condition, cash flows or results of operations.

Although, the Company is obliged to comply with all applicable environmental laws and regulations, it cannot, given the changing nature of environmental regulations, guarantee that it will be in compliance at all times. Any failure to comply with these environmental requirements could subject the Company to, among other things, civil liabilities and penalty fees. Additionally, no assurance can be made that environmental liabilities will not increase. Any increase in environmental liabilities could have a material adverse effect on the Company's business, prospects, financial condition, cash flows or results of operations.

The former Chief Executive Officer of the company has been convicted of criminal activity and is under further investigation.

In 2009, the National Security Committee of Kazakhstan, under the supervision of the General Prosecutor, commenced an investigation against the former Chief Executive Officer of the Company and his bodyguard. The investigation related to allegations mainly concerned with asset embezzlement and illegal transfer of subsoil rights to certain uranium deposits of the Company to offshore companies affiliated with the former Chief Executive Officer. In March 2010, the court sentenced the former Chief Executive Officer to 14 years imprisonment and his bodyguard to a lesser term of imprisonment. In addition, the prosecutor's office announced in March 2010 a new investigation into allegations that the former Chief Executive Officer was involved in money laundering. No person who was or is a subject of these investigations is currently employed by the Company, and the Company's management does not believe that these investigations and allegations will adversely affect the Company. However, there can be no assurance that this new investigation will be completed in a timely manner or that no new agreements will be found that were executed by the Chief Executive Officer, nor can there be any assurance that the results of any new investigations will not involve current employees of the Company or its subsidiaries, jointly controlled entities or associates or have a material and adverse effect on the public perception of the Company or its business, prospects, financial condition, cash flows or results of operations.

The Company's business and local infrastructure requires significant capital expenditures and the Company may be unable to obtain the necessary financing.

The development, expansion and ongoing operation of mines and processing facilities require a substantial amount of capital prior to the commencement of, and in connection with, any production activity. Such capital requirements relate to the costs of, among other things, acquiring mining rights and properties, obtaining licences, permits, exploration and delineation drilling to determine the underground configuration of a deposit, designing and constructing new mine and processing facilities, purchasing and maintaining mining equipment and restoration and reclamation activities. In addition, expansion and development will require the Company to incur costs for the financing and construction of additional infrastructure, including roads, power lines and power plants. To the extent the Company has a partner with respect to a project, the partner may assume some costs associated with expansion and development; however, this cannot be assured. There can be no assurance that the Company will be able to obtain necessary financing in a timely manner on acceptable terms, if at all, which could have a material adverse effect on the Company's business, prospects, financial condition, cash flows or results of operations.

The availability and cost of sulphuric acid materially affects the commercial viability of the Company's properties.

The Company uses substantial amounts of sulphuric acid to extract uranium through the ISL method. For the year ended 31 December 2009, the production activities of the Company and its jointly controlled entities and associates used approximately one million tonnes of sulphuric acid. The Company has experienced sulphuric acid supply constraints during the past few years. Even if available, sulphuric acid supplies may also be impacted by logistical constraints, including a shortage of railcars to ship the acid to and within Kazakhstan. Shortages of sulphuric acid or logistical constraints which delay the distribution of acid may result in lower production than anticipated from the Company's deposits. No assurance can be given that the Company will be able to secure necessary supplies of sulphuric acid in a timely manner in order to meet current and future production schedules. If production schedules are delayed as a result, it may have a material and adverse impact on the Company's business, prospects, financial condition, cash flows or results of operations.

It takes approximately 100 millilitres of sulphuric acid to extract one gram of uranium. The price per tonne paid by the Company for sulphuric acid has increased significantly over the last three years from KZT 5,737 to KZT 9,093 to KZT 15,089 in 2007, 2008 and 2009, respectively. For the year ended 31 December 2009, the price of sulphuric acid represented 50% of the total expenses for materials used in the Company's production of U_3O_8. The cost of sulphuric acid may continue to increase and may be materially higher than currently anticipated by the Company. If production costs more than originally budgeted, this may have a material and adverse impact on the Company's business, prospects, financial condition, cash flows or results of operations.

The Company's development of new projects might be unsuccessful and no assurance can be given that such projects will be profitable.

The Company continues to expand its existing operations, engage in new operations and develop new partnerships in order to develop a more competitive international presence in all front-end phases of the nuclear fuel cycle. As a result, the Company is subject to all of the risks associated with establishing new mining operations and business enterprises, including:

- the timing and cost, which can be considerable, of constructing and operating mining and processing facilities;
- the availability and costs of skilled labour and equipment;
- the availability of adequate partners;
- the timing of receipt or availability of required consents, permits, licences and certifications;
- the adequacy of the Company's current personnel, systems, procedures and controls in supporting the development of its new operations; and
- potential opposition from local groups or local inhabitants which may delay or prohibit development activities.

Each of these factors involves uncertainties and is subject to material changes. As a result, it is possible that the actual capital and operating costs of, and economic returns from, any proposed mining activity or business enterprise may differ from those estimated. Such differences could have a material adverse effect on the Company's business, prospects, financial condition, cash flows or results of operations. There can also be no assurance that the Company will be able to complete timely or economically the development of any of its new operations.

The Company is dependent on the Ulba Facility for many of its downstream processes and on actions of the Government and governments of other nations for realisation of its vertical integration strategy.

The ongoing operations of the Company and its ability to implement its vertical integration strategy are heavily dependent on operations at the Ulba Facility. The Ulba Facility currently comprises approximately 16.5% of the total U_3O_8 production of the Company and the entirety of the Company's beryllium, tantalum and rare metals production. A failure in the Company's ability to maintain or increase its existing levels of production at the Ulba Facility could have a material adverse effect on the Company's business, prospects, financial condition, cash flows or results of operations.

The Company's vertical integration strategy envisages construction of a conversion facility and the production of nuclear fuel pellets and fuel rods at the Ulba Facility. Although the Company is currently in negotiations regarding the construction of such a conversion facility, there can be no assurance that such agreement will be finalised or that a conversion facility will be built in the near future or ever. The realisation of the Company's goals relating to fuel pellet and fuel rod production also depends on certain requirements being met that are outside of the Company's control. This includes an obligation of the Government to enter into one or more treaties governing nuclear fuel rod manufacturing technology prior to the commencement of fuel rod production by the Company. In addition, although the Ulba Facility currently has the capacity to produce fuel pellets, the Company must first meet specifications of, and receive certification by, each of its customers in their discretion before fuel pellets will be purchased by such customers. If the Government does not enter into the necessary treaties required for the Company to produce fuel rods, or if some or all of the potential customers of the Company do not certify the fuel pellets produced at the Ulba Facility, it could have a material adverse effect on the Company's business, prospects, financial condition, cash flows or results of operations.

Change in the Government of Kyrgyz Republic may affect the processing activities of the Company's jointly controlled entities and associates.

For the year ended 31 December 2009, 16.9% of the Company's U_3O_8 was produced in the Kyrgyz Republic at the processing facilities of the Kara-Balta Mining Complex. In April 2010, after civil unrest in the country, the government of President Kurmanbek Bakiyev was unseated and a new interim government instituted. There can be no assurance that unrest in the Kyrgyz Republic and the change in government will not disrupt with the Company's processing activities at the Kara-Balta Mining Complex. If the Company's processing activities at the Kara-Balta Mining Complex are disrupted or made more costly and the Company is unable to access alternative processing capacity on acceptable terms or at all, this could have a material adverse effect on the Company's business, prospects, financial condition, cash flows or results of operations.

The Company's operating or capital plans may change.

The Company establishes operating and capital plans based on expert opinions and information available when such plans are formed. There can be no assurance that the Company's operating or capital plans will not change as a result of changes in expert opinion or as new information becomes available.

Capital and operating costs, production and economic returns, and other estimates contained in pre-feasibility studies may differ significantly from actual costs, and there can be no assurance that actual capital and operating costs will not be higher than currently anticipated or disclosed. In addition, the Company's estimates may differ from similarly titled measures of other companies and are not intended to be an indicator of projected operating profit.

Nuclear energy competes with other energy sources and is subject to public opinion risks.

Nuclear energy competes with other sources of energy, including oil, natural gas, coal, hydroelectric, solar and wind. These energy sources are to some extent interchangeable with nuclear energy, particularly over the long term, and sustained lower prices of such energy sources may result in lower demand for nuclear energy. In addition, growth of the nuclear power industry will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. Because of unique political, technological and environmental factors that affect the nuclear industry, the industry is subject to public opinion risks that could have an adverse impact on the demand for nuclear power and increase the regulation of the nuclear power industry. An accident at a nuclear reactor anywhere in the world could impact the continuing acceptance of nuclear energy and the future prospects for nuclear power generation, which could have a material adverse effect on the Company's business, prospects, financial condition, cash flows or results of operations.

The Company may not be able to manage its growth and expansion effectively if it cannot hire sufficient qualified personnel.

The Company's ability to maintain its competitive position and to implement its business strategy is dependent on the services of its personnel, including key engineering, managerial, financial, commercial, marketing and processing personnel and the maintenance of good labour relations. The Company has recently experienced delays in some of its projects because it lacked sufficient qualified personnel. Competition for qualified personnel, especially for positions in engineering, mining, metallurgy and geological sciences, is intense due to the small pool of qualified individuals and strong demand for such individuals. The loss or diminution in the services of key personnel or an inability to attract and retain additional qualified personnel could have a material adverse effect on the Company's business, prospects, financial condition, cash flows or results of operations.

The Government, which indirectly controls the Company, may cause the Company or a subsidiary, jointly controlled entity or associate of the Company to engage in business practices that may not be in the interests of the Noteholders and may cause the appointment or removal of members of the Company's management team.

The Company is the national atomic company of Kazakhstan. The Government, through JSC Sovereign Wealth Fund Samruk-Kazyna ("**Samruk-Kazyna**"), wholly owns and controls the Company. There can be no assurance that the Government will not cause the Company to engage in business practices that may materially and adversely affect the Company's ability to operate on a commercial basis or in a way that is inconsistent with the best interests of the Noteholders. In addition, the Company may be forced by the Government to engage in activities outside of its core businesses and/or acquire assets other than on an arm's length basis. The Government may also impose on the Company other social duties, such as construction of social and recreational infrastructure, charitable activities and implementation of community development programmes.

Further, the Government is in a position to appoint and remove, or cause or influence the appointment and removal of, the members of management of the Company and its subsidiaries.

The Company may be subject to the laws of various countries imposing sanctions for conducting business with certain persons.

As a result of its international activities, the Company is subject to the laws and regulations of the various countries and regions in which it does business, in addition to the laws of Kazakhstan. Certain countries are subject to sanctions administered by the United States Treasury Department's Office of Foreign Assets Control or regulated by the Iran Sanctions Act of the United States. The Company believes that at present it does not conduct business in any such country, and the proceeds of the issue of the Notes will not be used to fund activities that are subject to United States or other applicable sanctions. However, there can be no assurance that compliance issues under these laws and regulations will not arise with respect to the Company or its employees in the future. Non-compliance with these laws and regulations could result in, among other things, debarment from the ability to contract with the United States government or its agencies. Non-compliance with applicable laws and regulations could result in a liability on behalf of the Company's directors, imposition of significant fines, as well as negative publicity and reputational damage. Any of the foregoing could result in a material adverse effect on the Company's business, prospects, financial condition, cash flows or results of operations.

Unexpected catastrophic events, including acts of vandalism and terrorism, may adversely impact the Company's operations.

The Company performs many of its operations in locations within Kazakhstan that have harsh climates and exports substantially all of its products. The Company's operations, processes and procedures are subject to risks such as port and shipping incidents, fire and explosion, loss of power supply, railroad incidents and mechanical failures. The Company's operations may also be subject to unexpected natural catastrophes such as earthquakes and floods. In addition, the Company's facilities may be the target of acts of vandalism and terrorism directed at the nuclear power industry, which may be more specifically targeted than other industries. The impact of these events could lead to disruptions in production and loss of facilities and may have a material adverse effect on the Company's business, prospects, financial condition, cash flows or results of operations.

The Company's insurance coverage may not be adequate to cover losses arising from potential operational hazards and unforeseen interruptions.

Although the Company has insurance (including against third party liability and environmental damages), the amount and scope of such insurance coverage is more limited than that which would normally be expected of similar companies in more developed economies. The insurance industry in Kazakhstan is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Company does not have full insurance coverage for its plant facilities or against business interruption. The Company may suffer material losses from uninsurable or uninsured risks or insufficient insurance coverage, which could have a material adverse effect on the Company's business, prospects, financial condition, cash flows or results of operations.

The Law on Transfer Pricing may impair the Company's ability to sell products.

On 5 July 2008, Kazakhstan adopted the new Law on Transfer Pricing, as amended, which can potentially assess a higher tax on long-term commodity contracts that are not priced using the market mechanism, or "spot pricing". In order to monitor transfer pricing, the law applies the same method to uranium as it does to exchange-traded commodities and requires an additional tax on the difference between uranium supplies under long-term contracts and published uranium price indicators. This law disincentivises the Company from entering into long-term contracts with base escalation pricing or fixed pricing, which are the predominate pricing mechanisms in the uranium industry and which are preferred by uranium consumers. Unless the law is repealed or an exemption is made for the uranium industry, the law's application to the Company could adversely affect the Company's ability to compete for product sales with uranium producers that are able to use more customary contracts and hinder the Company's ability to expand its sale of uranium products into new world markets, which could have a material adverse effect on the Company's business, prospects, financial condition, cash flows or results of operations.

The Company could incur liability in connection with the BN-350 Reactor in the city of Aktau, Kazakhstan.

The Company, through its wholly owned subsidiary, MAEK, owns the decommissioned fast-neutron BN-350 nuclear reactor in the city of Aktau, Kazakhstan ("**BN-350 Reactor**"). Pursuant to Government order, decommissioning of the reactor began in 1999 and the first stage of decommissioning, preparation for secure storage of radioactive waste, is expected to be completed in 2018. In accordance with an agreement between the Department of Energy of the United States and the Ministry of Energy, Industry and Trade of the Republic of Kazakhstan dated 19 December 1999, the governments of the United States and Kazakhstan have assumed responsibility for decommissioning the reactor and for storing the radioactive materials generated by the reactor, which is estimated to cost KZT 35 billion. However, the Company could be required to fund these costs, or a part thereof, if the United States and other sources in Kazakhstan do not provide the expected financing, which could have a material adverse effect on the Company's business, prospects, financial condition, cash flows or results of operations.

The Company acquired certain subsoil use rights in the mid-1990s when the procedures for obtaining subsoil use rights were not well established.

Some of the subsoil use agreements held by Company were entered into in the mid-1990s when Kazakhstan's subsoil use legislation was in its nascent stage and the procedure for granting and transferring subsoil use agreements was not well established. In addition, the Company received some of its subsoil use agreements when those agreements were transferred to the Company from the National Joint Stock Company on Atomic Energy and Industry. At the time of transfer, the procedure and legal basis for transfers of subsoil use agreements was unclear. Although the Company is not aware of any instance where its subsoil use agreements have been challenged and is not aware of any circumstances that could lead to such a challenge, there can be no assurance that such a challenge will not occur in the future. If any of the Company's subsoil use agreements are challenged and the Company's rights are lost or limited, it could have a material adverse effect on the Company's business, prospects, financial condition, cash flows or results of operations.

The subsoil use agreements held by the Company and its jointly controlled entities and associates may be terminated in accordance with their terms or applicable legislation.

In Kazakhstan, subsoil use rights are granted pursuant to agreements entered into with the relevant competent authorities under which subsoil users are granted rights for the exploration and/or production of minerals. These agreements must be registered with the relevant competent authority and are subject to various terms and conditions related to, among other things, drilling obligations, confidentiality obligations, investments, employment of local workforce and services, tax and social obligations, insurance coverage, environmental monitoring and mineral production. In the past, there have been instances when the Company underperformed some of its obligations in its subsoil use agreements. If the Company or any of its jointly controlled entities or associates were to be found in breach of its subsoil use agreement, or if those agreements are not properly registered with the competent authority, those agreements could be suspended, terminated or modified in an adverse manner.

In addition, most of the uranium deposits that are operated by the Company and its jointly controlled entities and associates pursuant to their respective subsoil use agreements are considered to be strategic deposits under Kazakhstan legislation. Subsoil use agreements in relation to strategic deposits may be unilaterally amended and, ultimately, terminated by the relevant competent authority in case the subsoil user's actions materially affect state interests and, as a result, threaten national security. If a subsoil use agreement to which the Company or any of its jointly controlled entities or associates is a party is unilaterally amended or terminated for national security reasons or is otherwise suspended terminated or modified as discussed above, it could have a material adverse effect on the Company's business, prospects, financial condition, cash flows or results of operations.

Risk Factors Relating to Kazakhstan and Emerging Markets Generally

The Company is subject to Kazakhstan-specific risks, including, but not limited to, local currency devaluation, civil disturbances, changes in exchange controls or lack of availability of hard currency, changes in energy prices, changes with respect to taxes, withholding taxes on distributions to foreign investors, changes in anti-monopoly legislation, nationalisation or expropriation of property and interruptions or embargos on the export of uranium or other strategic material. The occurrence of any of these factors or any of the factors described below could have a material adverse effect on the Company's business, prospects, financial condition, cash flows or results of operations.

Emerging markets are generally subject to greater risk than more developed markets, and actual and perceived risks associated with investing in emerging economies could dampen foreign investment in Kazakhstan.

The disruptions recently experienced in international and Kazakhstan capital markets have led to reduced liquidity and increased credit risk for certain market participants and have resulted in a reduction of available financing. Companies located in emerging markets such as Kazakhstan may be particularly susceptible to these disruptions, which could result in financial difficulties. In addition, the availability of credit to entities operating within the emerging markets is significantly influenced by levels of investor confidence in these markets, and, as such, any factors that impact market confidence, for example, a decrease in credit ratings or state or central bank intervention in one market, could affect the price or availability of funding for entities within any of these markets.

Investors in emerging markets, such as Kazakhstan, should be aware that these markets are subject to greater risk because of the underdeveloped nature of these markets, including, in some cases, significant legal, economic and political risks. Investors should also note that emerging markets, such as Kazakhstan, are subject to rapid change and that the information set out in this Prospectus may become outdated relatively quickly.

Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved, and prospective investors are urged to consult with their own legal and financial advisers before making an investment in the Notes.

As has happened in the past, financial problems or an increase in the perceived risks associated with investing in emerging economies may dampen foreign investment in Kazakhstan and adversely affect Kazakhstan's economy. In addition, during such times, companies operating in emerging markets can face severe liquidity constraints as foreign funding resources are withdrawn. Thus, whether or not Kazakhstan's economy is relatively stable, financial turmoil in any emerging market country, in particular countries in the CIS or Central Asian regions, which recently have experienced significant political instability (including terrorism), could seriously disrupt the Company's business. Any such disruption could have a material adverse effect on the Company's business, prospects, financial condition, cash flows or results of operations.

The Company is largely dependent on the economic and political conditions prevailing in Kazakhstan.

Most of the Company's operations are conducted, and a substantial part of its assets are located, in Kazakhstan. Kazakhstan became an independent sovereign state in 1991 as a result of the dissolution of the former Soviet Union. Since then, Kazakhstan has experienced significant change as it emerged from a centrally controlled command economy to a market oriented economy. The transition was initially marked by political uncertainty and tension, a recessionary economy marked by high inflation, instability of the local currency and rapid, but incomplete, changes in the legal environment.

Since 1992, Kazakhstan has actively pursued a programme of economic reform designed to establish a free market economy through privatisation of government-owned enterprises and deregulation and is more advanced in this respect than some other countries of the former Soviet Union. However, as with any transition economy, there can be no assurance that such reforms and other reforms described elsewhere in this Prospectus will continue or that such reforms will achieve all or any of their intended aims.

Kazakhstan depends on neighbouring states for access to world markets for a number of its major exports, including uranium, oil, natural gas, steel, copper, ferro alloys, iron ore, aluminium, coal, lead, zinc and wheat. Thus, Kazakhstan is dependent upon good relations with its neighbours to ensure its ability to export. Should access to these export routes be materially impaired, this could adversely impact the economy of Kazakhstan. Moreover, adverse economic factors in regional markets may adversely impact Kazakhstan's economy.

Since the dissolution of the Soviet Union, a number of former Soviet Republics, most recently the Kyrgyz Republic, have experienced periods of political instability, civil unrest, military action and popular changes in governments or incidents of violence. Changes to the Kazakhstan Constitution in May 2007 introduced the concept of the "first president" and established that the first president (*i.e.*, the current president) enjoys a number of privileges and is not subject to limitation as to the number of consecutive re-elections. Under President Nazarbayev, who became the first president of Kazakhstan after independence in 1991, having previously been the chairman of the Supreme Soviet since 1990, Kazakhstan has enjoyed greater stability and prosperity than many of the other former Soviet Republics. However, there can be no assurance that such results will be maintained under the current administration or that a new administration will be able to achieve similar or better results. Further, if the current administration changes its political outlook or a future administration has a different political outlook, the business regimes in Kazakhstan could change. Changes to Kazakhstan's business regimes, including property, tax or regulatory regimes or other changes could have a material adverse effect on the Company's business, prospects, financial condition, cash flows or results of operations.

Factors outside Kazakhstan have also had an impact on Kazakhstan's economy, specifically the finance and banking sector. For example, in February 2009, S&P downgraded the credit ratings of five of

Kazakhstan's largest commercial banks, while Moody's downgraded the bank financial strength ratings of six banks. The rating agencies have stated that these downgrades are the consequence of the increasingly negative impact of the global economic crisis on the Kazakh economy and its financial institutions and specifically mounting asset quality and liquidity problems and the inability of Kazakhstan banks to refinance their large foreign wholesale debt in large part because of the recent devaluation of the Tenge in February 2009. Several commercial banks in Kazakhstan have experienced difficulty in refinancing maturing international debt and, as a result, have sought short-term funding from the NBK and substantially curtailed the making of new loans. Pursuant to the terms of financial stability legislation adopted by the Government in February 2009, two of Kazakhstan's largest banks, BTA Bank and Alliance Bank, were effectively nationalised by the government in the wake of the new fiscal stability legislation. It is not clear what impact this will have on the prospects of Kazakhstan's banks and its customers, including the Company. The housing and construction industries and small- and medium-sized enterprises have been particularly affected while larger companies, subsoil use companies and State owned companies have continued to have access to offshore funding albeit on a more limited basis and on less favourable terms. A downgrade of Kazakhstan's sovereign credit rating and liquidity problems in Kazakhstan's economy could adversely affect its economic development, which could in turn, materially and adversely affect the Company's business, prospects, financial condition, cash flows or results of operations.

Kazakhstan has recently enacted a new currency control law that may affect the Company's foreign currency dealings.

In July 2009, the President of Kazakhstan signed into law various amendments to Kazakhstan's currency control legislation. The amendments empower the President, by special action and under circumstances when the economic stability of Kazakhstan is threatened, to introduce a special currency regime that would (1) require the compulsory sale of foreign currency received by Kazakhstan residents; (2) require the placement of a certain portion of funds resulting from currency transactions into a non-interest bearing deposit in an authorised bank or the NBK; (3) restrict the use of accounts in foreign banks; (4) limit the volumes, amounts and currency of settlements under currency transactions; and (5) require a special permit from the NBK for conducting currency transactions. Moreover, the President may impose other requirements and restrictions on currency transactions when the economic stability of Kazakhstan is threatened. Notwithstanding the broad powers granted by the new currency regime, in order for Kazakhstan to remain in compliance with its membership obligations under the Charter of the International Monetary Fund, the new currency regime cannot restrict residents from repaying foreign currency-denominated loans. It is unclear how this new currency regime will ultimately impact the Company, but it could place significant restrictions on the Company's foreign currency dealings, which in turn could have a material adverse effect on the Company's business, prospects, financial condition, cash flows or results or operations.

The outcome of the implementation of further market-based economic reforms in Kazakhstan is uncertain.

The need for substantial investment in many enterprises has driven the Government's privatisation programme. The programme has excluded certain enterprises deemed strategically significant by the Government, although major privatisations in key sectors have taken place, such as full or partial sales of certain large oil and gas producers, mining companies and the national telecommunications company. However, there remains a need for substantial investment in many sectors of Kazakhstan's economy and there are areas in which economic performance in the private sector is still constrained by an inadequate business infrastructure. Further, the significant size of the shadow economy (or black market) in Kazakhstan may adversely affect the implementation of reforms and hamper the efficient collection of taxes. The government has stated that it intends to address these problems by improving the business infrastructure and tax administration and by continuing the privatisation process. However, there can be no assurance that these measures will be effective and any failure to implement them may materially and adversely affect the Company's business, prospects, financial condition, cash flows or results of operations.

Kazakhstan is heavily dependent upon export trade and commodity prices, and weak demand for its export products and low commodity prices may adversely affect Kazakhstan's economy in the future.

Most of the Company's operations are conducted, and a substantial part of its assets are located, in Kazakhstan. Therefore, the Company is largely dependent on the economic and political conditions prevailing in Kazakhstan. As Kazakhstan is negatively affected by low commodity prices, particularly in respect of the oil and gas sector, and economic instability elsewhere in the world, the Government has promoted economic reform, inbound foreign investment and the diversification of the economy. Notwithstanding these efforts, weak demand in its export markets and low commodity prices, especially with respect to the oil and gas industry, may adversely affect Kazakhstan's economy in the future, which may materially adversely affect the Company's business, prospects, financial condition, cash flows or results of operations.

Kazakhstan's legislative, judicial, tax and regulatory framework is underdeveloped and evolving.

Although a large volume of legislation has been enacted since early 1995 (including new tax codes in January 2002 and January 2009, laws relating to foreign arbitration and foreign investment, additional regulation of the banking sector, and other legislation covering such matters as securities exchanges, economic partnerships and companies, and State enterprise reform and privatisation), the legal framework in Kazakhstan (although one of the most developed among the countries of the former Soviet Union) is still evolving compared to countries with established market economies.

The judicial system, judicial officials and other government officials in Kazakhstan may not be fully independent of external social, economic and political forces. For example, there have been instances of improper payments being made to public officials. Therefore, court decisions can be difficult to predict and administrative decisions have on occasion been inconsistent. Kazakhstan is a civil law based jurisdiction and, as such, judicial precedents have no binding effect on subsequent decisions.

Further, the legal and tax authorities may make arbitrary judgments and assessments of tax liabilities and challenge previous judgments and tax assessments, thereby rendering it difficult for companies to ascertain whether they are liable for additional taxes, penalties and interest. As a result of these ambiguities, in particular, the uncertainty surrounding judgments rendered under the tax code adopted in January 2009, as amended ("**2009 Tax Code**"), as well as a lack of an established system of precedent or consistency in legal interpretation, the legal and tax risks involved in doing business in Kazakhstan are substantially more significant than those in jurisdictions with a more developed legal and tax system.

In particular, it is expected that tax legislation in Kazakhstan will continue to evolve, which may result in the imposition of additional taxes. Additional tax exposure could have a material adverse effect on the Company's business, prospects financial condition, cash flows and the results of operations.

A perception of public corruption within Kazakhstan could adversely affect the Company's cooperation strategy.

Despite the changes in the political, legal and economic situation occurring in Kazakhstan since it became an independent country in 1991, instances of private and governmental corruption occurring in Kazakhstan have been reported in the international media. International press reports have also contained allegations that Government officials have engaged in selective investigations and prosecutions of businesses and their management, board of directors and shareholders in order to further the interest of the Government, individual Government officials or other business groups. According to the Corruption Perceptions Index published by Transparency International, which measures the perceived level of public corruption in 180 countries, during 2009 Kazakhstan was ranked number 120, indicating that a perception of corruption in the country remains widespread despite improvement over the prior year. As the Kazakhstan political system is dominated by one political party, there is a risk of a lack of effective scrutiny or opposition to the activities of the Government or its officials.

The Company is committed to doing business in accordance with all applicable laws and has established internal compliance procedures in order to counteract the effects of crime and corruption.

However, the publication in the future of allegations that the management, board of directors or shareholder of the Company has been involved in corruption or illegal activities could make it more difficult for the Company to recruit and retain suitable international joint venture partners. If this were to occur, it could have a material adverse affect on the Company's business, prospects, financial condition, cash flows or results of operation.

Exchange rate policy could have an adverse impact on the Company and Kazakhstan's public finances and economy.

The Tenge is convertible for current account transactions, although it is not a fully convertible currency for capital account transactions outside Kazakhstan. Since the NBK adopted a floating rate exchange policy for the Tenge in April 1999, the Tenge has fluctuated significantly. Until its recent devaluation, the Tenge had generally appreciated in value against the U.S. Dollar over the past several years.

As at December 2007, 2008 and 2009, the official KZT/U.S.$ exchange rate reported by the NBK was KZT 120.55 per U.S.$1.00, KZT 120.77 per U.S.$1.00 and KZT 148.36 per U.S.$1.00, respectively. On 4 February 2009, the NBK devalued the Tenge by 18% to KZT 143.98 per U.S.$1.00. This devaluation was due in part to recent pressure on the balance of payments of Kazakhstan as a result of a decline in commodity prices (in particular oil and gas) in the international markets. Devaluation of the Tenge was also intended to enhance export competitiveness of Kazakhstan goods. Since 31 December 2008, the Tenge has depreciated against the U.S. Dollar by approximately 22%.

In 2009, 70% of the Company's revenues were denominated in U.S. Dollars, while expenses for import of materials denominated in currencies other than Tenge amounted to 28% of total expenses for materials. Consequently, the Company benefited in 2009 from a strong U.S. Dollar relative to the Tenge. There can be no assurance that the NBK will continue to manage the exchange rate to undervalue the Tenge. If the Company's revenue continues to be predominately denominated in U.S. Dollars and the Company's expenses continue to be predominately denominated in Tenge, appreciation of the Tenge relative to the U.S. Dollar could have a material adverse effect on the Company's business, prospects, financial condition, cash flows or results of operations.

Kazakhstan has a less developed securities market than the United States, the United Kingdom and the rest of Western Europe, which may hinder the development of Kazakhstan's economy.

An organised securities market was established in Kazakhstan only beginning in the mid-1990s and procedures for settlement, clearing and registration of securities transactions may, therefore, be subject to legal uncertainties, technical difficulties and delays. Although significant developments have occurred in recent years, including an initiative to develop Almaty as a regional financial centre, the sophisticated legal and regulatory frameworks necessary for the efficient functioning of modern capital markets have yet to be fully developed in Kazakhstan. In particular, legal protections against market manipulation and insider trading are not as well developed or as strictly enforced in Kazakhstan as they are in the United States, the United Kingdom and other Western European countries, and existing laws and regulations may be applied inconsistently. In addition, less information relating to Kazakhstan entities, such as the Company's subsidiaries, jointly controlled entities and associates, may be publicly available than for entities organised in the United States, the United Kingdom or other Western European countries. The above-mentioned factors may impair foreign investment in Kazakhstan, which may hinder the development of Kazakhstan's economy.

The Company cannot ensure the accuracy of official statistics and other data in this Prospectus published by Kazakhstan authorities.

Official statistics and other data published by Kazakhstan authorities may not be as complete or reliable as those of more developed countries. Official statistics and other data may also be produced on different bases from those used in more developed countries. The Company has not independently verified such official statistics and other data and any discussion of matters relating to Kazakhstan in this Prospectus is, therefore, subject to uncertainty due to questions regarding the completeness or reliability of such information. Specifically, investors should be aware that certain statistical information and other data contained in this Prospectus has been extracted from official Government sources and was not prepared in connection with the preparation of this Prospectus.

In addition, certain information contained in this Prospectus is based on the knowledge and research of the Company's management using information obtained from non-official sources. This information has not been independently verified and, therefore, is subject to uncertainties due to questions regarding the completeness or reliability of such information, which was not prepared in connection with the preparation of this Prospectus.

Risk Factors Relating to the Notes

The Company will be the sole obligor of the Notes. The Notes are not guaranteed by the Company's subsidiaries, jointly controlled entities, associates or the Government or any agency thereof.

The Company will be the sole obligor of the Notes. Although owned by Samruk-Kazyna, which is in turn owned by the Government, the Company is a legal entity separate from Samruk-Kazyna and the Government. The Notes, and interest due or to become due in respect of the Notes, constitute obligations solely of the Company and do not constitute the obligation of, nor are they guaranteed by the Company's subsidiaries, jointly controlled entities, associates or Samruk-Kazyna, the Government or any agency thereof.

Noteholders are structurally subordinated to the creditors of the Company's subsidiaries, jointly controlled entities and associates.

The Notes are exclusively an obligation of the Company. The Company's subsidiaries, jointly controlled entities and associates are separate and distinct legal entities and they have no obligation to pay any amounts due under the Notes or to make any funds available for that purpose, whether by dividends, distributions, loans or other payments.

The Notes are unsecured and rights of noteholders are effectively subordinated to the claims of the Company's secured creditors. Additionally, the Company's right to receive any assets of any of the Company's subsidiaries, jointly controlled entities or associates upon their liquidation or reorganisation, and, therefore, the right of the holders of the Notes to participate in those assets, will be structurally subordinated to the claims of the creditors of that subsidiary, jointly controlled entity or associate, including trade creditors. In addition, even if the Company were a creditor of any of its subsidiaries, jointly controlled entities or associates, the Company's rights as a creditor would be subordinate to any security interest in the assets of such entities and any indebtedness of those entities senior to that held by the Company. As at 1 January 2010, there was U.S.$1.6 billion in aggregate indebtedness of the Company and its subsidiaries, jointly controlled entities and associates outstanding to which the Notes would be structurally or effectively subordinated.

The Company has direct indebtedness, and has provided financial support to, and guaranteed a relatively high level of indebtedness of, its unconsolidated jointly controlled entities and associates, which could adversely affect its financial health and prevent the payment of principal and interest on the Notes.

As at 31 December 2009, the Company's loans and borrowings were KZT 61.0 billion, of which KZT 26.0 billion were current. Pursuant to the terms of this indebtedness, the Company must maintain certain key financial indicators at specified levels, based on its consolidated financial performance, including ratios of debt to equity; debt to earnings before interest, taxes, depreciation and amortisation; earnings before interest and taxes to net interest expense; and cash on saving's account to debt costs. The Company's direct indebtedness could have important consequences for holders of the Notes. For example, it could:

- make it more difficult for the Company to satisfy its obligations in respect of the Notes and its other debt;
- increase the Company's vulnerability to general adverse economic and industry conditions;

- limit the Company's ability to obtain additional financing for future working capital, capital expenditures and other general corporate purposes;
- require the Company to dedicate a substantial portion of its cash flow from operations to payments on indebtedness, thereby reducing the availability of cash flow for operations and other purposes;
- limit the Company's flexibility in planning for, or reacting to, changes in its business and industry;
- place the Company at a disadvantage compared to its competitors that have less debt; and
- have a material adverse effect on the Company if it fails to comply with the covenants in the agreements governing the Company's other debt.

In addition to its direct borrowings, the Company has guaranteed the indebtedness of certain of its jointly controlled entities and associates that are not consolidated in the Financial Statements. As at 31 December 2009, the Company was liable for an aggregate of KZT 57.2 billion in guarantees to secure financing of certain related parties, KZT 5.0 billion of which was in respect of lines of credit. In addition, the Company has pledged certain assets, and caused Ulba JSC to pledge certain of its fixed assets and receivables, as collateral under credit lines.

If the Company's unconsolidated jointly controlled entities and associates were unable to meet any obligations to their lenders, the Company could be required to honour its guarantees and the assets of the Company and Ulba JSC that have been pledged as security for the performance of these loans could be subject to foreclosure. If the Company were to be required to honour such guarantees, this could reduce funds available for the Company's operations and affect the Company's ability to pay its direct indebtedness, which could have a material adverse affect on the Company's business, prospects, financial condition, cash flows or results of operations.

In addition, subject only to the restrictions contained in the Company's existing credit facilities, the Company may incur substantial additional debt and issue additional guarantees in the future. The terms of the Trust Deed related to the Notes do not restrict the Company's incurrence of additional debt, or its ability to guarantee the indebtedness of its jointly controlled entities and associates, and it does not require the Company to maintain financial ratios or specified levels of net worth or liquidity. If the Company incurs substantial additional indebtedness, or guarantees substantial additional indebtedness of its jointly controlled entities and associates, these higher levels of indebtedness may affect the Company's ability to pay principal and interest on the Notes and its general creditworthiness.

The Notes may not be a suitable investment for all investors.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- understand thoroughly the Terms and Conditions of the Notes; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Modification, waivers and substitution.

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the Company, in the circumstances described in Condition 12(c) of the Terms and Conditions of the Notes.

EU Savings Directive.

Under EC Council Directive 2003/48/EC on the taxation of savings income, each member state of the European Union is required, including Belgium from 1 January 2010, to provide to the tax authorities of another member state details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident or to certain other persons in that other member state. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland) with effect from the same date as the EU Savings Directive.

No prior trading market exists for the Notes, and an active trading market may not develop for the Notes.

The Notes will be new securities for which there currently is no established trading market. No assurance can be given that a liquid market will develop for the Notes, that the Notes can be sold at a particular time or that the price received on the sale of the Notes will be favourable. The Notes are subject to restrictions on transfer, which are described under the "*Subscription and Sale*" and "*Transfer Restrictions*" sections of this Prospectus. The liquidity of any market for the Notes will depend on a number of factors, including:

- the number of Noteholders;
- the Company's operating performance and financial condition;
- the market for similar securities;
- the interest of securities dealers in making a market for the Notes; and
- prevailing interest rates.

An active market for the Notes may not develop and, if it develops, it may not continue. Illiquidity may have a severely adverse effect on the market value of Notes and Noteholders may not be able to sell their Notes.

An adverse change in an applicable credit rating could adversely affect the trading price for the Notes.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes.

The Notes are expected to be rated "Baa3" by Moody's and "BBB-" by Fitch. The foregoing credit ratings do not mean that the Notes are a suitable investment. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. The ratings do not address the likelihood that the principal on the Notes will be prepaid, paid on an expected final payment date or paid on any particular date before the legal final maturity date of the Notes. The ratings do not address the marketability of the Notes or any market price. The significance of each rating should be analysed independently from any other rating. Any changes in the credit ratings of the Company or the Notes could adversely affect the value of the Notes and the price that a subsequent purchaser will be willing to pay for the Notes.

USE OF PROCEEDS

The net proceeds from the issue of the Notes, expected to amount to approximately U.S.$492,935,000 after deduction and payment of fees and commissions but prior to payment of legal, accounting, printing and other fees and expenses, will be used for general corporate purposes.

CAPITALISATION

The following table sets out the capitalisation of the Company as at the date indicated and as adjusted for the proceeds to the Company from the offering of the Notes and the use thereof. The following table should be read in conjunction with "*Presentation of Financial and Other Information*", "*Management's Discussion and Analysis of Results of Operations and Financial Condition*" and the Financial Statements and the related notes thereto.

	As at 31 December 2009	As adjusted
	(KZT in thousands)	
Debt		
Short-term loans and current portion of long-term debt[(1)]	26,007,475	26,007,475
Long-term debt, net of current portion[(2)]	34,947,316	34,947,316
Notes offered hereby[(3)]	–	74,180,000
Preference shares	264,827	264,827
Total debt	61,219,618	135,399,618
Total equity	244,234,264	244,234,264
Total capitalisation	305,453,882	379,633,882

(1) Includes KZT 25.9 billion in secured borrowings and KZT 65.6 million in finance lease obligations.

(2) Includes KZT 34.9 billion in secured borrowings, KZT 85.9 million in finance lease obligations and KZT 20.3 million in a note payable.

(3) This figure has been translated into U.S.$ at the KZT/U.S.$ exchange rate as at 31 December 2009 of KZT148.36 per U.S.$1.00. Such translation should not be construed as a representation that the KZT amount has been or could have been converted into U.S.$ at this rate or any other rate.

As at the date of this Prospectus, there has been no material change in the Company's capitalisation since 31 December 2009.

SELECTED CONSOLIDATED FINANCIAL AND OTHER INFORMATION

The financial information of the Company set forth below as at and for the years ended 31 December 2009, 2008 and 2007 has been derived from, should be read in conjunction with, and is qualified in its entirety by, the Financial Statements, including the notes thereto, contained elsewhere in this Prospectus.

Prospective investors should read the selected financial and other information in conjunction with the information contained in "*Risk Factors*", "*Capitalisation*", "*Management's Discussion and Analysis of Results of Operations and Financial Condition*", "*Business*" and the Financial Statements, including the notes thereto, and other financial data appearing elsewhere in this Prospectus.

Consolidated Statement of Comprehensive Income

	As at 31 December 2009[(1)] **(unaudited)**	**For the year ended 31 December**		
		2009	**2008**	**2007**
	(U.S.$ in thousands)	*(KZT in thousands)*		
Revenue	**1,210,216**	**178,506,818**	**127,104,898**	**117,758,289**
Cost of sales	(764,132)	(112,709,539)	(82,695,061)	(61,213,761)
Gross profit	**446,083**	**65,797,279**	**44,409,837**	**56,544,528**
Distribution expenses	(12,367)	(1,824,124)	(2,014,923)	(1,494,101)
Administrative expenses	(60,913)	(8,984,719)	(12,920,966)	(11,989,385)
Financial income	21,093	3,111,251	2,031,266	3,444,144
Financial expenses	(53,114)	(7,834,292)	(4,099,430)	(2,552,941)
Foreign exchange losses	(65,449)	(9,653,705)	(239,961)	(1,708,676)
(Loss)/profit on disposal of investments	–	–	(2,796,207)	1,462,925
Share of results of associates	91,547	13,503,206	5,164,270	8,880,688
Share of results of jointly controlled entities	22,684	3,345,890	560,417	(70,304)
Other income	5,868	865,510	544,782	1,274,269
Other expenses	(28,841)	(4,254,120)	(5,314,367)	(2,172,694)
Profit before income tax	**366,591**	**54,072,176**	**25,324,718**	**51,618,453**
Income tax expense	(85,508)	(12,612,443)	(14,279,460)	(15,615,271)
Profit for the year	**281,083**	**41,459,733**	**11,045,258**	**36,003,182**
Other comprehensive income:				
Exchange differences arising on translation of foreign operations	2,019	297,874	1,442,290	(1,824,315)
Other comprehensive income (loss) for the year, net of tax	2,019	297,874	1,442,290	(1,824,315)
Total Comprehensive Income for the Year	**283,102**	**41,757,607**	**12,487,548**	**34,178,867**
Profit for the year attributable to:				
Owners of the Company	275,824	40,683,975	11,119,990	35,615,769
Non-controlling interests	5,259	775,758	(74,732)	387,413
	281,083	**41,459,733**	**11,045,258**	**36,003,182**
Total comprehensive income for the year attributable to:				
Owners of the Company	277,843	40,981,849	12,562,280	33,791,454
Non-controlling interests	5,259	775,758	(74,732)	387,413
	283,102	**41,757,607**	**12,487,548**	**34,178,867**
Earnings per share from continuing operations				
Basic and diluted (Tenge)	–	1,109	303	1,595

(1) For convenience, these figures have been translated into U.S.$ at the average KZT/U.S.$ exchange rate for 2009, KZT 147.50 per U.S.$1.00. Such translation should not be construed as a representation that the KZT amounts have been or could be converted into U.S. Dollars at this rate or any other rate.

Consolidated Statement of Financial Position

	As at 31 December 2009[1] (unaudited)	As at 31 December 2009	2008	2007
	(U.S.$ in thousands)	*(KZT in thousands)*		
ASSETS				
Non-current assets				
Property, plant and equipment	533,886	79,207,322	74,736,389	57,771,406
Mine development assets	117,656	17,455,372	13,305,121	7,170,185
Investment property	5,996	889,547	473,037	–
Intangible assets	1,291	191,547	184,540	166,123
Mineral rights	6,038	895,764	2,650,185	1,651,406
Exploration and evaluation assets	26,052	3,865,138	438,833	3,342,297
Investments in associates	240,941	35,745,953	18,731,370	14,647,023
Investments in jointly controlled entities	43,782	6,495,472	4,327,160	2,760,807
Other investments	445,172	66,045,671	66,045,647	65,313,083
Advances paid and other receivables	11,926	1,769,348	7,307,023	5,401,914
Inventories	47,707	7,077,867	9,148,251	9,968,853
Term deposits	7,011	1,040,154	875,112	386,527
Deferred tax assets	11,049	1,639,226	2,877,676	1,083,777
Total non-current assets	**1,498,506**	**222,318,381**	**201,100,344**	**169,663,401**
Current assets				
Inventories	351,195	52,103,354	34,447,267	21,700,500
Other investments	–	–	22,653,413	1,942,559
Prepaid income tax	26,132	3,876,978	1,974,202	5,026,689
Trade receivables	217,212	32,225,631	25,580,012	25,337,692
Advances paid and other receivables	149,910	22,240,603	21,738,691	10,998,864
Term deposits	153,294	22,742,735	15,201	3,092,484
Cash and cash equivalents	202,770	30,082,948	34,160,628	10,287,760
Restricted cash	11,203	1,662,066	–	–
Total current assets	**1,111,717**	**164,934,315**	**140,569,414**	**78,386,548**
Total assets	**2,610,223**	**387,252,696**	**341,669,758**	**248,049,949**

(1) For convenience, these figures have been translated into U.S.$ at the KZT/U.S.$ exchange rate as at 31 December 2009, KZT 148.36 per U.S.$1.00. Such translation should not be construed as a representation that the KZT amounts have been or could be converted into U.S. Dollars at this rate or any other rate.

	As at 31 December 2009[1] (unaudited)	For the year ended 31 December		
		2009	2008	2007
	(U.S.$ in thousands)	*(KZT in thousands)*		
EQUITY AND LIABILITIES				
Equity				
Share capital	247,320	36,692,362	36,692,362	36,692,362
Additional paid-in capital	35,928	5,330,324	5,573,807	4,187,732
Foreign currency translation reserve	(8,876)	(1,316,787)	(1,614,661)	(3,056,951)
Retained earnings	1,310,453	194,418,746	153,742,508	143,663,119
Total equity attributable to owners of the Company	**1,584,825**	**235,124,645**	**194,394,016**	**181,486,262**
Non-controlling interest	61,402	9,109,619	8,372,715	5,349,122
Total equity	**1,646,227**	**244,234,264**	**202,766,731**	**186,835,384**
Non-current liabilities				
Loans and borrowings	235,740	34,974,316	35,671,281	20,265,040
Other financial liabilities	260,124	38,592,034	28,273,845	–
Provisions	31,461	4,667,555	4,437,811	3,620,988
Trade payables	1,724	255,706	208,153	207,343
Advances received and other payables	165	24,419	46,655	24,158
Preferred shares	1,785	264,827	264,827	271,275
Grants	2,381	353,309	334,552	353,619
Deferred tax liabilities	8,092	1,200,547	584,485	1,353,187
Total non-current liabilities	**541,472**	**80,332,713**	**69,821,609**	**26,095,610**
Current liabilities				
Loans and borrowings	175,300	26,007,475	32,808,527	17,500,641
Provisions	1,927	285,906	450,016	237,571
Trade payables	110,910	16,454,593	6,452,330	9,754,855
Advances received and other payables	109,820	16,292,961	23,421,563	4,847,910
Accrued liabilities	24,409	3,621,286	5,873,045	2,667,068
Grants	158	23,498	75,937	110,910
Total current liabilities	**422,524**	**62,685,719**	**69,081,418**	**35,118,955**
Total liabilities	**963,996**	**143,018,432**	**138,903,027**	**61,214,565**
Total equity and liabilities	**2,610,223**	**387,252,696**	**341,669,758**	**248,049,949**

(1) For convenience, these figures have been translated into U.S.$ at the KZT/U.S.$ exchange rate as at 31 December 2009, KZT 148.36 per U.S.$1.00. Such translation should not be construed as a representation that the KZT amounts have been or could be converted into U.S. Dollars at this rate or any other rate.

Key Financial Ratios

The following table sets forth key financial ratios used by the Company's management in assessing the Company's performance. The financial ratios set forth in this table reflect the operations of the Company.

	For the year ended 31 December		
	2009	**2008**	**2007**
	(KZT in thousands, except ratios)		
Adjusted EBITDA[(1)]	60,629,889	35,055,233	47,177,309
Total debt[(2)]/Adjusted EBITDA[(1)]	1.64	2.76	0.80
Net debt[(3)]/Adjusted EBITDA[(1)]	1.15	1.87	0.58
Coverage (Adjusted EBIT[(4)]/net interest expense[(5)])	11.39	13.84	147.39
Total debt/equity[(6)]	0.41	0.48	0.20

(1) See "*Presentation of Financial and Other Information – Financial Information*" for a discussion of the Company's use of non-IFRS measures. The Company defines "Adjusted EBITDA" as Adjusted EBIT (as defined below) plus amortisation and depreciation.

(2) Debt is non-current and current loans and borrowings and other financial liabilities at 31 December of the relevant period. See Note 34 of the Notes to the Financial Statements.

(3) Net debt is debt minus cash and cash equivalents as at 31 December of the relevant period. See Note 31 of the Notes to the Financial Statements.

(4) See "*Presentation of Financial and Other Information – Financial Information*" for a discussion of the Company's use of non-IFRS measures. EBIT is defined as profit for the year before interest and income taxes. The Company defines "Adjusted EBIT" as EBIT further adjusted to exclude the impact of income from associates and jointly controlled entities, foreign exchange gains and losses, finance income, gains and losses on the disposal of investments and other income and expense. The Company defines "EBITDA" and "Adjusted EBITDA", as EBIT and Adjusted EBIT, respectively, plus depreciation and amortisation expense.

(5) Net interest expense is defined as financial income less financial expense.

(6) Equity is total equity as at 31 December of the relevant period.

The following is a reconciliation of profit for the year to EBIT, EBITDA, Adjusted EBIT and Adjusted EBITDA, respectively:

	For the years ended 31 December		
	2009	**2008**	**2007**
	(KZT in thousands)		
Profit for the year	41,459,733	11,045,258	36,003,182
Income tax expense	12,612,443	14,279,460	15,615,271
Interest expense	6,652,427	3,244,861	1,723,452
EBIT	60,724,603	28,569,579	53,341,905
Depreciation and amortisation	6,823,318	6,435,854	4,945,756
EBITDA	67,547,921	35,005,433	58,287,661
Adjustments:			
Foreign exchange losses	9,653,705	239,961	1,708,676
Financial income	(3,111,251)	(2,031,266)	(3,444,144)
Share of results of associates and jointly controlled entities	(16,849,096)	(5,724,687)	(8,810,384)
(Loss)/profit on disposal of investments	–	2,796,207	(1,462,925)
Other income	(865,510)	(544,782)	(1,274,269)
Other expense	4,254,120	5,314,367	2,172,694
Adjusted EBIT	53,806,571	28,619,379	42,231,553
Depreciation and amortisation	6,823,318	6,435,854	4,945,756
Adjusted EBITDA	60,629,889	35,055,233	47,177,309

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following discussion and analysis is intended to assist in the understanding and assessment of the trends and significant changes in the Company's results of operations and financial condition. Historical results may not indicate future performance. This discussion is based on the Financial Statements and should be read in conjunction with the Financial Statements, including the notes thereto, and other information appearing elsewhere in this Prospectus. This discussion includes forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those discussed in such forward-looking statements. Factors that may cause such a difference include, but are not limited to, those described under "Risk Factors" and "Forward-Looking Statements".

Introduction

The Company is a Kazakhstan joint stock company as defined in the Civil Code of the Republic of Kazakhstan. The Company is wholly owned by the Government through Samruk-Kazyna and is listed in the Register of Strategic Assets and Companies in Kazakhstan. See "*Share Capital, Organisation and Related Party Transactions – Samruk-Kazyna*" and "*Enforcement of Civil Liabilities*".

The Company is the national atomic company of Kazakhstan and is responsible for mining uranium in Kazakhstan and exporting uranium and its compounds from Kazakhstan. As the national atomic company, the Company is Kazakhstan's representative in the front-end of the nuclear fuel cycle and, as such, has certain privileges, including, among other things, obtaining subsoil use agreements to produce uranium from Kazakhstan's considerable reserves through direct negotiations with the Government.

For the year ended 31 December 2009, the Company sold 6,609.3 tonnes of uranium products. As at 31 December 2008 (the most recent date for which official information is available), the Company's A+B+C1+C2 reserves replacement ratio was 0.7% for uranium, calculated by comparing net new A+B+C1+C2 reserves additions in tonnes to yearly uranium production in tonnes.

In addition to producing and processing uranium, the Company is involved in generating, transmitting and selling electric power and thermal energy; producing and selling industrial and drinking water distilled from sea water; and manufacturing and selling beryllium and tantalum products.

For the year ended 31 December 2009, the Company's revenue increased KZT 51.4 billion, or 40.4%, to KZT 178.5 billion.

As at 31 December 2009, the Company's total assets were KZT 387.3 billion, which represented a KZT 45.6 billion, or 13.3%, increase from the same date in 2008. The Company's total liabilities as at 31 December 2009 were KZT 143.0 billion, which represented a KZT 4.1 billion, or 3.0%, increase from the same date in 2008.

Main Factors Affecting Results of Operations

The main factors that have affected the Company's results of operations during the years being analysed, and that can be expected to affect the Company's results of operations in the future, are (i) volume of uranium products produced and sold; (ii) price received for the sale of uranium products and changes in uranium product prices; (iii) volume of sales of energy and water; (iv) prices received for the sale of energy and water and changes in energy and water prices; (v) impact of changes in exchange rates; (vi) taxation, including mineral extraction taxes; (vii) price and availability of sulphuric acid; and (viii) acquisitions.

Volume of Uranium Products Produced and Sold

The following table sets forth the amount of uranium and U_3O_8 produced in Kazakhstan by all producers, as well as the amount of U_3O_8 that was sold by the Company, for the periods indicated:

	For the year ended 31 December		
	2009	**2008**	**2007**
		(tonnes)	
Total amount of uranium produced in Kazakhstan	14,020	8,513	6,633
Total amount of U_3O_8 produced in Kazakhstan	12,722	8,130	6,246
Total sales of U_3O_8 by Company[(1)]	6,537	4,311	3,584

(1) All sales of the Company were exported for each of the periods indicated.

Price Received for the Sale of U_3O_8 and Changes in U_3O_8 Prices

The following table sets forth the weighted average price for sales of U_3O_8 by the Company for the periods indicated:

	For the year ended 31 December		
	2009	**2008**	**2007**
In U.S.$ per kg	118	136	159
In KZT per kg[(1)]	17,334	16,399	19,528

(1) The increase in the Tenge price for the year ended 31 December 2009 as compared to the same period in 2008 was due to devaluation of the Tenge in 2009.

Volume of Sales of Energy and Water

The following table sets forth the Company's sales volume of power and water for the periods indicated:

	For the year ended 31 December		
	2009	**2008**	**2007**
Electricity sales volume in thousands kWh	3,323,344	3,375,949	3,005,704
Heat power sales volume in Gcal	749,537	748,115	699,897
Drinking water sales volume in thousand cubic metres	6,179	5,819	5,298
Other water sales volume in thousand cubic metres	141,434	197,231	172,952

Prices Received for the Sale of Energy and Water and Changes in Energy and Water Prices

The following table sets forth the average price of electricity, heat and drinking water sold by the Company for the periods indicated:

	For the year ended 31 December		
	2009	**2008**	**2007**
Electricity (KZT/kWh)[(1)]	6.66	5.13	5.17
Heat (KZT/Gcal)	1.2	1.2	1.2
Drinking water (KZT/cubic metre)	121.60	125.90	122.50

(1) Represents average tariff rates. For more information see "*Regulation in Kazakhstan – Price Regulation*".

Impact of Changes in Exchange Rates

The Tenge/U.S. Dollar exchange rate in Kazakhstan affects the Company's results of operations principally because (a) the majority of the Company's consolidated revenues from sales of uranium products are denominated in U.S. Dollars because most uranium contracts are in U.S. Dollars as that is the currency used for most spot prices, while a substantial portion of the Company's expenses are denominated in Tenge; and (b) most of the Company's borrowings are denominated in U.S. Dollars. Accordingly, fluctuations in the Tenge/U.S. Dollar exchange rate may significantly affect the Company's consolidated results of operations.

Though the Tenge appreciated significantly against the U.S. Dollar in the first half of 2008, the Tenge began to depreciate against the U.S. Dollar in the second half of 2008. On 4 February 2009, the NBK devalued the Tenge by 18% against the U.S. Dollar, due in part to recent pressure on the balance of payments of Kazakhstan as a result of a decline in commodity prices (in particular oil and gas) and to enhance the competitiveness of Kazakhstan exports. Since 31 December 2008, the Tenge has depreciated against the U.S. Dollar by approximately 22%.

The depreciation of the Tenge positively affects the Company's consolidated sales revenues because the Company's sales are predominately denominated in U.S. Dollars and its expenses are predominately denominated in Tenge (in 2009, 70% of the Company's revenues were denominated in U.S. Dollars, while expenses for import of materials denominated in currencies other than Tenge amounted to 28% of total expenses for materials). Because most of the Company's consolidated total borrowings are denominated in U.S. Dollars, the devaluation of the Tenge has a net negative impact on the Company's financial condition and results of operations. The Company attempts to mitigate this risk by, where possible, matching the currency denomination of its interest payments with the currency denomination of its cash flows. Through this matching, the Company achieves economic hedging without derivatives. In respect of other monetary assets and liabilities denominated in currencies other than the Tenge, the Company attempts to keep its net exposure to an acceptable level by buying or selling such currencies at spot rates when necessary to address short-term imbalances.

The following table sets forth the year average and year end Tenge/U.S. Dollar exchange rates reported by the NBK (after rounding adjustment) for the years indicated:

Year ended 31 December	Year Average	Year End
2009	147.50	148.36
2008	120.30	120.77
2007	122.55	120.55

Taxation, Including Mineral Extraction Taxes

Before the enactment of the 2009 Tax Code, which became effective on 1 January 2009, the statutory corporate income tax rate in Kazakhstan, where most of the Company's operations are located, was 30%. Under the 2009 Tax Code, the corporate income tax rate has been reduced to 20% in 2009 and is scheduled to be reduced further to 17.5% in 2013 and 15% in 2014.

The 2009 Tax Code also imposed a new mineral extraction tax, which effectively replaces the royalty tax. The Company's management believes that the new mineral extraction tax is significantly higher than the previous system of royalties and is expected to offset the benefit of the phased reductions in the corporate income tax rate. The previous royalty rate was up to 3% of the cost of uranium in pregnant solution (as hereinafter defined). The tax base for the mineral extraction tax is the value of the depleted deposits of a mineral extracted in the reporting period, which is a calendar quarter. In the complete absence of depleted deposits, the tax base for the calculation of the mineral extraction tax is determined based on actual production costs of mining and primary processing (enrichment), which increased by 20%. The mineral extraction tax applies to uranium at the rate of 22% for 2010 to 2012, 23% for 2012, and 24% for subsequent years. At the request of the Competent Authority, Betpak Dala, Kyzylkum and Karatau LLP have entered into discussions with the Competent Authority on the application of the 2009 Tax Code to their operations and submissions have been made to the Competent Authority to amend their respective subsoil use agreements. Discussions with the Competent Authority are ongoing.

The following table sets forth certain taxes of the Company for the periods indicated:

Year ended 31 December	Total Accrued	Corporate Income Tax	Royalty/ Mineral Extraction Tax[(1)]	Excess Profit Tax	Other taxes and non-budget payments[(2)]
			(KZT in thousands)		
2009	42,220,377	10,758,460	5,787,897	–	25,674,020
2008	42,281,618	16,728,006	521,986	34,309	24,997,317
2007	34,636,567	14,936,952	369,238	21,521	19,308,856

(1) Pursuant to the 2009 Tax Code, the royalty tax was repealed effective 1 January 2009 and the mineral extraction tax was imposed in its place.

(2) Consists of property tax, land tax, transport tax, social tax and other payments.

Price and Availability of Sulphuric Acid

The Company uses substantial amounts of sulphuric acid to extract uranium using the ISL method. It takes approximately 100 millilitres of sulphuric acid to extract one gram of uranium. The price per tonne paid by the Company for sulphuric acid has increased 163% over the last three years from KZT 5,737 to KZT 9,093 to KZT 15,089 for 2007, 2008 and 2009, respectively. For the year ended 31 December 2009, the price of sulphuric acid represented 50% of the total expenses for materials used in the Company's production of uranium. Unavailability of sulphuric acid may impair the Company's production schedule and increasing prices of sulphuric acid may erode the Company's gross profit.

Acquisitions

Consistent with its strategic goal of competing internationally in all front-end phases of the nuclear fuel cycle, the Company seeks to acquire investments in participants in the nuclear fuel cycle that complement and supplement the Company's front-end capabilities. In 2007, the Company acquired a 10% interest in Toshiba Nuclear Energy Holdings US, Inc., which owns all of the holding company of Westinghouse Electric Company LLC, and a 10% interest in Toshiba Nuclear Energy Holdings UK, Ltd., which owns all of the holding company of Westinghouse UK Ltd. (collectively, "**Westinghouse**"). Westinghouse is a leading provider of fuel, services, technology, plant design and equipment to utility and industrial customers in the world nuclear power industry. The Westinghouse acquisition has affected, and any future acquisitions may affect, the Company's results of operations in the future.

Operating Segments

The Company comprises the following main business segments:

- **Uranium oxide**. The production of uranium ore and processing and sales of U_3O_8.
- **Enriched uranium**. The manufacture and sale of enriched uranium products as well as research and development activities associated therewith.
- **Beryllium**. The manufacture and sale of beryllium products as well as research and development activities associated therewith.
- **Tantalum**. The manufacture and sale of tantalum products as well as research and development activities associated therewith.
- **Utilities**. The manufacture and sale of electricity and heating and the purification and sale of water.

- **Other**. The manufacture and sale of other products and the rendering of services for the Company's main production activities, including drilling works, scientific research, security services, transportation, on-loading and off-loading services, telecommunications, gas transportation, and services in the social sphere provided to the third parties.

For the year ended 31 December 2009, the uranium oxide segment represented 63.5% of the Company's total revenue and 80.6% of the Company's gross profit. Pursuant to the Company's development strategy, the Company desires to increase revenue and profit associated with the Company's enriched uranium segment. See "*Business – Nuclear Fuel Cycle Development Strategy*".

For the year ended 31 December 2009, the other segment represented 16.5% of the Company's total revenue (excluding inter-segment revenue) and 13.8% of the Company's gross profit.

For the year ended 31 December 2009, the Company's utilities segment accounted for 13.9% of the Company's total revenue, but accounted for only 4.6% of the Company's gross profit. The Company's utilities segment consists of the operations of MAEK.

See Note 5 of the Notes to the Financial Statements for more discussion regarding the Company's operating segments.

Consolidated Results of Operations for the Years Ended 31 December 2009, 2008 and 2007

Revenue

For the year ended 31 December 2009, revenue was KZT 178.5 billion compared to KZT 127.1 billion for the same period in 2008 and KZT 117.8 billion for the same period in 2007, which represented increases of KZT 51.4 billion, or 40.4%, from 2008 to 2009 and KZT 9.3 billion, or 7.9%, from 2007 to 2008. The increase in revenue from 2008 to 2009 was primarily the result of a KZT 42.9 billion, or 58.1%, increase in revenue from sale of uranium products. The increase in revenue from 2007 to 2008 was the result of modest increases across almost all items of revenue, partially offset by a KZT 4.9 billion, or 6.2%, decrease in revenue from sale of uranium products.

The table below sets forth the Company's revenue for the years indicated:

	For the year ended			% change between the years ended 31 December	
	2009	2008	2007	2008 and 2009	2007 and 2008
	(KZT in thousands)				
Revenue from:					
Sale of uranium products	116,643,356	73,785,150	78,666,700	58.1	(6.2)
Sale of energy and water	24,717,000	20,044,753	17,970,577	23.3	11.5
Processing services provided	6,415,459	7,938,959	5,176,087	(19.2)	53.4
Drilling of wells	8,718,343	6,709,380	3,697,271	29.9	81.5
Sale of purchased goods	9,604,652	6,309,727	3,068,092	52.2	105.7
Sale of tantalum products	4,811,288	5,072,023	2,731,279	(5.1)	85.7
Sale of beryllium products	2,951,628	5,032,396	4,854,094	(41.3)	3.7
Transportation services	3,033,515	1,501,390	865,873	102.0	73.4
Research and development	210,532	345,969	389,993	(39.1)	(11.3)
Other	1,401,045	365,151	338,323	283.7	7.9
Total	178,506,818	127,104,898	117,758,289	40.4	7.9

For the year ended 31 December 2009, revenue from sale of uranium products was KZT 116.6 billion compared to KZT 73.8 billion for the same period in 2008 and KZT 78.7 billion for the same period in 2007. The increase from 2008 to 2009 was mainly attributable to an increase in the total volume of uranium products sold from 4,566.5 tonnes in 2008 to 6,609.3 tonnes in 2009, an increase of 44.7%. The price per tonne of uranium products decreased from U.S.$134,000 in 2008 to U.S.$120,000 in 2009, a decrease of 10.4%. However, this decrease was mitigated by depreciation of the Tenge against the U.S. Dollar in early 2009, which resulted in an increase of prices on uranium products denominated in Tenge. The price per tonne of uranium products denominated in Tenge in 2009 was KZT 17.6 million having increased from KZT 16.2 million in 2008. The decrease from 2007 to 2008 was primarily the result of a 16.9% decrease in the price per tonne of uranium products sold from KZT 19.5 million in 2007 to KZT 16.2 million in 2008. The decrease in price was slightly offset by an increase in the total volume of uranium products sold from 4,076.7 tonnes in 2007 to 4,566.5 tonnes in 2008, an increase of 12.0%.

For the year ended 31 December 2009, revenue from sale of energy and water was KZT 24.7 billion compared to KZT 20.0 billion for the same period in 2008 and KZT 18.0 billion for the same period in 2007, which represented increases of KZT 4.7 billion, or 23.3%, from 2008 to 2009 and KZT 2.1 billion, or 11.5%, from 2007 to 2008. The increase in 2009 compared to 2008 was primarily due to a 30% increase in electricity tariffs from KZT 5.13 per kWh in 2008 to KZT 6.66 kWh in 2009, partially offset by a 2% decrease in electricity sales to 3,323,344 thousand kWh in 2009. The increase in 2008 compared to 2007 was mainly due to a 12% increase in electricity sales in 2008 to 3,375,949 thousand kWh from 3,005,704 thousand kWh and a slight decrease in tariffs in 2008 to KZT 5.13 kWh compared to KZT 5.17 kWh in 2007.

Processing services provided comprises income from processing services provided to the Company's jointly controlled entities and associates and other services on production of equipment and performance of lab analysis. For the year ended 31 December 2009, revenue from processing services provided was KZT 6.4 billion compared to KZT 7.9 billion for the same period in 2008, which represented a decrease of KZT 1.5 billion, or 19.2%. The decrease from 2008 to 2009 was primarily attributable to the expiration of contracts at the Ulba Facility for the manufacture of non-standard equipment with Karatau LLP, Baiken-U LLP and third-party customers and the divesting by Ulba JSC of its shares in a subsidiary. For the year ended 31 December 2008, revenue from processing services provided increased KZT 2.8 billion, or 53.4%, from KZT 5.2 billion for the same period in 2007. The increase from 2007 to 2008 was primarily because of an increase in the amount of processing services provided to the Company's jointly controlled entities and associates that produce uranium due to an increase in production activities by such companies.

For the year ended 31 December 2009, revenue from drilling of wells was KZT 8.7 billion compared to KZT 6.7 billion for the same period in 2008 and KZT 3.7 billion for the same period in 2007, which represented increases of KZT 2.0 billion, or 29.9%, from 2008 to 2009 and KZT 3.0 billion, or 81.5%, from 2007 to 2008. These year on year increases were mainly due to an increase in the amount of drilling services provided by Volkovgeology to the mining operators associated with the Company as a result of an increase in production activities by such companies.

For the year ended 31 December 2009, revenue from the sale of purchased goods was KZT 9.6 billion compared to KZT 6.3 billion for the same period in 2008 and KZT 3.1 billion for the same period in 2007, which represented increases of KZT 3.3 billion, or 52.2%, from 2008 to 2009 and KZT 3.2 billion, or 105.7%, from 2007 to 2008. These year on year increases were primarily a product of an increase in sales of sulphuric acid, ammonium nitrate and caustic soda by Mining Company to the mining operators associated with the Company as a result of an increase in production activities by such companies.

For the year ended 31 December 2009, revenue from the sale of tantalum products was KZT 4.8 billion compared to KZT 5.1 billion for the same period in 2008, which represented a decrease of KZT 0.3 billion, or 5.1%. The decrease from 2008 to 2009 was primarily attributable to a 108.2 tonne, or 40.7%, decrease in production of tantalum from 265.7 tonnes in 2008 to 158.5 tonnes in 2009. Tantalum production decreased from 2008 to 2009 largely because of a decrease in tantalum demand from consumer electronic companies, the primary buyers of tantalum, resulting from the global economic crisis. The decrease in production during this period was partially offset by higher prices for raw materials required for tantalum production, an increase in the U.S.$/KZT exchange rate and a decrease in the amount of tantalum production tolling for the period. For the year ended 31 December 2008, revenue from sale of tantalum products increased KZT 2.3 billion, or 85.7%, from KZT 2.7 billion for the same period in 2007. The increase from 2007 to 2008 was mainly the result of a 87.8 tonne, or 49.4%, increase in production of tantalum to 265.7

tonnes in 2008 from 177.9 tonnes in 2007, higher tantalum prices, an increase in the U.S.$/KZT exchange rate and a decrease in the amount of tantalum production tolling for the period.

For the year ended 31 December 2009, revenue from sale of beryllium products was KZT 3.0 billion compared to KZT 5.0 billion for the same period in 2008, which represented a decrease of KZT 2.1 billion, or 41.3%. The decrease from 2008 to 2009 was primarily attributable to a 724.0 tonne, or 45.0%, decrease in production of beryllium from 1,608.0 tonnes in 2008 to 884.0 tonnes in 2009. Beryllium production decreased from 2008 to 2009 largely because of a decrease in beryllium demand resulting from the global economic crisis. For the year ended 31 December 2008, revenue from sale of beryllium products increased KZT 0.2 billion, or 3.7%, from KZT 4.9 billion for the same period in 2007. The increase from 2007 to 2008 was mainly the result of a 121.2 tonne, or 8.2%, increase in production of beryllium to 1,608.0 tonnes in 2008 from 1,486.8 tonnes in 2007.

The Company's revenue from transportation services is generated when Mining Company transports and stores goods on behalf of the Company's jointly controlled entities and associates. For the year ended 31 December 2009, revenue from transportation services was KZT 3.0 billion compared to KZT 1.5 billion for the same period in 2008 and KZT 0.9 billion for the same period in 2007, which represented increases of KZT 1.5 billion, or 102.0%, from 2008 to 2009 and KZT 0.6 billion, or 73.4%, from 2007 to 2008. These year on year increases were primarily a product of an increase in the amount of sulphuric acid transportation and storage services provided by Mining Company and an increase in transportation tariffs for those periods.

Revenue from research and development has not been a significant component of the Company's revenues.

The Company's other revenue relates to servicing of export contracts of the Company's jointly controlled entities and associates, including providing insurance, brokerage, transportation and logistics services and obtaining all necessary permits and licenses, income from sales of high purity U_3O_8, and sales to third parties of products, spare parts and equipment custom made by the Ulba Facility. For the year ended 31 December 2009, other revenue was KZT 1.4 billion compared to KZT 0.4 billion for the same period in 2008 and KZT 0.3 billion for the same period in 2007. The KZT 1.0 billion, or 283.7%, increase from 2008 to 2009 was primarily the result of an increase in the amount of services provided to the Company's jointly controlled entities and associates under export contracts.

Cost of Sales

For the year ended 31 December 2009, cost of sales was KZT 112.7 billion compared to KZT 82.7 billion for the same period in 2008 and KZT 61.2 billion for the same period in 2007, which represented increases of KZT 30.0 billion, or 36.3%, from 2008 to 2009 and KZT 21.5 billion, or 35.1%, from 2007 to 2008. These year on year increases were primarily a result of increases in materials and supplies of KZT 19.6 billion, or 37.0%, from 2008 to 2009 and KZT 14.0 billion, or 35.9%, from 2007 to 2008.

The table below sets forth the Company's cost of sales for the years indicated:

	For the year ended			% change between the years ended 31 December	
	2009	2008	2007	2008 and 2009	2007 and 2008
	(KZT in thousands)				
Materials and supplies	72,677,910	53,046,671	39,034,149	37.0	35.9
Wages and salaries	10,846,994	10,872,621	7,663,865	(0.2)	41.9
Depreciation and amortisation	6,277,075	5,876,229	4,579,868	6.8	28.3
Processing and other services	7,952,290	3,538,055	2,377,590	124.8	48.8
Maintenance and repairs	4,567,376	3,424,506	3,549,308	33.4	(3.5)
Taxes other than on income	5,217,999	1,557,067	1,333,414	235.1	16.8
Utilities	1,630,933	1,463,157	605,017	11.5	141.8
Transportation expenses	337,654	450,783	397,292	(25.1)	13.5
Rent expenses	493,705	367,652	405,253	34.3	(9.3)
Research and development	75,472	30,096	25,525	150.8	17.9
Other	2,632,131	2,068,224	1,242,480	27.3	66.5
Total	112,709,539	82,695,061	61,213,761	36.3	35.1

For the year ended 31 December 2009, the cost of materials and supplies was KZT 72.7 billion compared to KZT 53.0 billion for the same period in 2008 and KZT 39.0 billion for the same period in 2007, which represented increases of KZT 19.6 billion, or 37.0%, from 2008 to 2009 and KZT 14.0 billion, or 35.9%, from 2007 to 2008. These year on year increases were mainly a result of increases in the amount of uranium production, the price of the sulphuric acid used in production of uranium and natural gas used in the production of electricity. The price of sulphuric acid increased from KZT 5,737 per tonne in 2007 to KZT 9,093 per tonne in 2008 and KZT 15,089 per tonne in 2009. Sulphuric acid represents 50% of the total expenses for materials used in the Company's production of uranium. The price of natural gas increased from KZT 5,496 per thousand cubic metres in 2007 to KZT 6,160 per thousand cubic metres in 2008 and KZT 7,500 per thousand cubic metres in 2009.

For the year ended 31 December 2009, the cost of wages and salaries (mine and factory workers) was KZT 10.8 billion compared to KZT 10.9 billion for the same period in 2008 and KZT 7.7 billion for the same period in 2007. The cost of wages and salaries (mine and factory workers) was virtually unchanged from 2008 to 2009 despite a reduction in the number of the Company's employees of 583, or 3.1%, to 18,093 employees as at 31 December 2009 because of increases in average salaries at MAEK, Mining Company and Volkovgeology as well as additional payments made for unemployment benefits and delay allowances. The decrease in the number of employees was primarily due to the decreases in production of fuel pellets, U_3O_8 and tantalum and beryllium products at the Ulba Facility. The KZT 3.2 billion, or 41.9%, increase from 2007 to 2008 was primarily the result of the Company hiring additional employees. The number of the Company's employees increased 528, or 2.9%, to 18,676 employees as at 31 December 2008 from 18,148 employees as at the same date in 2007, primarily as a result of new hires at Volkovgeology to keep pace with Volkovgeology's increased drilling activities, at Appak LLP and Semizbay-U LLP due to increased production, and at Korgan-Kazatomprom LLP due to increased provision of services.

For the year ended 31 December 2009, depreciation and amortisation expense was KZT 6.3 billion compared to KZT 5.9 billion for the same period in 2008 and KZT 4.6 billion for the same period in 2007, which represented increases of KZT 0.4 billion, or 6.8%, from 2008 to 2009 and KZT 1.3 billion, or 28.3%, from 2007 to 2008. These year on year increases were primarily the result of the completion of construction of new uranium production facilities and facilities capable of manufacturing high capacity tantalum powders.

The Company's cost of processing and other services primarily originate from the cost of processing extracted uranium into U_3O_8, drilling services and production services. For the year ended 31 December

2009, cost of processing and other services was KZT 8.0 billion compared to KZT 3.5 billion for the same period in 2008 and KZT 2.4 billion for the same period in 2007, which represented increases of KZT 4.4 billion, or 124.8%, from 2008 to 2009 and KZT 1.2 billion, or 48.8%, from 2007 to 2008. These year on year increases were primarily the result of increased cost of production of U_3O_8.

For the year ended 31 December 2009, cost of maintenance and repairs was KZT 4.6 billion compared to KZT 3.4 billion for the same period in 2008 and KZT 3.5 billion for the same period in 2007. The KZT 1.1 billion, or 33.4%, increase from 2008 to 2009 was primarily the result of maintenance of newly constructed uranium production facilities and facilities capable of manufacturing high capacity tantalum powders.

For the year ended 31 December 2009, cost of taxes other than on income was KZT 5.2 billion compared to KZT 1.6 billion for the same period in 2008 and KZT 1.3 billion for the same period in 2007, which represented increases of KZT 3.7 billion, or 235.1%, from 2008 to 2009 and KZT 0.2 billion, or 16.8%, from 2007 to 2008. The increase in 2009 compared to 2008 was mainly attributable to the introduction of the new mineral extraction tax. The increase in 2008 compared to 2007 was mainly due to the increase in volume of production, which increased the related royalty payments.

For the year ended 31 December 2009, cost of utilities was KZT 1.6 billion compared to KZT 1.5 billion for the same period in 2008 and KZT 0.6 billion for the same period in 2007, which represented increases of KZT 0.2 billion, or 11.5%, from 2008 to 2009 and KZT 0.9 billion, or 141.8%, from 2007 to 2008. These year on year increases were mostly the product of increases in production volumes and energy supply tariffs.

Transportation expenses relate to the gas transportation expenses of JSC Aktaugasservice, the gas transportation subsidiary of MAEK. For the year ended 31 December 2009, the cost of transportation expenses was KZT 0.3 billion compared to KZT 0.5 billion for the same period in 2008 and KZT 0.4 billion for the same period in 2007. The decrease of KZT 0.1 billion, or 25.1%, from 2008 to 2009 was mainly attributable to the decrease in gas transportation volumes from 1,906 million cubic metres in 2008 to 1,758 million cubic metres in 2009 due to a decrease in the consumption of gas during the same period. The increase of KZT 0.1 billion, or 13.5%, from 2007 to 2008 was primarily because of the increase in gas transportation volumes from 1,740 million cubic metres in 2007 to 1,906 million cubic metres in 2008 due to an increase in the consumption of gas during the same period.

For the year ended 31 December 2009, cost of rent expenses was KZT 0.5 billion compared to KZT 0.4 billion for the same period in 2008 and KZT 0.4 billion for the same period in 2007. The increase of KZT 0.1 billion, or 34.3%, from 2008 to 2009 was mainly attributable to an increase in the maintenance expenses of the rented property.

The cost of research and development during 2009, 2008 and 2007 has increased as the Company's business has developed but has not been a significant component of the Company's cost of sales.

The Company's other costs of sales consist mainly of catering expenses, medical examination expenses, third party labour protection services, fire protection services and third party certifications of machines and equipment. For the year ended 31 December 2009, other cost of sales was KZT 2.6 billion compared to KZT 2.1 billion for the same period in 2008 and KZT 1.2 billion for the same period in 2007, which represented year on year of KZT 0.6 billion, or 27.3%, from 2008 to 2009 and KZT 0.8 billion, or 66.5%, from 2007 to 2008. These year on year increases were primarily the result of warehousing and security expenses of MAEK being transferred in 2009 from administrative expenses to cost of sales.

Gross Profit

The Company's gross profit was KZT 65.8 billion for the year ended 31 December 2009, as compared to KZT 44.4 billion for the year ended 31 December 2008 and KZT 56.5 billion for the year ended 31 December 2007, which represented an increase of KZT 21.4 billion, or 48.2%, from 2008 to 2009 and a decrease of KZT 12.1 billion, or 21.5%, from 2007 to 2008. The increase from 2008 to 2009 was mainly the result of revenue increasing at a faster rate (40.4%) than cost of sales (36.3%) for that period primarily because of the devaluation of the Tenge relative to the U.S. Dollar and a significant increase in the volume of U_3O_8 sold, which can be produced at efficient, Tenge-denominated costs. For the year ended 31 December 2009, 70% of the Company's sales revenue was denominated in U.S. Dollars, while expenses for import of materials denominated in currencies other than Tenge amounted to 28% of total expenses for materials. The decrease from 2007 to 2008 was mainly the result of cost of sales increasing at a faster rate (35.1%) than revenue (7.9%) for that period because U_3O_8 prices during that period declined.

Distribution Expenses

For the year ended 31 December 2009, distribution expenses were KZT 1.8 billion compared to KZT 2.0 billion for the same period in 2008 and KZT 1.5 billion for the same period in 2007. The KZT 0.2 billion, or 9.5%, decrease from 2008 to 2009 was primarily the product of a KZT 0.2 billion, or 25.4%, decrease in shipping, transportation and storage expenses. The KZT 0.5 billion, or 34.9%, increase from 2007 to 2008 was mainly the result of a KZT 0.3 billion, or 56.8%, increase in shipping, transportation and storage expenses and a KZT 0.2 billion, or 212.2%, increase in commissions for the same period, partially offset by a KZT 0.1 billion, or 49.9%, decrease in other distribution expenses for the same period.

The table below sets forth the Company's distribution expenses for the years indicated:

	For the year ended			% change between the years ended 31 December	
	2009	2008	2007	2008 and 2009	2007 and 2008
	(KZT in thousands)				
Shipping, transportation and storage	642,279	860,855	549,013	(25.4)	56.8
Wages and salaries	363,239	323,413	253,904	12.3	27.4
Commissions	238,286	260,902	83,572	(8.7)	212.2
Materials and supplies	174,240	163,128	161,114	6.8	1.3
Cargo insurance	43,697	70,031	38,968	(37.6)	79.7
Advertising and marketing expenses	42,025	77,360	90,612	(45.7)	(14.6)
Depreciation	54,749	52,242	23,440	4.8	122.9
Rent	62,105	43,859	26,804	41.6	63.6
Taxes other than on income	34,685	30,359	33,030	14.2	(8.1)
Travel	22,867	19,812	12,371	15.4	60.1
Custom duties	36,062	5,048	6,001	614.4	(15.9)
Other	109,890	107,914	215,272	1.8	(49.9)
Total	1,824,124	2,014,923	1,494,101	(9.5)	34.9

Shipping, transportation and storage were KZT 0.6 billion, KZT 0.9 billion and KZT 0.5 billion for the years ended 31 December 2009, 2008 and 2007, respectively. The decrease from 2008 to 2009 was principally because of increased shipping to China, which costs significantly less than shipment to other destinations, and utilisation of swap (exchange) agreements rather than sea transportation in 2009. The increase from 2007 to 2008 was primarily the result of an increase in the amount of products delivered to purchasers that required transportation by sea, which is generally more costly than transportation by rail or truck.

For the year ended 31 December 2009, commissions were KZT 0.2 billion compared to KZT 0.3 billion for the same period in 2008 and KZT 0.1 billion for the same period in 2007. Commissions mainly result from the commencement of sales by Appak LLP. In accordance with the agreement between its participants, Appak LLP pays commissions to the Company and Sumitomo Corporation, another partner in the venture, which are included in the distribution costs.

Other distribution expenses consist of preparation of the certificate of origin, weighing of the cargo and expenses of the cash settlement centre of MAEK. Other distribution expenses were KZT 0.1 billion, KZT 0.1 billion and KZT 0.2 billion for the years ended 31 December 2009, 2008 and 2007, respectively. The decrease from 2007 to 2008 was primarily the result of the introduction by MAEK in 2007 of the new dispatch services under the agreement with KEGOK which were initially attributed to distribution expenses and were later changed to production costs.

Administrative Expenses

For the year ended 31 December 2009, administrative expenses were KZT 9.0 billion compared to KZT 12.9 billion for the same period in 2008 and KZT 12.0 billion for the same period in 2007. The KZT 3.9 billion, or 30.5%, decrease from 2008 to 2009 was primarily the product of a KZT 0.8 billion, or 11.0%, decrease in wages and salaries (administrative staff) and a KZT 2.1 billion reversal of bonus pay accounts. The KZT 0.9 billion, or 7.8%, increase from 2007 to 2008 was mainly the result of a KZT 1.7 billion, or 30.4%, increase in wages and salaries (administrative staff) partially offset by a KZT 0.8 billion, or 51.4%, decrease in bonus pay accruals.

The table below sets forth the Company's administrative expenses for the years indicated:

	For the year ended			% change between the years ended 31 December	
	2009	2008	2007	2008 and 2009	2007 and 2008
	(KZT in thousands)				
Wages and salaries	6,614,293	7,432,540	5,699,455	(11.0)	30.4
Taxes other than on income	1,003,186	1,002,788	1,104,467	–	(9.2)
Bonus pay accruals (reversal of bonus pay accruals)	(2,125,965)	755,860	1,554,072	(381.3)	(51.4)
Depreciation	491,494	507,383	363,544	(3.1)	39.6
Consulting, auditing and information services	408,605	483,533	312,065	(15.5)	54.9
Maintenance and repairs	387,287	421,911	291,968	(8.2)	44.5
Travel	224,760	343,336	313,573	(34.5)	9.5
Materials and supplies	241,123	331,403	212,531	(27.2)	55.9
Rent	306,936	247,468	190,527	24.0	29.9
Training expenses	219,850	272,715	197,067	(19.4)	38.4
Corporate entertainment	96,706	232,528	120,164	(58.4)	93.5
Bank charges	165,348	160,569	154,655	3.0	3.8
Communication	110,721	113,707	87,294	(2.6)	30.3
Research expenses	244,475	109,884	100,241	122.5	9.6
Representative expenses	55,132	91,781	80,788	(39.9)	13.6
Stationery	78,780	85,957	64,739	(8.3)	32.8
Utilities	77,745	62,430	42,996	24.5	45.2
Insurance	24,926	36,029	70,751	(30.8)	(49.1)
Security	27,152	21,267	81,769	27.7	(74.0)
Other	332,165	207,877	946,719	59.8	(78.0)
Total	8,984,719	12,920,966	11,989,385	(30.5)	7.8

Wages and salaries (administrative staff) were KZT 6.6 billion, KZT 7.4 billion and KZT 5.7 billion for the years ended 31 December 2009, 2008 and 2007, respectively. The decrease from 2008 to 2009 was principally due to staff eliminations and decreased bonuses. The increase from 2007 to 2008 was mainly the result of increases in salaries and the number of employees.

For the year ended 31 December 2009, the Company recorded a KZT 2.1 billion reversal of bonus pay accruals in accordance with the instructions of the President of Kazakhstan, pursuant to which Samruk-Kazyna issued an order prohibiting the payment of bonuses to executives in its organisation for the years

2008 to 2010. For the year ended 31 December 2008, bonus pay accruals decreased to KZT 0.8 billion from KZT 1.6 billion for the same period in 2007. The decrease from 2007 to 2008 was largely because there was no reservation of bonus for a number of the Company's affiliates.

Financial Income

For the year ended 31 December 2009, financial income was KZT 3.1 billion compared to KZT 2.0 billion for the same period in 2008, which represented an increase of KZT 1.1 billion, or 53.2%. The increase from 2008 to 2009 was primarily attributable to significant deposits in 2009. For the year ended 31 December 2008, financial income decreased KZT 1.4 billion, or 41.0%, from KZT 3.4 billion for the same period in 2007. The decrease from 2007 to 2008 was mainly the result of the elimination of term deposits over the course of 2008.

Interest income on term deposits, deposits on demand and current accounts represented 91.0%, 21.0% and 96.6% of the Company's financial income for the years ended 31 December 2009, 2008 and 2007, respectively. The decrease in 2008 resulted from the reallocation of assets from term deposits, which was KZT 15,201 as at 31 December 2008 as compared to KZT 22.7 billion for the same date in 2009 and KZT 3.1 billion for the same date in 2007.

Financial Expense

The Company's financial expense is mostly the result of interest expense incurred in connection with the Company's current and non-current loans and borrowings and leases. Financial expense was KZT 7.8 billion for the year ended 31 December 2009 as compared to KZT 4.1 billion for the same period in 2008. The increase in interest expense of KZT 3.4 billion, or 105.0%, from 2008 to 2009 was mainly the result of payment of interest on a U.S.$300 million syndicated loan entered into in July 2008 and devaluation of the Tenge in early 2009. The increase in interest expense of KZT 1.5 billion, or 88.3%, to KZT 3.2 billion for the year ended 31 December 2008 from KZT 1.7 billion for the same period in 2007 was primarily the result of increased current and non-current loans and borrowings, which increased KZT 30.7 billion, or 81.3%, to KZT 68.5 billion as at 31 December 2008 from KZT 37.8 as at the same date in 2007.

Foreign Exchange Losses

For the year ended 31 December 2009, foreign exchange losses were KZT 9.7 billion compared to KZT 0.2 billion for the same period in 2008 and KZT 1.7 billion for the same period in 2007. The increase of KZT 9.4 billion, or 3,923.0%, from 2008 to 2009 was mainly attributable to depreciation of the Tenge against the U.S. Dollar in the first half of 2009. The decrease of KZT 1.5 billion, or 86.0%, from 2007 to 2008 was primarily because of appreciation of the Tenge against the U.S. Dollar in 2007.

Profit/(Loss) on Disposal of Investments

The Company had no profit or loss on disposal of investments for the year ended 31 December 2009 as compared to a KZT 2.8 billion loss for the same period in 2008 and a KZT 1.5 billion profit for the same period in 2007. The loss in 2008 was primarily the result of the disposal of a 49% interest in Semizbay-U LLP. The profit in 2007 was primarily the result of the disposal of a 50% interest in Karatau LLP.

Share of Results of Associates

For the year ended 31 December 2009, share of profit of equity accounted associates was KZT 13.5 billion compared to KZT 5.2 billion for the same period in 2008 and KZT 8.9 billion for the same period in 2007. The increase of KZT 8.3 billion, or 161.5%, from 2008 to 2009 was largely the result of increased profitability of the Company's associates, in particular Betpak Dala and KATCO. The decrease of KZT 3.7 billion, or 41.8%, from 2007 to 2008 was mainly attributable to decreased profitability of one of the Company's mining subsidiaries, KATCO, while other subsidiaries that were producing in 2009 were not yet operational in 2008.

Share of Results of Jointly Controlled Entities

For the year ended 31 December 2009, share of profit of equity accounted jointly-controlled entities was KZT 3.3 billion compared to KZT 0.6 billion for the same period in 2008 and KZT 0.1 billion for the same period in 2007, which represented increases of KZT 2.8 billion, or 497.0%, from 2008 to 2009 and KZT 0.5 billion, or 697.1%, from 2007 to 2008. These year on year increases were largely the product of a number of mining operators affiliated with the Company starting production and sales during those periods.

Other Income and Expenses

Other income has not been a significant component of the Company's results of operations.

For the year ended 31 December 2009, other expenses were KZT 4.3 billion compared to KZT 5.3 billion for the same period in 2008 and KZT 2.2 billion for the same period in 2007. The KZT 1.1 billion, or 20.0%, decrease from 2008 to 2009 was primarily the product of a KZT 1.4 billion, or 82.8%, decrease in unrecoverable value-added tax. The KZT 3.1 billion, or 144.6%, increase from 2007 to 2008 was mainly the result of a KZT 1.2 billion, or 248.7%, increase in unrecoverable value-added tax, a KZT 0.8 billion, or 119.3%, increase in sponsorship and charity, and a KZT 1.1 billion, or 540.9%, increase in social sphere expenses.

The table below sets forth the Company's other expenses for the years indicated:

	For the year ended			% change between the years ended 31 December	
	2009	2008	2007	2008 and 2009	2007 and 2008
	(KZT in thousands)				
Unrecoverable value-added tax	301,483	1,749,413	501,725	(82.8)	248.7
Sponsorship and charity	1,234,125	1,537,652	701,174	(19.7)	119.3
Social sphere expenses	1,421,856	1,278,466	199,474	11.2	540.9
Bad debt expense	95,346	244,816	145,088	(61.1)	68.7
Loss on disposal and impairment of non-current assets	247,791	253,431	289,971	(2.2)	(12.6)
Loss on suspension of production	414,611	38,636	43,460	973.1	(11.1)
Other	538,908	211,953	291,802	154.3	(27.4)
Total	4,254,120	5,314,367	2,172,694	(20.0)	144.6

Unrecoverable value-added tax was KZT 0.3 billion, KZT 1.7 billion and KZT 0.5 billion for the years ended 31 December 2009, 2008 and 2007, respectively. The large unrecoverable value-added tax in 2008 relative to 2007 and 2009 was primarily the result of the Company's sale of a 49% interest in Semizbay-U LLP, which was exempt from the value-added tax and, therefore, was not deductible from the Company's corporate income tax.

Social sphere expenses consist of contributions for the maintenance of schools, hospitals, nurseries and construction of social facilities. The increases in sponsorship and charity and social sphere expenses from 2007 to 2008 were a result of construction of new social facilities, such as a nursery, a wellness centre and an entertainment centre, and a respective increase in maintenance expenses.

Profit Before Income Tax

For the year ended 31 December 2009, profit before income tax was KZT 54.1 billion compared to KZT 25.3 billion for the same period in 2008 and KZT 51.6 billion for the same period in 2007. The primary causes of the increase of KZT 28.7 billion, or 113.5%, from 2008 to 2009 and the decrease of KZT 26.3 billion, or 50.9%, from 2007 to 2008 are discussed above.

Income Tax Expense

Income tax expense was KZT 12.6 billion, KZT 14.3 billion and KZT 15.6 billion for the years ended 31 December 2009, 2008 and 2007, respectively. The decrease of KZT 1.7 billion, or 11.7%, from 2008 to 2009 was primarily the result of a KZT 6.1 billion, or 36.4%, decrease in current tax expenses partially offset by the Company's recording of a KZT 1.9 billion deferred tax expense in 2009 as compared to the Company's recording of a KZT 2.5 billion deferred tax benefit in 2008. The change in current tax expense was primarily the result of the adoption of the 2009 Tax Code. The 2009 Tax Code reduced the corporate income tax rate from 30% to 20% with effect from 1 January 2009. See " – *Main Factors Affecting Results of Operations – Taxation, Including Mineral Extraction Taxes*".

The Company's effective income tax rate was 23.33%, 56.39% and 30.25% for the years ended 31 December 2009, 2008 and 2007, respectively. The decrease in effective income tax rate from 2008 to 2009 was mainly attributable to adoption of the 2009 Tax Code, which reduced the corporate income tax rate 30% to 20% effective 1 January 2009.

Profit for the Year

For the year ended 31 December 2009, profit was KZT 41.5 billion compared to KZT 11.0 billion for the same period in 2008 and KZT 36.0 billion for the same period in 2007. The primary causes of the increase of KZT 30.4 billion, or 275.4%, from 2008 to 2009 and the decrease of KZT 25.0 billion, or 69.3%, from 2007 to 2008 are discussed above.

Total Comprehensive Income for the Year

For the year ended 31 December 2009, total comprehensive income was KZT 41.8 billion compared to KZT 12.5 billion for the same period in 2008 and KZT 34.2 billion for the same period in 2007. The Company's other comprehensive income for 2009, 2008 and 2007 was not significant. See the discussion above for an explanation of the changes in the Company's profit for the year.

Liquidity and Capital Resources

Summary

The Company's cash flow from operations, borrowings under credit agreements, issuance of bonds and the disposition of investments in associates and available-for-sale investments have served as the historical sources of capital and liquidity for the Company's business and are expected to serve as the Company's sources of capital and liquidity for the near term.

As an indirect, wholly owned subsidiary of Kazakhstan, the Company does not ordinarily engage in equity financing. In 2007, the Competent Authority, on behalf of the Government as the shareholder of the Company at that time, contributed KZT 28.7 billion in capital to the Company in exchange for 28,711,647 shares of the Company for implementation of the Company's programme on diversification of its activities on the international markets. The Company has also obtained capital for its operations through the formation of joint ventures with industry partners in which the Company contributes assets and the industry partner provides cash, with the Company retaining a majority interest.

The Company's principal capital requirements are for the purchase of property, plant and equipment, the purchase of exploration and evaluation assets, the acquisition of mine development assets, and the acquisition of investments in associates.

The Company's cash and cash equivalents as at 31 December 2009, 2008 and 2007 were KZT 30.1 billion, KZT 34.2 billion and KZT 10.3 billion, respectively. The substantial increase as at 31 December 2008 over 31 December 2007 reflects the KZT 44.8 billion increase in receipts from customers and the disposition of a 49% interest in Semizbay-U LLP for U.S.$234 million during 2008. See "*Business – Cooperation Agreements – China*".

Working Capital

As at 31 December 2009, the Company had KZT 164.9 billion in current assets (including KZT 30.1 billion in cash and cash equivalents), as compared to KZT 140.6 billion in current assets (including KZT 34.2 billion in cash and cash equivalents) as at 31 December 2008. The KZT 24.4 billion increase in current assets as at 31 December 2009 as compared to 31 December 2008 was primarily the result of a KZT 17.7 billion, or 51.3%, increase in inventories (current) largely attributable to the purchase of uranium on the spot market and an increase in production by Appak LLP and Semizbay-U LLP.

Current liabilities were KZT 62.7 billion and KZT 69.1 billion as at 31 December 2009 and 2008, respectively. The KZT 6.4 billion decrease in current liabilities as at 31 December 2009 as compared to 31 December 2008 was primarily the result of a KZT 2.1 billion reversal of bonus pay accounts. As at 31 December 2009 and 2008, the Company's consolidated working capital ratio was 2.63 to 1.00 and 2.03 to 1.00, respectively.

Cash Flow From Operating Activities

Cash flow from operations increased substantially during each of the last three years in line with the growth in the Company's operations, as receipts from customers grew faster than payments to suppliers and employees. Cash flow from operations during the years ended 31 December 2009, 2008 and 2007 was KZT 46.3 billion, KZT 27.4 billion and KZT 14.3 billion, respectively. After giving effect to the payment of income taxes and interest, net cash flow from operating activities for the years ended 31 December 2009, 2008 and 2007 was KZT 30.0 billion, KZT 12.3 billion and KZT (34.9) billion, respectively. The negative cash flow experienced during 2007 was the result of larger than normal income tax payments totalling KZT 47.4 billion resulting from payment in 2007 of tax obligations arising in 2006 in connection with the sale by the Company of its shares in Baiken-U LLP and Kyzylkum. Due to lack of funds in 2006, the Tax Committee provided the Company a grace period for the payment of taxes, which were paid in full in the first quarter of 2007.

Cash Flow Used in Investing Activities

Cash flow used in investing activities generally includes expenditures by the Company for the acquisition of property, plant and equipment, mine development assets, investments in associates and available-for-sale investments, acquisition of exploration and evaluation assets and other assets used in or related to its business, net of the proceeds received from the disposal of property, plant and equipment and the receipt of interest. During the years ended 31 December 2009, 2008 and 2007, the Company's cash flow used in investing activities was KZT 16.7 billion, KZT 46.6 billion and KZT 17.9 billion, respectively.

Net cash used in investing activities during 2009 was KZT 16.7 billion and consisted primarily of expenditures on property, plant and equipment of KZT 8.8 billion, acquisition of mine development assets of KZT 5.0 billion, acquisition of investments in associates of KZT 2.8 billion and the deposit of KZT 23.3 billion in banks. This deposit represented cash proceeds received from the disposal of a 49% interest in Semizbay-U LLP, proceeds from securities issued by Kazakhstan issuers and proceeds from export transactions, which were deposited to be used for general corporate purposes. These expenditures during 2009 were partially offset by the receipt of KZT 20.2 billion upon the withdrawal of investment portfolio assets previously held under trust management. See Note 25 of the Notes to the Financial Statements. Also offsetting the use of cash in investing activities during 2009 was the receipt of KZT 3.1 billion in interest and the receipt of KZT 0.1 billion in proceeds from the disposal of property, plant and equipment.

Net cash used in investing activities during 2008 was KZT 46.6 billion and consisted primarily of expenditures for property, plant and equipment of KZT 18.1 billion and acquisition of other investments of KZT 18.6 billion in connection with the withdrawal of investment portfolio assets previously held under trust management. These expenditures during 2008 were partially offset by the receipt of KZT 3.2 billion in maturing bank deposits and interest of KZT 1.2 billion.

Net cash used in investing activities during 2007 was KZT 17.9 billion and consisted of KZT 17.5 billion of expenditures for property, plant and equipment, the deposit of KZT 5.1 billion in banks for general corporate purposes and the acquisition of income and the acquisition of KZT 1.6 billion of other investments. These expenditures during 2007 were partially offset by the receipt of KZT 72.6 billion in proceeds from disposal of the Company's 50% interest in Karatau LLP, KZT 6.5 billion in proceeds from the maturity of bank deposits and KZT 3.3 billion in interest. See Note 6 of the Notes to the Financial Statements.

Cash Flow From or Used in Financing Activities

Net cash flow used in financing activities during 2009 was KZT 21.1 billion, reflecting the receipt of KZT 30.2 billion in proceeds from borrowings, which was offset by the repayment of KZT 51.2 billion in borrowings.

Net cash flow received from financing activities during 2008 was KZT 58.2 billion, reflecting the receipt of KZT 96.2 billion in proceeds from borrowings and KZT 28.3 billion in proceeds from other financing activities, which consists of proceeds from the disposal of a 49% interest in Semizbay-U LLP, partially offset by the repayment of KZT 64.0 billion in borrowings and the repayment of KZT 2.0 billion in bonds.

Net cash flow received from financing activities during 2007 was KZT 36.4 billion, reflecting the receipt of KZT 28.7 million in proceeds from the issuance of shares and KZT 43.6 billion in proceeds from borrowings, partially offset by the repayment of KZT 34.5 billion in borrowings and the repayment of KZT 1.4 billion in bonds.

Credit Facilities

As at 31 December 2009, the Company had loans and borrowings (non-current and current) of KZT 61.0 billion. Of this amount, KZT 26.0 billion was current and KZT 35.0 billion was non-current. KZT 25.9 billion of the KZT 26.0 billion in current loans and borrowings was secured. Collateral for the Company's secured loans includes contracts for the delivery of U_3O_8, real property and inventory. As at 31 December 2009, the Company also owed an aggregate of KZT 0.2 billion in lease payments over the next five years. See Note 34 of the Notes to the Financial Statements.

The Company's credit facilities contain affirmative covenants that require the Company to comply in all material respects with the laws to which the Company is subject and negative covenants that prohibit the Company, without the prior approval of the lenders, from granting any security over any of the Company's assets, disposing of any of the Company's assets other than in the ordinary course of business or being a party to a merger, acquisition or disposition. The Company's agreements with its lenders also require that the Company sell uranium for non-military purposes and only to customers residing in countries that have signed the Nuclear Non-Proliferation Treaty and that are members of the International Atomic Energy Agency. The management of the Company believes that it is in compliance with these covenants.

To provide the Company with short-term liquidity, the Company has available revolving credit facilities with JSC Citibank Kazakhstan and JSC Halyk Bank Kazakhstan. The facility with JSC Citibank Kazakhstan, which is renewed on an annual basis, allows the Company to draw up to U.S.$40 million and was effectively fully drawn as at 31 March 2010 (U.S.$39.5 million). The facility with JSC Halyk Bank Kazakhstan expires on 18 August 2011, but can be extended at the option of the Company and upon the satisfaction of certain conditions for two additional years and allows the Company to draw up to U.S.$50 million, of which U.S.$16.4 million was drawn by subsidiaries of the Company as at 31 March 2010.

Capital Expenditures

The Company's total capital expenditures by segment for the years indicated are set forth in the table below.

	For the year ended 31 December			% change between the year ended 31 December 2008 and 2009	% change between the year ended 31 December 2007 and 2008
	2009	2008	2007		
	(KZT in millions)				
Uranium mining	17,292	35,076	23,314	(50.7)	50.5
Uranium production	893	519	66,217	72.1	(99.2)
Beryllium production	83	85	79	(2.4)	7.6
Tantalum production	172	4,004	2,248	(95.7)	78.1
Electricity operations	2,507	3,711	3,732	(32.4)	(0.6)
Other operations	4,655	4,841	5,292	(3.8)	(8.5)
Total capital expenditures	25,603	48,235	100,882	(46.9)	(52.2)

The Company anticipates capital expenditures of U.S.$289 million during 2010 pursuant to its capital budget. The Company intends to make the following expenditures:

	2010 Budgeted Amount
	(U.S.$ in thousands)
Uranium production	117,529
Conversion	4,000
Enrichment	2,827
Uranium fuel (pellets, uranium dioxide powder, fuel assemblies)	6,800
Nuclear power station construction	28,533
Energy production (MAEK Kazatomprom)	17,285
Other (rare metals, alternative energy, relocation of the Company's Almaty office to Astana)	111,829
Total	288,802

Contractual Commitments

The following sets forth the Company's contractual maturities of nonderivative financial liabilities (excluding interest thereon) as at 31 December 2009.

	Payments Due by Period[1]				
	Total	Up to 1 Year	1-3 Years	3-5 Years	More than 5 Years
	(KZT in thousands)				
Secured bank loans	59,602,653	26,609,192	19,480,198	9,098,968	4,414,295
Preference shares	264,827	–	105,930	105,930	52,967
Finance lease liabilities	151,488	65,576	85,912	–	–
Secured non bank loans	5,497,758	505,078	3,475,906	876,075	640,700
Other financial liabilities	120,257,353	82,043	6,497,130	15,125,748	98,552,432
Trade payables	16,454,593	16,454,593	–	–	–
Total	202,228,672	43,716,482	29,645,076	25,206,721	103,660,394

(1) Does not include advances received and other payables or purchase obligations.

Critical Accounting Policies and Estimates

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to select appropriate accounting policies and to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. The Financial Statements have been prepared in conformity with IFRS. For a full description of the Company's significant accounting policies, please refer to Note 3 of the Notes to the Financial Statements. Certain of the Company's critical accounting policies involve judgments and uncertainties to such an extent that, if different assumptions had been used, there is a reasonable likelihood that materially different amounts would have been reported.

The Company's management believes that the following critical accounting policies, which are described in Note 2(e) of the Notes to the Financial Statements, require more critical judgments or estimates or involve a greater degree of complexity in the application of the Company's accounting policies than other accounting policies.

Income Taxes

Income tax expense, which includes both current and deferred tax, is recognised in the income statement except to the extent that it relates to items recognised directly in equity. The Company is required to estimate its income taxes in preparing its consolidated financial statements based on its taxable income for the year. The calculation of income taxes requires the use of judgment and estimates. In calculating income taxes, consideration is given to factors such as tax rates in effect, non-deductible expenses, valuation allowances, changes in tax laws and management's expectations of future results.

The Company estimates future income taxes based on temporary differences between the income and losses reported in its financial statements and its taxable income and losses as determined under the applicable tax laws. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. The tax effect of these temporary differences is recorded as a deferred tax asset in the consolidated financial statements to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. If these judgments and estimates prove to be inaccurate, future earnings may be materially and adversely affected.

See Notes 2(e), 3(s) 16 and 29 of the Notes to the Financial Statements.

Ore Reserves

The quantification of ore reserves is relevant in the Company's determination of recoverable values of non-current assets and depreciation and amortisation charges. The quantification of the reserves involves a degree of uncertainty. The uncertainty is mainly related to the completeness of reliable geological and technical information. Ore reserves are analysed and assessed on an annual basis. The quantity of reserves can be revised as a result of changes in production capacities and development strategy.

The process of quantifying ore reserves involves a number of estimates and assumptions. If the estimates and assumptions underlying these determinations prove to be inaccurate, future earnings may be materially and adversely affected.

See Note 2(d) of the Notes to the Financial Statements.

Depreciation Expense

Depreciation of property, plant and equipment used in the extraction of uranium and its preliminary processing, including production buildings and constructions, machinery and field equipment, is charged on a unit-of-production method basis in respect of items for which this basis best reflects the pattern of consumption. These assets are depreciated based on extractable reserves of the particular block to which the assets are attributable, over the licence period. Mine development assets and mineral rights also are depreciated on a unit-of-production basis using internal estimates of proven reserves commencing when extraction of uranium first commences. Management estimation regarding the depreciation of exploration and evaluation assets are based on the probable and possible reserves attributable to such assets.

The use of estimated ore reserves to calculate depreciation involves assumptions regarding the volume of reserves, total undiscounted amounts attributable to production of reserves, expected timing of the cash flows and the discount rate. If the assumptions underlying these determinations prove to be inaccurate, future earnings may be materially and adversely affected.

See Notes 2(e), 3(e)(iii), 18 and 19 of the Notes to the Financial Statements.

Impairment of Non-Financial Assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognised in the income statement if the carrying value of an asset (or its cash-generating unit) exceeds its recoverable amount. Assessing the recoverable amount of an asset involves consideration of the value of the asset in use, which involves assessing the estimated future cash flows of the asset, discounted to present value using a pre-tax discount rate reflecting current market assessments of the time value of money and the risks specific to the asset.

The process of testing an asset for impairment involves the use of a number of estimates and assumptions, including the expected timing of the cash flows from the asset and the discount rate. If the estimates and assumptions underlying these determinations prove to be inaccurate, future earnings may be materially and adversely affected.

See Notes 2(e), 3(m)(ii), 18 and 19 of the Notes to the Financial Statements.

Environmental Protection and Reclamation of Mine Sites

The Company is subject to a number of environment laws and provisions for the cost of site restoration in light of these laws. The Company estimates the site restoration costs based on its management's understanding of the current legal environment and the Company's contractual requirements. A change in these assumptions, or a change in environmental laws, could result in a change in the provision in a future period.

See Notes 2(e) and 35(d) and (e) of the Notes to the Financial Statements.

Quantitative and Qualitative Disclosures about Market Risk

Market risk is the sensitivity of income, fair market values and capital to changes in commodity prices, foreign currency exchange rates, interest rates and other relevant market prices and rates. The Company is exposed to a variety of market risks arising in the operation of its business, including commodity price risk associated with changes in uranium prices, credit risk associated with its customers and financial instrument counterparties, liquidity risk, foreign currency exchange risks and interest rate risks. Under the direction of the board of directors and its risk management committee, the Company has adopted procedures and policies to mitigate these risks. The objective of market risk management is to monitor and control market risk exposures within acceptable limits, while optimising the return on investments.

Commodity Price Risk

The Company is exposed to the effect of fluctuations in the price of uranium, which is quoted in U.S. Dollars on the international markets. The Company's functional currency is the Tenge. The Company prepares an annual budget based on future uranium price forecasts.

Uranium prices historically fluctuate and are affected by numerous factors outside of the Company's control, including, but not limited to, demand from utilities, depleting levels of secondary sources such as recycling and blended down highly enriched stocks available to close the gap of the excess demand over supply, regulations by the IAEA and other factors related specifically to uranium. In recent years, the market price of uranium has fluctuated from U.S.$136 per pound in June 2007 to U.S.$41.5 per pound in April 2010. As at 31 December 2009, the spot price of uranium was U.S.$44.5 per pound.

As a result of the specialised nature of the uranium industry, over 90% of the Company's sales contracts are entered into on a long-term basis at fixed prices. As at 31 December 2009, management believes that there was no significant impact of commodity price risk on the Company's financial assets and liabilities.

Credit Risk

General

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk arises principally from the Company's accounts receivables from customers and its investment securities. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. Approximately 86% of the Company's sales by volume were attributable to sales transactions with five main customers. See "*Business – Transportation and Sales of Raw Uranium and Refined Uranium Products – Sales – Sales and Customers*".

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Most of the Company's customers have been transacting business with the Company for over ten years. The Company does not require collateral in respect of trade and other receivables.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the dates indicated was:

	As at 31 December		
	2009	2008	2007
	(KZT in thousands)		
Available-for-sale investments	66,045,671	66,045,647	65,313,083
Other investments	–	20,433,413	1,942,559
Loans to employees	491,027	559,965	462,475
Other loans receivable	–	2,220,000	–
Receivables from subsoil users	397,085	673,371	492,540
Trade receivables	32,225,631	25,580,012	25,337,692
Term deposits	23,782,889	890,313	3,479,011
Cash and cash equivalents	30,082,948	34,160,628	10,287,760
Total	153,025,251	150,563,349	107,315,120

The maximum exposure to credit risk for trade receivables at the dates indicated by geographic region was:

	As at 31 December		
	2009	2008	2007
	(KZT in thousands)		
Domestic	6,515,718	4,998,773	5,929,038
China	23,616,662	11,810,447	11,864,364
United States	266,165	2,823,268	4,441,936
Japan	1,346,515	5,642,978	–
European countries	69,640	57,924	2,643,232
Other regions	410,931	246,622	459,122
Total	32,225,631	25,580,012	25,337,692

Trade receivables balance attributable to the most significant client of the Company was KZT 11.3 billion as at 31 December 2009 as compared to KZT 11.8 billion as at the same date in 2008 and KZT 11.8 billion as at the same date in 2007.

The maximum exposure to credit risk for financial guarantees given to secure financing of certain related parties as at 31 December 2009 was KZT 57.2 billion as compared to KZT 37.7 billion as at the same date in 2008 and KZT 37.6 billion as at the same date in 2007.

Provision for Doubtful Debts

As at 31 December 2009, the ageing of the trade receivables was as follows:

	As at 31 December					
	2009		2008		2007	
	Gross	Impairment	Gross	Impairment	Gross	Impairment
	(KZT in thousands)					
Not past due	31,028,522	–	23,423,344	–	23,380,952	–
Past due 0-30 days	226,788	–	1,870,207	–	1,663,982	–
Past due 31-120 days	737,643	–	279,661	114,419	421,738	129,416
Past due more than 120 days	782,322	549,644	496,302	375,083	285,136	284,700
Total	32,775,275	549,644	26,069,514	489,502	25,751,808	414,116

During the reporting period, the movement on the provision for impairment of trade receivables was as follows:

	As at 31 December		
	2009	2008	2007
	(KZT in thousands)		
Balance at 1 January	489,502	414,116	619,170
Increase in provision for doubtful debt	145,574	191,067	108,799
Amounts written off during the year	(85,432)	(115,681)	(313,853)
Balance at 31 December	549,644	489,502	414,116

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expense of financial obligations; however, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

See Note 40(c) of the Notes to the Financial Statements.

Foreign Currency Exchange Risk

General

The Company is exposed to currency risk on sales, purchases and borrowings denominated in currencies other than the Company's functional currency, primarily in U.S. Dollars.

Interest on borrowings is denominated in currencies that match the cash flows generated by operating entities in the Company. Therefore, in most cases, economic hedging is achieved without derivatives. In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances. See " – *Main Factors Affecting Results of Operation – Impact of Changes in Exchange Rates*".

Exposure of the Company to currency risk as at the dates indicated was as follows:

	As at 31 December		
	2009	2008	2007
	(U.S.$-denominated in thousands)		(KZT-denominated in thousands)
Trade receivables	26,505,897	20,751,467	5,892,976
Other investments	–	18,816,010	–
Term deposits	20,813,711	–	–
Cash and cash equivalents	16,984,091	26,214,206	6,892,547
Total assets	64,303,699	65,781,683	12,785,523
Loans and borrowings	(52,880,615)	(64,068,004)	(5,001,626)
Other financial liabilities	(38,592,034)	(28,273,845)	–
Trade payables	(478,033)	(796,873)	(9,004,984)
Total liabilities	(91,950,682)	(93,138,722)	(14,006,610)
Net exposure	(27,646,983)	(27,357,039)	(1,221,087)

Sensitivity analysis

A 10% weakening and 15% strengthening of the Tenge against the U.S. Dollar as at 31 December 2009, 2008 or 2007 would increase (decrease) profit or loss by the amounts shown below. This analysis is based on the assumption that any other variables (e.g., interest rates) remain constant. The 2008 indices were reviewed on the same basis:

	Profit or loss
	(KZT in thousands)
2009	
U.S.$	
+10%	(2,764,698)
-15%	4,147,047
2008	
U.S.$	
+10%	(2,735,704)
-15%	4,103,556
2007	
U.S.$	
+10%	122,109
-15%	(183,163)

Interest Rate Risk

General

Changes in interest rates impact primarily loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). Management adopts a risk management policy of ensuring that between 20% and 40% of its borrowings are on a fixed rate basis primarily by entering into interest rate swaps. The Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Present value of the swap is not material for consolidated financial statements presentation as at 31 December 2009.

At the time of raising new loans or borrowings management uses its judgment to decide whether it believes that a fixed or variable rate would be more favourable to the Company over the expected period until maturity.

Interest Rate Profile

As at the dates indicated, the interest rate profile of the Company's interest-bearing financial instruments was:

	As at 31 December		
	2009	**2008**	**2007**
	(KZT in thousands)		
Fixed rate instruments			
Financial assets	28,391,407	23,979,582	8,375,742
Financial liabilities	(7,844,897)	(6,053,940)	(7,956,216)
	20,546,510	17,925,642	419,526
Floating rate instruments			
Financial liabilities	(53,643,846)	(61,681,866)	(29,709,035)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at 31 December 2009 would not affect profit or loss.

Fair value sensitivity analysis for floating rate instruments

An increase of 100 basis points and a decrease of 25 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2008.

	Profit or loss		**Equity**	
	100 bp increase	**25 bp decrease**	**100 bp increase**	**25 bp decrease**
	(KZT in thousands)			
2009				
Variable rate instruments	(536,438)	134,110	(536,438)	134,110
Cash flow sensitivity (net)	(536,438)	134,110	(536,438)	134,110
2008				
Variable rate instruments	(616,819)	154,205	(616,819)	154,205
Cash flow sensitivity (net)	(616,819)	154,205	(616,819)	154,205
2007				
Variable rate instruments	(297,090)	74,273	(297,090)	74,273
Cash flow sensitivity (net)	(297,090)	74,273	(297,090)	74,273

Fair values versus carrying amounts

There is no material difference between the fair values of financial assets and liabilities and their carrying amounts shown in the consolidated statement of financial position.

Fair value of financial instruments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (*i.e.* as prices) or indirectly (*i.e.* derived from prices).
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's other financial liabilities were all Level 3 and were KZT 38.6 billion as at 31 December 2009, KZT 28.3 billion as at the same date in 2008 and nil as at the same date in 2007.

The following presents a reconciliation of the beginning balance and ending balance based on the Level 3 hierarchy of the fair value as at the dates indicated:

	As at 31 December		
	2009	**2008**	**2007**
	(KZT in thousands)		
Beginning balance	28,273,845	–	–
Acquisition	–	28,273,845	–
Loss recognized in profit for the year	10,318,189	–	–
Ending Balance	38,592,034	28,273,845	–

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the following indicators:

- Financial stability, or measures of loan management, determining the degree of borrowing funds utilisation; and
- Profitability, determining cumulative effects of liquidity, asset and capital management as a result of business activities.

There were no changes in the Company's approach to capital management during the year ended 31 December 2009.

Off-Balance Sheet Arrangements

As part of its business strategy, the Company sometimes provides guarantees for the obligations of its joint venture companies and other third parties even if they are not controlled by the Company. As at 31 December 2009, the Company was liable for an aggregate of KZT 57.2 billion in guarantees given to secure financing of related parties that the Company does not control, KZT 5.0 billion of which was in respect of lines of credit.

The name of the borrower, the amount of the indebtedness guaranteed and the percentage interest of the borrower owned by the Company are set forth in the following table as at 31 December 2009:

Name of Borrower	**Amount of Indebtedness Guaranteed**	**% of Borrower Owner by the Company**
	(KZT in thousands)	
Guarantees of indebtedness:		
Baiken-U LLP	25,208,369	5%
Kyzylkum LLP	23,737,600	30%
ZARECHNOYE JSC[(1)]	3,189,740	49.67%
Total guarantees of indebtedness	52,135,709	
Guarantees in respect of lines of credit:		
ZARECHNOYE JSC	3,489,130	49.67%
Karatau LLP	1,483,600	50%
Kyzyltu LLP	60,383	50%
Total guarantees in respect of lines of credit	5,033,113	
Total guarantees	57,168,822	

(1) In addition to the Company guarantee, the loan to this joint venture is supported by a guarantee of the other joint venture participants and by a pledge of receivables under export contracts.

Effects of Inflation and Changing Prices

The Company's results of operations and cash flows are affected by changing uranium prices. Although increases in uranium prices in the near term may increase revenues and profitability, over the longer term they may tend to encourage entry and result in increased exploration activity, which may increase the cost of such activity. In such event, increased prices can result in increased revenues without increasing profitability.

The Company's properties and operations are located in Kazakhstan, which, according to reports and public information notices of the International Monetary Fund, is currently experiencing a general economic slowdown. The International Monetary Fund projects Kazakhstan's economy will experience modest growth of 2.0% in 2010, with remaining problems in the banking industry resulting in restricted growth. Despite the fragile nature of the Kazakhstan economy, the NSA has reported that producer prices increased 31.0% during 2009, after declining 18.6% during 2008. It is impossible to predict the precise effect of changing prices and inflation on future Company operations. No assurance may be given as to the Company's future success in moderating the impact of price changes on the Company's operating results.

General

The legal name of the Company is JSC National Atomic Company Kazatomprom. The Company is a Kazakhstan joint stock company as defined in the Civil Code of the Republic of Kazakhstan operating under state reregistration certificate no. 18975-1910-AO issued by the Almaty City Department of Justice on 13 April 2005. The Company is wholly owned by the Government through Samruk-Kazyna and is listed in the Register of Strategic Assets and Companies in Kazakhstan. See "*Share Capital, Organisation and Related Party Transactions – Samruk-Kazyna*" and "*Enforcement of Civil Liabilities*". The Company was first established on 22 November 1996 and was designated as the national atomic company on 14 June 1997.

The business address of the Company is 168 Bogenbay Batyr Street, Almaty, 050012, the Republic of Kazakhstan and its telephone number is +7 (727) 261 54 25.

Overview

Nuclear power, primarily derived from uranium products, has several advantages over conventional methods of energy production, and the consumption of energy derived from nuclear power is projected to increase considerably over the next 20 years. See "*– Traditional Energy Sources and the Nuclear Power Industry*" and "*– The Uranium Market*".

The production of nuclear energy requires a number of activities, from extraction of uranium from underground reserves (or utilisation of aboveground stockpiles) to generation of electricity at a nuclear power plant to disposal of radioactive wastes, which are collectively referred to in this Prospectus as the "**nuclear fuel cycle**". This Prospectus refers to all such activities up to and including generation of electricity at a nuclear power plant as the "**front-end**" portion of the nuclear fuel cycle. The following table provides a brief description of the front-end phases of the nuclear fuel cycle, which occur in sequence:

Phase	Brief Description
Production and Processing	Uranium is mined from an ore body and processed into U_3O_8. See " – *Production and Processing of Uranium*". Uranium can be extracted from the ground using open pit mining, underground mining or the ISL method. See " – *Production and Processing of Uranium – Production of U_3O_8 – Uranium Mining (In Situ Leaching)*".
Conversion	U_3O_8 is converted into a gaseous form, uranium hexafluoride ("$\mathbf{UF_6}$"), that is suitable for enrichment. See " – *Conversion Services*".
Enrichment	UF_6 is enriched to increase the form of uranium needed to undergo fission, uranium 235, and is subsequently converted into enriched uranium oxide ("$\mathbf{UO_2}$"). See " – *Enrichment Services*".
Fabrication of Final Products ..	UO_2 powder is formed into small cylindrical pellets ("**fuel pellets**"), which are packed into zirconium alloy pipes ("**fuel rods**") and bundled together ("**fuel assemblies**"). See " – *Fabrication of Final Products*". Fuel assemblies make up the core of nuclear reactors, which power nuclear power plants through a controlled release of energy.
Power Generation	At the nuclear power plant, fuel assemblies in the nuclear reactor core release energy through fission, and such energy is used to heat or boil water to produce steam. The steam spins large turbines connected to generators that produce electricity.

As the national atomic company of Kazakhstan, the Company is Kazakhstan's representative in the front-end of the nuclear fuel cycle and, as such, has certain privileges, including, among other things, obtaining subsoil use agreements through direct negotiations with the Government rather than through the tender process normally required. See "*Regulation in Kazakhstan – Regulation of Mineral Rights in Kazakhstan – Subsoil Use Agreements*". In its role as the atomic company of Kazakhstan, the Company produces and processes uranium extracted from Kazakhstan reserves and is developing capabilities to participate in the other front-end phases of the nuclear fuel cycle. See " *– Nuclear Fuel Cycle Development Strategy*".

For the year ended 31 December 2009, the Company produced 4,177.0 tonnes of uranium. The Company's jointly controlled entities and associates, which the Company accounts for using the equity method, produced 8,391.5 tonnes of uranium. For the year ended 31 December 2009, the Company sold 6,609.3 tonnes of uranium products, of which 6,537.0 tonnes were U_3O_8.

The Company produces uranium from reserves in Kazakhstan. Kazakhstan's reserves are among the largest in the world. As the following table illustrates, as at 1 January 2007 (the most recent date for which Red Book information is available), Kazakhstan was endowed with the second most reserves in all recovery cost categories:

	As at 1 January 2007(1)				
Country	**% of Global Reported Total**	**All cost Categories(2)**	**<U.S.$ 130/kgU(3)**	**<U.S.$ 80/kgU(3)**	**<U.S.$ 40/kgU(3)**
			(tonnes)		
Australia	28.3	3,655,000	1,243,000	1,216,000	1,196,000
Kazakhstan	16.2	2,086,200	817,300	751,600	517,300
Canada	9.3	1,198,800	423,200	423,200	352,400
Russian Federation	8.7	1,124,600	545,600	495,400	83,600
South Africa	7.9	1,013,000	435,100	343,200	234,700
Total	70.4	9,077,600	3,464,200	3,229,400	2,384,000
Other Countries	29.6	3,817,600	2,004,600	1,227,000	586,000
Global Reported Total	100.0	12,895,200	5,468,800	4,456,400	2,970,000

Source: Red Book. See "Presentation of Financial and Other Information – Third-Party Information Regarding the Company's Market and Industry".

(1) Amounts are the totals for the categories of reasonably assured resources and inferred resources, which are categories that are not recognised in the Kazakhstan Methodology. See "*Presentation of Reserves and Resources – Kazakhstan Methodology*".

(2) Total of <U.S.$130/kgU, <U.S.$80/kgU and <U.S.$40/kgU.

(3) Reasonably assured resources and inferred resources that are recoverable at a cost less than U.S.$130 per kilogram of uranium, U.S.$80 per kilogram of uranium and U.S.$40 per kilogram of uranium, respectively.

The Company's A+B+C1+C2 reserves of uranium, calculated pursuant to the Kazakhstan Methodology, were 199,540 tonnes as at 31 December 2008 (the most recent date for which official information is available). See "*Presentation of Reserves and Resources – Kazakhstan Methodology*" for a discussion of the Kazakhstan Methodology.

In addition to producing and processing uranium, as at the date of this Prospectus, the Company engages in the following activities directly or through its jointly controlled entities and associates:

- Manufacturing fuel pellets. See " *– Fabrication of Final Products*".
- Exploring for uranium. See " *– Exploration and Drilling*".
- Transporting, exporting and selling U_3O_8 and fuel pellets. See " *– Transportation and Sales of Raw Uranium and Refined Uranium Products*".

- Providing drilling, processing and research and development services, including providing such services to its jointly controlled entities and associates. See " – *Exploration and Drilling*".

- Generating, transmitting and selling electric power and thermal energy and producing and selling industrial and drinking water distilled from sea water. See " – *Electric, Heat Power and Water Generation*".

- Manufacturing and selling beryllium and tantalum products. See " – *Other Operations – Beryllium*" and " – *Other Operations – Tantalum*".

- Providing social services to the communities in which the Company operates, as required by Kazakhstan law. See " – *Other Operations – Social Services*".

For the year ended 31 December 2009, the Company's revenue increased KZT 51.4 billion, or 40.4%, to KZT 178.5 billion.

As at 31 December 2009, the Company's total assets were KZT 387.3 billion, which represented a KZT 45.6 billion, or 13.3%, increase from the same date in 2008. The Company's total liabilities as at 31 December 2009 were KZT 143.0 billion, which represented a KZT 4.1 billion, or 3.0%, increase from the same date in 2008.

Nuclear Fuel Cycle Development Strategy

As the national atomic company of Kazakhstan, the Company is committed to maintaining its position as a global leader in uranium production and competing internationally in all front-end phases of the nuclear fuel cycle. By expanding its operations, the Company intends to provide export-oriented products of increased value that maximise profits for the Company through the efficient development of the uranium mineral resource base in Kazakhstan and the use of modern technology in its production processes.

Uranium is a strategic product in the global demand for sustainable, environmentally-friendly energy sources. According to the WNA, nuclear energy currently accounts for 15% of the electric energy production in the world. The WNA reported that, as at the first quarter of 2010, nuclear power capacity worldwide was steadily increasing with over 50 nuclear reactors under construction in 13 countries and additional capacity being created through plant upgrades. The WNA noted that capacity growth is expected to be strongest in East Asia. According to the WNA, mines in 2008 supplied some 51,600 tonnes of U_3O_8, or about 68% of utilities' annual requirements. The WNA reported that the balance is made up from secondary sources including stockpiled uranium held by utilities, but those civil stockpiles are being rapidly depleted. In view of rising demand and shrinking above-ground inventories, nuclear fuel production will need to expand significantly in the future to satisfy expected demand.

In order to position the Company to exploit opportunities presented by projected deficiencies in uranium production and to develop capabilities in all front-end phases of the nuclear fuel cycle, the Company has adopted a strategy of international cooperation. The Company has pursued a strategy to develop itself as a vertically-integrated company through cooperation agreements and joint ventures with key participants in the nuclear power industry, including the following:

- In January 2009, the Company and Nuclear Power Corporation of India Limited ("**NPCIL**") signed a memorandum of understanding. The memorandum addresses a wide range of issues including natural uranium mining and supply, delivery of Kazakhstan uranium products in the form of pellets and fuel assemblies for NPCIL and personnel training. The memorandum also contemplates a feasibility study for various Kazakhstan projects based on Indian-designed heavy-water nuclear reactors. See " – *Cooperation Agreements – India*".

- In 2007, the Company acquired an indirect 10% equity interest in Westinghouse for U.S.$540.0 million to enhance its downstream capabilities in the future. See " – *Production and Processing of Uranium – Fabrication of Final Products*".

- Beginning in 2005, the Company has entered into joint ventures with subsidiaries of the Russian State Nuclear Corporation ("**RosAtom**") to pursue uranium production at sites 1, 3 and 4 of the Budennovskoye deposit, the Zarechnoye and South Zarechnoye deposits and uranium enrichment initiatives. See "*– Joint Venture Projects – Projects With RosAtom*".

- The Company has entered into several agreements with China National Nuclear Corp. ("**CNNC**") and China Guandong Nuclear Power Corporation ("**CGNPC**") since 2006 and 2007, respectively, which together establish the parties' strategic partnership for uranium production and the Company's investment in the Chinese nuclear power industry. See " – *Cooperation Agreements – China*" and " *– Joint Venture Projects – Projects With Other Parties – Semizbay-U LLP*".

- Beginning in 2004, the Company has entered into three joint ventures with affiliates of Uranium One Inc., a Canadian company ("**Uranium One**"), for the production of uranium at the Akdala, Inkai (site 4), Northern Kharassan (site 1), and Budennovskoye (site 2) deposits. See " *– Joint Venture Projects – Projects With Uranium One*".

- In 1997, the Company acquired its stake in Inkai LLP, a joint venture with Cameco Corporation, a Canadian company ("**Cameco**"), for the production of uranium at sites 1 and 2 of the Inkai deposit, which has since been expanded to include geological surveys of site 3 of the Inkai deposit. In 2008, the Company entered into another joint venture with Cameco to build and operate a conversion facility. See " *– Joint Venture Projects – Projects With Cameco*".

- In 1996, AREVA, a French nuclear company, and the Company established a joint venture that primarily engages in geological exploration, mining and construction of processing capabilities at the Tortkuduk site and site 1 (north) of the Moinkum deposit. In 2009, the Company and an affiliate of AREVA entered into a fuel marketing joint venture agreement. This agreement defined the establishment of a joint venture and its activities, including determination of the feasibility of constructing a dedicated nuclear fuel manufacturing line. See " *– Joint Venture Projects – Projects With AREVA*".

Additionally, the Company has entered into cooperation agreements with the Russian Federation, Japan and France. See " – *Cooperation Agreements".* The Company views its cooperative endeavours as integral to achieving an internationally competitive presence in all front-end phases of the nuclear fuel cycle.

Key Strengths

The Company believes that it benefits from the following key strengths:

- **Status as national atomic company of Kazakhstan**. As the atomic company of Kazakhstan, the Company is Kazakhstan's representative in the front-end of the nuclear fuel cycle and, as such, has certain privileges, including, among other things, obtaining subsoil use agreements through direct negotiations with the Government rather than through the tender process normally required. See "*Regulation in Kazakhstan – Regulation of Mineral Rights in Kazakhstan – Subsoil Use Agreements*".

- **High production levels and advanced technology**. For the year ended 31 December 2009, the Company produced 4,177.0 tonnes of uranium and the Company's jointly controlled entities and associates, which the Company accounts for using the equity method, produced 8,391.5 tonnes of uranium. The Company has large production capacities, allowing it to produce a wide range of uranium products with technology that quickly adjusts its production cycle to market demand by manufacturing products with the desired characteristics. The Company believes it has a reputation in the industry for manufacturing high quality uranium products. See " – *Production and Processing of Uranium – Production*".

- **Efficient extraction of uranium reserves**. The Company believes a significant amount of the uranium reserves in Kazakhstan can be extracted at costs below industry averages based on publicly available information. This is mainly due to the Company's use of the ISL method of uranium extraction as its primary mining method. According to the Company's internal data, 78% of the world's uranium reserves that can be mined using the ISL method are located in Kazakhstan. See " – *Production and Processing of Uranium – Production – Uranium Mining (In Situ Leaching)*".

- **Large uranium reserves**. According to the Red Book, as at 1 January 2007 (the most recent date for which Red Book information is available), Kazakhstan had approximately 2.1 million tonnes of uranium reserves in the reasonably assured resources and inferred resources categories, or approximately 16% of the global reported total, the second largest in the world behind Australia. These reserves could sustain Kazakhstan's 2009 production level of 14,020 tonnes for approximately 149 years. See " – *Overview*". As the national atomic company, the Company believes that it has a relationship with the Government that provides it with a competitive advantage in securing the right to produce uranium from Kazakhstan reserves.

- **International cooperation agreements with large nuclear power companies**. The Company has entered into several cooperation agreements and joint venture agreements with internationally recognised companies in the nuclear power industry and with various governments. These agreements provide the Company with an opportunity to expand its international presence and integrate into all front-end phases of the nuclear fuel cycle. See " – *Joint Venture Projects*" and " – *Cooperation Agreements*".

- **Long-term export contracts**. The Company exports its uranium production primarily through long-term contracts with large, investment-grade companies. The purchasers are either state-owned companies or utilities in countries where the nuclear energy industry is highly developed. As at 31 December 2009, the Company had contracted for the sale of 63% of its uranium production through the year 2015. See "– *Transportation and Sales of Raw Uranium and Refined Uranium Products – Sales*".

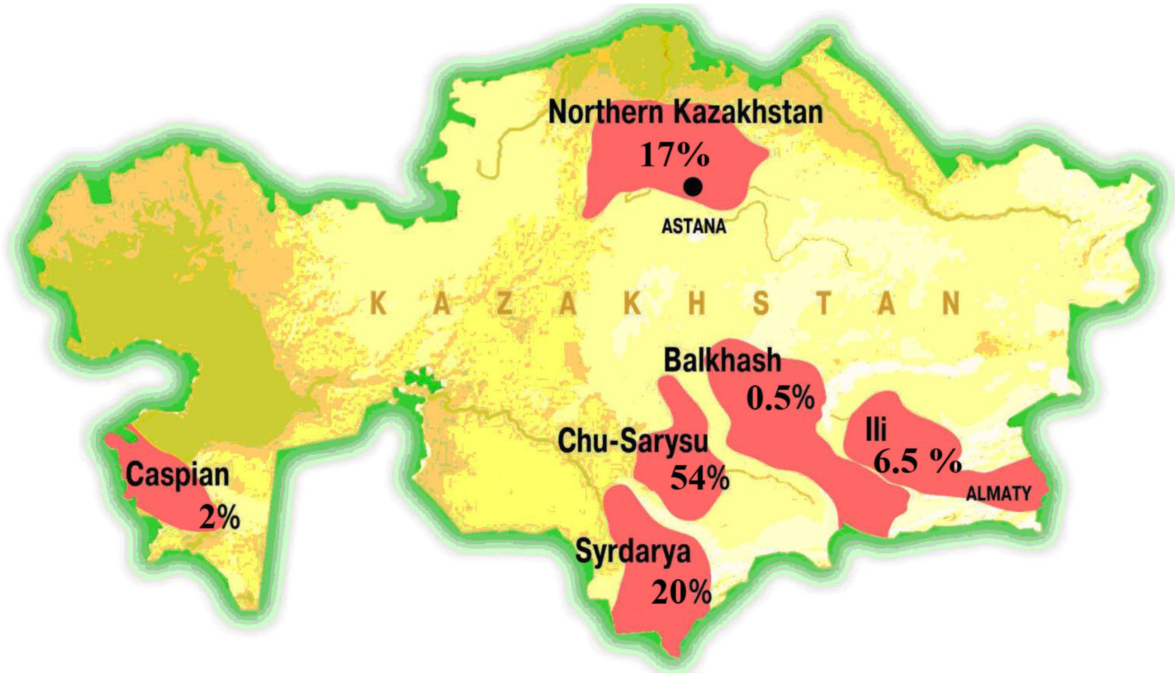
Uranium Reserves and Resources

Uranium Deposits In Kazakhstan

General

There are a number of uranium deposits that have been discovered in Kazakhstan. These deposits are generally found in six uranium ore provinces: Chu-Sarysu, Northern Kazakhstan, Syrdarya, Ili, Caspian and Balkhash. As at the date of this Prospectus, only deposits in the Chu-Sarysu, Syrdarya and Northern Kazakhstan ore provinces are being exploited.

The following map shows the locations of Kazakhstan's six uranium ore provinces:



The known uranium deposits in Kazakhstan are divided into two groups: endogenous deposits in pre-Mesozoic formations (comprising the Northern Kazakhstan and Balkhash uranium ore provinces) and exogenous deposits in Mesozoic-Cenozoic residual formations (comprising the Chu-Sarysu, Syrdarya, Ili and Caspian uranium ore provinces).

Chu-Sarysu Uranium Ore Province

The geology of south-central Kazakhstan is comprised of a large, relatively flat basin of Cretaceous to Neogene age continental clastic sedimentary rocks. The Cretaceous-Cenozoic Chu-Sarysu basin's extends for more than 1,000 km from the foothills of the Tien Shan Mountains located on the basin's south and southeast sides, and merges into the flats of the Aral Sea depression to the northwest. The basin is up to 250 km wide, bordered by the Greater Karatau Mountains on the southwest and the Chuskoa uplift on the northeast. The basin is composed of gently dipping to nearly flat lying fluvial derived unconsolidated sediments composed of inter-bedded sand, silt, and local clay horizons.

The Cretaceous-Cenozoic sediments host several stacked and relatively continuous, sinuous "roll-fronts", or oxidation-reduction fronts, hosted in the more porous and permeable sand and silt units. Several uranium deposits and active ISL mines occur at these regional oxidation roll-fronts, developed along a regional system of superimposed mineralisation fronts. Producing deposits in the Chu-Sarysu uranium ore province include:

- Akdala deposit;
- Budennovskoye deposit;
- Inkai deposit;
- Kanzhugan deposit;
- Moinkum deposit;
- Mynkuduk deposit; and
- Uvanas deposit.

See Appendix I for a description of the geology, location and certain other information regarding these deposits.

Syrdarya Uranium Ore Province

The Syrdarya uranium ore province is located in the territory of the Kyzylorda and Southern Kazakhstan oblasts. It is an opened flat area of ridgy sands in its northern part, which turns into the narrow valley of the Syrdarya River. The Syrdarya depression is limited due to the mountain ridges of Big Karatau, Karzhantau, Ugam, Pskem Chatkal and Kuramin to its northeast and southeast, the Nuratau Ridge to its south, the Central Kyzylkum Upland to its west and the Dzhusaly Uplift to its north. It is composed primarily of Cretaceous, Paleogene and Neogene formations with a thickness of 2.5 km to 3.0 km. Producing deposits in the Syrdarya uranium ore province include:

- Irkol deposit;
- Northern Kharassan deposit;
- South Karamurun and North Karamurun deposits; and
- Zarechnoye and South Zarechnoye deposits.

See Appendix I for a description of the geology, location and certain other information regarding these deposits.

Northern Kazakhstan Uranium Ore Province

The Northern Kazakhstan uranium ore province is located within the northern part of the Kokshetau-North-Tien-Shan uranium-bearing belt and, administratively, covers parts of the North-Kazakhstan, Kokshetau and Akmola oblasts. The Northern Kazakhstan uranium ore province is a fragment of the Paleozoic mobile belt and had two major stages of formation: the geosynclinals (Cambrian and Ordovician), orogenic (the Silurian and Fransian age of the Upper Devonian) and subplatform or transitional (the Famennian age – Permian).

Virtually all uranium deposits are connected to the stages of Paleozoic orogeny and activation. There are several stages of the redistribution of mineralisation: the Late Triassic, the Cretaceous-Paleogenic and the Neotectonic Period.

Uranium Deposits of the Company and its Jointly Controlled Entities and Associates

All reserves and resources estimates are prepared in accordance with the Kazakhstan Methodology and the approach described in "*Presentation of Reserves and Resources*".

The following table identifies the deposits of the Company, the ore province in which the deposit is located, the expiration year of the applicable subsoil use agreement and certain reserve data as at the most current date for which such data is available:

Entity / Deposit(s)	**A+B+C1+C2 As at 31 December 2008**	**Subsoil Use Agreement Expiry**	**Ore Province**
	(tonnes)		
Company:[(1)]			
Mynkuduk (central site)[(1)]	49,625	2032	Chu-Sarysu
Mining Company:[(2)]			
Kanzhugan	20,434	2022	Chu-Sarysu
Mynkuduk (eastern site)	18,269	2022	Chu-Sarysu
South Karamurun and North Karamurun	28,413	2022	Syrdarya
Moinkum (site 1)(south)	5,686	2019	Chu-Sarysu
Uvanas	6,017	2022	Chu-Sarysu
Total	78,819		
Semizbay-U LLP:[(3)]			
Irkol	29,143	2023	Syrdarya
Semizbay	17,108	2030	Northern Kazakhstan
Total	46,251		
Appak LLP:			
Mynkuduk (western site)	24,845	2034	Chu-Sarysu
Total	199,540		

(1) Acquired by court order on 18 February 2010. See " – *Litigation*".

(2) Including through its subsidiaries.

(3) The Company disposed of 49% of Semizbay-U LLP to a subsidiary of CGNPC in October 2008.

The following table identifies the deposits of the Company's jointly controlled entities and associates, which the Company accounts for using the equity method, the Company's equity interest in such entities, the ore province in which the deposit is located, the expiration year of the applicable subsoil use agreement and certain reserve data as at the most current date for which such data is available:

Entity /Deposit(s)	Company's Equity Interest in Entity	A+B+C1+C2 As at 31 December 2008	Agreement Expiry	Ore Province
		(tonnes)		
Inkai LLP:	40%			
Inkai (site 1, 2 and 3)		159,600	site 1 (2023) sites 2 and 3 (2029)	Chu-Sarysu
Betpak Dala:	30%			
Akdala and Inkai (site 4)		38,230	Akdala (2025) site 4 (2028)	Chu-Sarysu
Total		38,230		
Kyzylkum:	30%			
Northern Kharassan (site 1)		34,340	2053	Syrdarya
Akbastau JSC:	50%			
Budennovskoye (sites 1, 3 and 4)		25,100	site 1 (2036) sites 3 and 4 (2037)	Chu-Sarysu
Baiken-U LLP:	5%			
Northern Kharassan (site 2)		24,824	2054	Syrdarya
JV ZARECHNOYE JSC:	49.67%			
Zarechnoye and South Zarechnoye		18,694	Zarechnoye (2027) S. Zarechnoye (2037)	Syrdarya
KATCO:	49%			
Moinkum (Tortkuduk site) and Moinkum (site 1) (north)		52,352	Tortkuduk and site 1 (2039)	Chu-Sarysu
Karatau LLP:	50%			
Budennovskoye (site 2)		16,929	2035	Chu-Sarysu
Total		370,069		

Production and Processing of Uranium

Consistent with its strategic goal of competing internationally in all front-end phases of the nuclear fuel cycle, the Company has developed or is developing capabilities, directly or through its jointly controlled entities and associates, in all front-end phases of the nuclear fuel cycle. The Company currently produces uranium powders and fuel pellets. However, the Company intends to expand its operations to include conversion services, enrichment services and the production of fuel rods and fuel assemblies. By providing enrichment services specifically, and by participating in all front-end phases of the nuclear fuel cycle generally, the Company can maximise the value of each kilogram of uranium mined in Kazakhstan.

Production

General

The following table presents the total uranium produced in Kazakhstan, based on the Company's internal information, for the periods indicated:

Producer	For the year ended 31 December 2009	2008	2007
		(tonnes)	
Company	4,177.0	3,576.1	3,277.6
Company's jointly controlled entities and associates[(1)]	8,391.5	3,890.3	2,896.2
Other producers[(2)]	1,451.5	1,046.2	459.0
Total production in Kazakhstan	14,020.0	8,512.6	6,632.8

(1) The Company accounts for these entities using the equity method.

(2) Unaffiliated with the Company, its jointly controlled entities or its associates.

The following table presents the total uranium produced by the Company for the periods indicated. All of the Company's sites are exploited using the ISL method:

Entity Deposit(s)	For the year ended 31 December 2009	2008	2007
		(tonnes)	
Mining Company:[(1)]			
Kanzhugan, Mynkuduk (eastern site), South Karamurun, North Karamurun, Moinkum (site 1)(south), Uvanas and Irkol[(2)]	3,361.8	3,449.0	3,277.6
Semizbay-U LLP:[(3)]			
Irkol[(2)] and Semizbay	510.6	76.0	–
Appak LLP:			
Mynkuduk (western site)	304.6	51.1	–
Total	4,177.0	3,576.1	3,277.6

(1) Includes production of subsidiaries.

(2) Production at the Irkol deposit was transferred from Mining Company to Semizbay-U LLP in October 2008.

(3) The Company disposed of 49% of Semizbay-U LLP to a subsidiary of CGNPC in October 2008.

The following table presents the total uranium produced by the Company's jointly controlled entities and associates, which the Company accounts for using the equity method, for the periods indicated. All of the sites of the Company's jointly controlled entities and associates are, or will be when production commences, exploited using the ISL method:

Entity / Deposit(s)	Company's Equity Interest in Entity	For the year ended 31 December		
		2009	2008	2007
			(tonnes)	
Inkai LLP:	40%			
Inkai (sites 1, 2 and 3)		916.0	215.0	237.7
Betpak Dala:	30%			
Akdala and Inkai (site 4)		1,855.1	1,475.3	1,033.4
Kyzylkum:	30%			
Northern Kharassan (site 1)		102.9	3.7	–
Akbastau JSC:	50%			
Budennovskoye (sites 1, 3 and 4)		390.4	–	–
Baiken-U LLP:	5%			
Northern Kharassan (site 2)		73.1	–	–
JV ZARECHNOYE JSC:[(1)]	49.67%			
Zarechnoye		494.0	167.0	105.2
KATCO:	49%			
Moinkum (Tortkuduk site) and Moinkum (site 1) (north)		3,145.0	1,367.4	1,049.6
Karatau LLP:	50%			
Budennovskoye (site 2)		1,415.0	661.9	470.3
Total		8,391.5	3,890.3	2,896.2

(1) Production has not commenced at South Zarechnoye.

The following table presents the total wells completed by, and average number of wells in commercial and test production of, the Company as at the dates indicated:

	Total Wells Completed			Average Number of Wells in Production	
	As at 31 December				
Entity / Deposit(s)	**2009**	**2008**	**2007**	**2009**	**2008**
Mining Company LLP:[1]					
Kanzhugan, Mynkuduk (eastern site), South Karamurun, North Karamurun, Moinkum (site 1)(south), Uvanas and Irkol[2]	965	1,105	1,102	5,010	4,542
Semizbay-U LLP:[3]					
Irkol[2] and Semizbay	348	302	121	673	230
Appak LLP:					
Mynkuduk (western site)	306	200	171	404	104
Total	1,619	1,607	1,394	6,087	4,876

(1) Includes production of subsidiaries.

(2) Production at the Irkol deposit was transferred from Mining Company to Semizbay-U LLP in October 2008. For purposes of this presentation, all wells completed in 2008 have been attributed to Semizbay-U LLP.

(3) The Company sold 49% of Semizbay-U LLP to a subsidiary of CGNPC in October 2008.

The following table presents the total wells completed by, and average wells in commercial and test production of, the Company's jointly controlled entities and associates as at the dates indicated:

	Total Wells Completed			Average Number of Wells in Production	
	As at 31 December				
Entity / Deposit(s)	**2009**	**2008**	**2007**	**2009**	**2008**
Inkai LLP:					
Inkai (site 1)	189	250	–	219	301
Betpak Dala:					
Akdala and Inkai (site 4)	502	593	457	1,242	750
Kyzylkum:					
Northern Kharassan (site 1)	192	213	94	242	141
Akbastau JSC:					
Budennovskoye (sites 1, 3 and 4)	160	–	–	77	–
Baiken-U LLP:					
Northern Kharassan (site 2)	191	98	40	248	74
JV ZARECHNOYE JSC:					
Zarechnoye and South Zarechnoye	166	155	243	435	263
KATCO:					
Moinkum (Tortkuduk site) and Moinkum (site 1) (north)	590	438	334	1,230	1,047
Karatau LLP:					
Budennovskoye (site 2)	269	109	85	330	147
Total	2,259	1,856	1,253	4,023	2,723

The activities of Mining Company are discussed in greater detail below. The activities of Semizbay-U LLP, Appak LLP and several of the Company's more significant joint ventures are discussed in greater detail in " *– Joint Venture Projects*".

Projects of Mining Company LLP

Mining Company is a wholly owned subsidiary and the main mining enterprise of the Company. The Company transferred management functions of its uranium mining enterprises to Mining Company in 2004. See " *– Management Function of Mining Company*". With respect to the entities that are managed by Mining Company, management fees paid to Mining Company in consideration of these services are determined for each entity based on, among other factors, the amount of services rendered by Mining Company. The trust management agreement between the Company and Mining Company continues until terminated in writing by one of the parties. As at the date of this Prospectus, no termination notice has been provided by either party.

Mining Company operates directly, through subsidiaries or through a trust management agreement the following six sites which are developed by Mining Company's subsidiaries on the basis of servicing agreements:

- Kanzhugan
- Mynkuduk (eastern site);
- South Karamurun;
- North Karamurun;
- Moinkum (site 1)(south); and
- Uvanas.

Mining Company and each of its subsidiaries have international certifications for mining, processing and handling uranium-containing products.

The Kanzhugan, Moinkum (site 1)(south), Uvanas and Mynkuduk (eastern site) deposits are located in Chu-Sarysu uranium ore province, which represents the major Epi-Caledonian structural basin, and lie in the Betpak Dala Desert. See "*Appendix I – Akdala Deposit – Accessibility, Climate, Local Resources, Infrastructure and Physiography*". These deposits are located in the Suzak area of the Southern Kazakhstan oblast. North Karamurun and South Karamurun are located in the Syrdarya uranium ore province in the Kyzylorda oblast. See "*Uranium Resources and Reserves – Uranium Deposits in Kazakhstan – Syrdarya Uranium Ore Province*". The Syrdarya and Chu-Sarysu provinces comprise the East-Turan mega province.

Uranium is extracted from all of Mining Company's deposits by the ISL method using acidic ion-exchange resin and, with respect to the Kanzhugan deposit, sorbing agents. See " *– Production and Processing of Uranium – Production – Uranium Mining (In Situ Leaching)*". For the year ended 31 December 2009, the aggregate production at Mining Company's sites was 3,361.8 tonnes.

See Appendix I for a description of the geology, location and certain other information regarding Mining Company's deposits.

The activities performed by Mining Company, its subsidiaries and managed entities include:

- mining and processing uranium and other mineral resources;
- transporting nuclear materials;
- conducting geological exploration;
- providing engineering services; and

- developing cooperation agreements between its nuclear fuel companies and various foreign nuclear power companies.

In order to maintain steady uranium production, Mining Company intends to implement the following measures:

- increase exploration and drilling to confirm new reserves;
- construct new mines with various investors;
- expand mining activity at the Kanzhugan deposit to achieve production levels of 700 tonnes per year by 2011; and
- commence production at site 3 (central) of the Moinkum deposit, which the Company is in the process of transferring to Mining Company.

The following table presents certain information with respect to the deposits exploited by Mining Company:

Deposit(s)	Production for the year ended 31 December 2009	A+B+C1+C2 As at 31 December 2008	Year Discovered/ Operational	Subsoil Use Agreement Expiry[1]	Operator
	(tonnes)				
Kanzhugan		20,434	1972/1982	2022	Taukent Mining and Chemical Enterprise LLC
Mynkuduk (eastern site)		18,269	1973/1983	2022	Stepnoye-Ru LLP
South Karamurun and North Karamurun		28,413	1979/1999 (South) 1972/1983 (North)	2022	RU-6 LLP
Moinkum (site 1)(south)		5,686	1974/2005	2019	Taukent Mining and Chemical Enterprise LLC
Uvanas................................		6,017	1963/1977	2022	Stepnoye-Ru LLP
Total....................................	3,361.8	78,819			

(1) The subsoil use agreement gives Mining Company the exclusive right to carry on exploration, extraction, mining and sales of uranium from the deposit until the agreement's expiration or earlier termination.

Production by Joint Ventures

The Company's jointly controlled entities and associates, which the Company accounts for using the equity method, produce significant amounts of uranium. See " – *Joint Venture Projects*".

Uranium Mining (In Situ Leaching)

Uranium ore is removed from the ground using one of three extraction methods: open pit mining, underground mining or the ISL method. The geology of the deposit and safety and economic considerations determine the extraction method utilised at a particular mine. Both open pit and underground mining require the ore to be removed from the ground in order to extract the uranium. Open pit mining is generally used for deposits which are close to the surface. Open pit mines require an excavation area larger than the size of the deposit in order to slope the walls of the mining pit to prevent collapse. As a result, it is necessary to remove a large amount of material in order to access the ore body. Underground mines are used for deep deposits, often greater than 120 m deep. Underground mines have relatively small surface disturbance and the quantity of the material removed is considerably less than in open pit mining.

Global use of ISL uranium extraction has grown recently. According to the WNA, as at the first quarter of 2010, 36% of uranium is produced using the ISL method and substantially all production in Kazakhstan occurs using the ISL method. The ISL method can be used at deposits that consist of uranium oxides and are permeable. All of the deposits operated by the Company and its jointly controlled entities and associates are exploited using the ISL method. The ISL method is a method of ore deposit extraction that does not bring the ore itself to the surface but dissolves the uranium in a groundwater sulphuric acid solution. The groundwater located in the ore body is mixed with a low-sulphuric acid solution pumped through the injection well into the ore body. As a result of acidification, the uranium is dissolved into the solution ("**pregnant solution**"). The pregnant solution is then pumped out of the well and into intermediate sand ponds where it is later transferred for processing. See " – *Processing of Uranium Products*". Once the uranium is recovered, the remaining solution is re-fortified and injected back into the ground. Any solid drilling waste with low radioactivity is collected in sludge reservoirs, and liquid waste is included in the production cycle as a base for the acidic pumping solution.

There are several advantages to using the ISL method over conventional mining methods: open pit and underground mining. ISL production requires considerably lower capital costs to construct the mines, lower annual operating expenses, fewer staffing requirements and lower personnel costs. Environmental consequences of ISL extraction are mitigated primarily because ISL does not create waste by-products by lifting the ore to the surface. This virtually eliminates dust from grinding and mitigates hazardous substance emissions into the atmosphere. The ISL process mobilises less than 5% of the radioactive elements, the balance of which remains in the ground, as compared to 100% mobilisation when conventional mining ore methods are used. This significantly reduces the need for the construction of re-cultivation ponds which are necessary to store radioactive waste from conventional mining methods. The primary negative impact of the ISL method is acidification of groundwater and mobilisation of potentially hazardous heavy metals within groundwater. However, because of the unique natural hydrogeochemical environment found in Southern Kazakhstan, where virtually all of Kazakhstan's uranium production occurs, groundwater is gradually restored to pre-production conditions in approximately two to ten years depending on the density of the pollution and the rate of ground water movement.

The Company believes it was the first company in the world to develop and put into commercial operation an ISL mine with a 1,000 tonne annual production capacity and is currently constructing an ISL mine with a 3,000 tonne annual production capacity. Technical innovation also has allowed the Company to achieve commercial production st ISL mines within 18 months of start up, whereas the average start up period for an ISL mine is approximately three years. All of the processes for uranium mining are automated and continuously monitored by the Company, and technical equipment at the Company's mines meets all Kazakhstan safety and quality standards. On average, the Company recovers its capital expenditures on its mines within three to six years, which, based on publicly available information, is less than the term for entities in Kazakhstan engaged in conventional mining methods.

The Company's ISL mining projects require large quantities of sulphuric acid. The availability of sulphuric acid required for ISL mining was restricted due to a fire at one sulphuric acid plant in Kazakhstan in the third quarter of 2007 and delays in the start-up of a new plant. As a result, several of the Company's ISL mining projects were subject to reduced acid allotments. This shortage continued throughout 2008. In response to this shortage, the Company increased the number of supply sources from two to four. Additionally, a number of sulphuric acid plants are currently being constructed or updated and several more are planned. See " – *Infrastructure*".

Infrastructure

In order to maintain the fast pace of constructing mines and making them operational, the Company has created or repaired a number of infrastructure facilities since 2002, including the following:

- 783 km of electric power transmission lines;

- 13 electric power transmission substations;
- highways with an overall length of 557 km;
- bridges across the Syrdarya and Arys rivers;
- terminal bases located in the towns of Taukent and Kokshoky and at the Zhanakorgan and Timur stations; and
- a railway station with access railway lines totalling 2.5 km.

Transfer and distribution of electric power to the mining operators of Southern Kazakhstan is performed by Uranenergo LLP ("**Uranenergo**"), which was established by Mining Company (36.55% interest), Ken Dala.KZ JSC, Kyzylkum, Karatau LLP, Betpak Dala, Inkai LLP, Appak LLP, Baiken-U LLP and Akbastau. The main functions of Uranenergo are the construction and operation of transformer substations and electric power distribution systems; open wire and cable lines; transfer and distribution of electric power; and assembly and repair of power-generating equipment. Uranenergo became operational in 2008 and is currently implementing a project to provide private power supply to uranium production sites that currently exist or are being constructed in the western and northern parts of the Southern Kazakhstan oblast. The reserve 110 kW power supply line is expected to become operational in the second quarter of 2010. Uranenergo's electric supply grid is connected to the state electric grids of JSC Kazakhstan Electricity Grid Operating Company and JSC Zheskazgan Regional Electric Grid Company through two intermediate transmission stations owned by Uranenergo.

As at the date of this Prospectus, the Company is in the process of constructing a sulphuric acid plant in Zanakorgan (Kyzylorda oblast) for the purpose of supplying the acid to several of its mines, including Irkol, Zarechnoye, Northern Kharassan (site 1), Northern Kharassan (site 2), and Southern Karamurun. JV SKZ-U LLP was established by Mining Company (49% interest), Corporation SAP-Japan (32% interest) and Uranium One Inc. (19% interest) in order to implement this project. The design capacity of the plant is estimated at 500,000 tonnes of sulphuric acid per year, or approximately 1,370 tonnes per day. Construction began in March 2009 and the plant is expected to be operational in late 2011. It is expected that 24% of the project cost will be financed by the venture partners directly and 76% will be financed with borrowed funds. This project is expected to cost approximately U.S.$216.7 million.

The Company, through Mining Company, is also participating in the renovation of the sulphuric acid factory in Stepnogorsk. In order to implement this project, JV Sulphuric Acid Plant-Kazatomprom was formed by Samruk-Kazyna (51% interest), Mining Company (29% interest) and Stepnogorsk Mining-Chemical Complex LLP. The design capacity of the plant is estimated at 180,000 tonnes of sulphuric acid per year, or approximately 493 tonnes per day. The renovated plant is also expected to become operational in late 2011. The project is expected to be financed approximately 29.3% with funds of the joint venture participants directly and approximately 70.8% with borrowed funds. This project is expected to cost approximately U.S.$65 million. Although completion of these two projects will greatly improve the Company's access to sulphuric acid, the Company will still be required to purchase sulphuric acid from other sources. Upon completion of these projects, the Company's production of sulphuric acid will satisfy approximately 30% of its demand.

Processing of Uranium Products

The pregnant solution, mined by the ISL method, undergoes further sorption processing once it reaches the surface through contact with an ion-exchanging resin, whereby the concentration of uranium in the pregnant solution becomes thousands of times higher. Solutions from the well field are pumped through trunklines to sorption processing facilities for selective sorption of uranium. Sorption of uranium is performed in columns where uranium is placed on ion-exchange resin. When a solution penetrates through the sorbent layer, sorbent uranium saturation occurs.

After sorbent is saturated with uranium and cleaned from sulphate ions and pore moisture, it begins the uranium desorption phase. Desorption, the processing of uranium from resin into rich eluate solution, is performed in columns where uranium is removed from ion-exchange resin. Sorbent remaining from the desorption phase first passes through a regeneration process and then returns to the sorption column. Rich eluate solution is removed from desorption columns and is forwarded to a sedimentation cascade for the production of the powder commonly known as "yellow cake" because of its yellow colouring or converted directly into U_3O_8 if the mine has a processing facility on site. Sedimentation of uranium from rich eluate solution is done by carbon ammonium salt or caustic soda. The yellow cake is repeatedly filtered and dried in order to remove excess water and increase the uranium concentration up to 40 or 45%. The yellow cake is subsequently loaded in containers and sent to processing facilities for the production of U_3O_8.

There are three dedicated processing facilities in Kazakhstan as well as on site processing facilities at some of the mines. The dedicated processing facilities are the Ulba Facility and a facility owned by Stepnogorsk Mining-Chemical Complex LLP and a facility owned by Taukent Mining and Chemical Enterprise LLP, an indirect subsidiary of the Company. Due to insufficient processing capabilities, some of the Company's jointly controlled entities and associates send a portion of their yellow cake for processing to the Kara-Balta Mining Complex in the Kyrgyz Republic.

Mining Company produces approximately 30% of its U_3O_8 at the Taukent Mining and Chemical Enterprise facility, and the remaining 70% at the Ulba Facility.

U_3O_8 is produced from rich eluate solution if the processing facility is located at the mining site or near the mining site, or alternatively from yellow cake if the processing facility is located at a remote distance from the mining site. Yellow cake is transported to the processing facilities by railway. Taukent Mining and Chemical Enterprise LLP accepts only rich eluate solution for its U_3O_8 production and the Stepnogorsk Mining-Chemical Complex LLP accepts both rich eluate solution and yellow cake for its U_3O_8 production. The Ulba Facility and the Kara-Balta Mining Complex accept only yellow cake for their U_3O_8 production.

Although each facility applies its own technological processes for production of U_3O_8 using different technological parameters and chemical agents, the common principles of the technological processes are (i) extraction and re-extraction of uranium from uranium solutions, (ii) sedimentation, (iii) filtration and (iv) heat drying. These technologies are sufficient to ensure consistent product quality. Due to its specialised technological methods, the Company believes that Ulba Facility is capable of producing a higher quality product as compared to world standards. If required by the client, the Ulba Facility is capable of producing both standard commercial uranium oxide (which requires additional preparation for further fluoridation during processing at conversion facilities) as well as U_3O_8 that is suitable for fluoridation at converters. This is the primary difference between the technologies used by the Company and the technology used by Western uranium producers.

In 2009 and 2010, some of the mining companies, including Appak LLP, KATCO, Inkai LLP, Karatau LLP and Betpak Dala commenced processing of their uranium at their own facilities. These companies are implementing a simplified technology for production of U_3O_8 which will no longer require the stages of extraction and re-extraction of uranium from uranium solutions. With this new technology, the mining companies will be able to produce high-quality U_3O_8 in accordance with international standards. In addition, these facilities will help to ensure that there is no shortage of processing facilities in Kazakhstan.

For the year ended 31 December 2009, the Company's production of U_3O_8 was distributed among the facilities of the following processing enterprises, all of which are located in Kazakhstan unless otherwise indicated:

Enterprise	**% of Company's Production**
Processing Enterprises:	
Ulba JSC(1)	16.5
Taukent Mining and Chemical Enterprise LLP(1)	8.2
Stepnogorsk Mining-Chemical Complex LLP	20.1
Kara-Balta Mining Complex OSJC (Kyrgyz Republic)	16.9
Total Processing Enterprises	61.8
Operators with Onsite Processing Capabilities:	
Appak LLP(1)	1.4
Betpak Dala(2)	3.3
Inkai LLP(2)	8.2
Karatau LLP(2)	11.4
KATCO(2)	13.9
Total Operators with Onsite Processing Capabilities	38.2
Total	100.0

(1) Direct or indirect subsidiary of the Company.

(2) Jointly controlled entity or associate of the Company.

Conversion Services

U_3O_8 cannot be used as fuel for nuclear reactors without undergoing further processing. U_3O_8 must first be converted into a gaseous form, UF_6, before uranium enrichment can take place. Following enrichment, UF_6 is solidified to UO_2 in the form of a powder that is then pressed, shaped as pellets, sintered and ultimately used as fuel for nuclear reactors.

In order to increase added value per one kilogram of uranium produced and to offer a full range of nuclear fuel cycle services to the end user, the Company has focused on entering the conversion market. As at the date of this Prospectus, the Company does not provide conversion services. The Company expects that the demand for conversion services will grow. Many experts note the lack of geographical balance in the market for conversion services (with conversion capacities in North America exceeding those in Europe and Asia), which imbalance is expected to increase by 2015 given the large-scale development of the nuclear energy industry in Asia. The Company believes the geographic position of its operations enables it to take advantage of opportunities in Asian and European markets. The Company also believes it will be well positioned to compete in the provision of conversion services because Kazakhstan has its own unique fluorite deposit, the raw base for the anhydrous hydrogen fluoride that is used in the production of UF_6.

The Company's commitment to engaging in conversion services is demonstrated by the Ulba Conversion LLP joint venture with Cameco, which is currently studying the feasibility of constructing a conversion facility. See " – *Joint Venture Projects – Projects With Cameco – Ulba Conversion*".

Enrichment Services

Natural uranium primarily consists of a mixture of two isotopes. Only 0.7% of natural uranium isotopes are "fissile", or capable of undergoing fission, the process by which energy is produced in a nuclear reactor. Fission releases energy in the form of heat which is then used to produce electricity. The "fissile" isotope of uranium is uranium 235 ("**U-235**"). The remaining 99.3% of natural uranium isotopes are uranium 238 ("**U-238**"). In the most common types of nuclear reactors, a higher-than-natural concentration of U-235 is required. The enrichment process produces this higher concentration, typically between 3% and 5% U-235. There are only two enrichment processes available for large-scale commercial use, gaseous diffusion and gas centrifuge, and very few countries possess such technologies. Kazakhstan does not possess these technologies. Both gaseous diffusion and gas centrifuge technologies utilise the 1% mass difference between U-235 and U-238 to separate the isotopes. This produces enriched UF_6, which is reconverted to produce enriched UO_2 that can be made into nuclear fuel.

As at the date of this Prospectus, the Company does not provide enrichment services. However, the Company is exploring the feasibility of purchasing enrichment capacity from existing Russian enrichment facilities through a joint venture with OJSC Techsnabexport, a Russian company wholly owned by RosAtom ("**Techsnabexport**"). See " *– Joint Venture Projects – Projects With RosAtom – Uranium Enrichment Center*". In May 2007, the Company and Techsnabexport also established a joint venture, the main objective of which is to provide non-nuclear weapon states with enriched uranium so that such states do not need to construct their own enrichment facilities. See " *– Joint Venture Projects – Projects With RosAtom – ICUE*".

Fabrication of Final Products

Consistent with its strategic goal of becoming a vertically-integrated company, the Company has pursued the production and sale of higher value-added uranium products, such as fuel pellets, fuel rods and fuel assemblies.

The stage of the nuclear fuel cycle following enrichment is the production of fuel pellets from UO_2. Fuel pellets are one of the main compounds of nuclear fuel for nuclear power plants. Fuel pellets are made by pressing powdered UO_2 into small cylindrical pellets and baking them at high temperatures (over 1,400°C). Pellets are used in nuclear reactors to transfer heat (as a result of fission of U-235 isotopes) in large quantities to create steam. This steam turns turbines, which produces electricity. The operational capabilities and efficiencies of the nuclear power unit depend on the quality of the fuel pellets. Fuel pellet quality is determined not only by judging conformity with specifications, but also by their consistency. The more pellets are "similar" in their geometrical dimension, chemical and mechanical characteristics and ability to bear the high temperatures arising in the course of the reactor's operational process, the more cost-effective and safe the work of the nuclear reactor.

Fuel assembly manufacturing is the final stage in nuclear fuel production. Fuel pellets are inserted into zirconium alloy pipes to produce fuel rods. Approximately 200 fuel rods are then grouped together to create completed fuel assemblies for use in the core of a nuclear reactor.

The production of fuel pellets is difficult and requires a technologically advanced process. Fuel pellets for Russian-designed nuclear reactors differ from fuel pellets for Western-designed nuclear reactors with respect to the pellet's parameters, required production technology, production costs and efficiency. Fuel pellets for Russian nuclear reactors and fuel pellets for Western nuclear reactors are not interchangeable and are suitable only for use in matching reactors. The Ulba Facility, one of the world's largest facilities for fuel pellet production, previously produced fuel pellets for Russian-designed nuclear reactors for almost 40 years. However, in 2008 Russia discontinued purchasing fuel pellets from the Ulba Facility in favour of fuel pellets produced at Russian facilities.

The Ulba Facility is capable of producing fuel pellets for reactors and nuclear power plants not only from enriched UF_6, but also from uranium oxides, urinates, uranium fluoride, uranium ore concentrates, metallic uranium, uranium-containing scraps, ashes and insoluble residues, including those which contain burnable absorbers (*e.g.* gadolinium and erbium) that are difficult to process by conventional methods. Since 2000, there has been a scrap processing workshop operating at the Ulba Facility with a current capacity of 110 tonnes of uranium per year, which the Company believes can be increased if necessary. Due to a tributyl phosphate extraction line at the Ulba Facility, high uranium purification and high UO_2 purification can also be achieved. The main reagents for production of uranium products, including fuel pellets, at the Ulba Facility include caustic ammonia and nitric acid, which are supplied from Uzbekistan, and tributyl phosphate, which is supplied by a Kazakhstan trading company. These reagents account for more than 90% of all reagents used in fuel pellet production. The Company also maintains alternative suppliers of these reagents in order to minimise risks.

In addition to continuing technological advancement at the Ulba Facility, the Company has made it a priority to access the world market with its UO_2 powder (natural and low enriched) and fuel pellets for several types of nuclear reactors, including Russian-designed reactors located outside of the Russian Federation. The Company is already a certified supplier of UO_2 powder to General Electric (United States) and is actively seeking certification of its products in Japan, South Korea, China, the United States, France and Canada. In 2007, the Company and CGNPC agreed to cooperate on nuclear fuel production for Chinese nuclear power plants. See " – *Cooperation Agreements – China*". The Company also works to develop and obtain licences for new fuel types, such as modified uranium-gadolinium fuel, uranium-nitride and uranium-beryllium fuel, to meet constantly increasing customer demand for optimisation of the nuclear fuel cycle.

In order to develop its fuel assembly capabilities, in June 2008, the Company and AREVA signed an agreement to jointly develop nuclear fuel assemblies in Kazakhstan. See " – *Joint Venture Projects – Projects With AREVA – IFASTAR*".

Additionally, in 2007, the Company acquired a 10% interest in Westinghouse. Westinghouse is a U.S.-based leading provider of fuel, services, technology, plant design and equipment to utility and industrial customers in the world nuclear power industry. This investment strengthens the Company's upstream links for fuel supplies in respect of nuclear reactors built using Westinghouse technology. As at March 2010, the Company believes that approximately 21% of the world's currently operating nuclear reactors were Westinghouse-designed reactors. The Company has requested certification of the Ulba Facility's fuel pellets for use in Westinghouse-designed reactors, which is pending. If the Company's fuel pellets are certified, the Company could compete with other suppliers to provide fuel pellets. Certification does not guarantee sales for the Company.

The agreement whereby the Company acquired the indirect interest in Westinghouse provides the Company with a put option if fuel assembly production at the Ulba Facility is not certified by Westinghouse. Under the put option, the Company could compel the repurchase of 67% of the interest at 100% of the purchase price and the remaining 37% of the interest at 90% of the purchase price. The Company can exercise the put option at any time until 20 February 2013. The agreement also provides the seller with a call option that compels the Company to sell its interest in Westinghouse if the Committee on Foreign Investment in the United States recommends that the President of the United States order the divestment of ownership over Westlinghouse from the Company. If the call option is exercised, the Company would be required to sell the shares at a value determined by an independent international appraiser.

Exploration and Drilling

In addition to the exploration activities conducted by the Company's joint ventures, the Company conducts its own exploration and drilling activities through its subsidiary, Volkovgeology. As at the date of this Prospectus, Volkovgeology performs the following activities:

- prospecting, exploring and analysing uranium deposits;
- drilling and constructing exploratory and production wells;
- maintaining drilling works for environmental protection purposes, including analysis of radioactive elements in rocks and ground waters;
- preparing projects for exploration, feasibility studies and exploration reports;
- conducting radioecological surveys and environmental impact assessments of the ISL method; and
- digitising and maintaining historical exploration data.

Volkovgeology is also a primary supervisor and assessor of radioecology analyses performed in Kazakhstan, providing services on behalf of the Ministry of Environmental Protection of Kazakhstan ("**MEP**"). Volkovgeology has a total of 13 licenses and two permits issued by various state authorities in connection with the activities it performs.

Volkovgeology explores for new deposits by detecting surface or subterranean mineral indicators using aerial or ground geophysics (*e.g.* gravimetry, electromagnetics and radiometry) as well as surface geological surveys. This is followed by test drilling to develop an initial estimate of the deposit's resources. Once the potential for commercial viability of the deposit has been confirmed, the drilling grid is defined to produce confirmation of the deposit's viability, both from technical and economic analyses. Location wells drilled as part of the exploration procedure are based on a linear placement methodology representing alternating rows of injection wells and extraction wells. The typical distance between the rows of wells is 25 m by 50 m. Volkovgeology has discovered more than 40 uranium deposits in various regions of Kazakhstan, of which 19 deposits are suitable for development using the ISL method. In 2006, the Company approved a programme for exploration of new deposits through the year 2030; however, drilling activities for the development of existing deposits far exceed exploration activities of Volkovgeology. The Company plans to increase its exploration activities when its uranium production reaches 25,000 to 30,000 tonnes per year.

Volkovgeology is currently engaged in a significant portion of the production activities of the Company and its jointly controlled entities and associates. As at 31 December 2009, income from performance of drilling services represented approximately 85% of the total income of Volkovgeology, with more than half of such services provided to Mining Company, KATCO and Baiken-U LLP. Over the last three years, the volume of drilling by the Company has increased threefold. The Company believes that Volkovgeology drilled a total of 1.9 million metres in 2009 as compared to 1.7 million metres in 2008.

In an effort to achieve greater efficiency in the drilling process, Volkovgeology and Japanese companies Marubeni and Koken have recently developed the first integrated drilling unit capable of constructing an entire well in four days. Heavy drilling unit KZ800 was purchased by Baiken-U LLP and tested by Volkovgeology in 2009. Volkovgeology is currently negotiating with Baiken-U LLP to purchase the drilling unit, and plans to purchase two additional drilling units by August 2010 for approximately U.S.$3 million. The Company expects that this new drilling process will allow the Company to increase the exploration of new deposits and ensure a continuous supply of uranium production.

Transportation and Sales of Raw Uranium and Refined Uranium Products

Transportation

The transportation of radioactive materials, whether exported from or imported into Kazakhstan, is subject to various agreements between the Russian Federation and the Government concerning the safety of such materials while in transport.

U_3O_8 is transported in special 20 foot leak-proof containers and escorted until the containers reach their destination. The Company also maintains insurance for risks associated with the transportation of uranium.

The Company delivers U_3O_8 to the following destinations for conversion:

- **Western destinations**. The Company transports U_3O_8 to western destinations such as ConverDyn (United States), Cameco (Canada) and Comurhex (France) through the use of swap (exchange) agreements, which involve the exchange of U_3O_8 with the Company's partners at a conversion facility. See " – *Sales – Delivery Process and Transfer of Title*". However, if the Company were to make a physical delivery to the western destination by itself, without an exchange at a conversion facility, then the transportation to the western destination would be carried out, first, by rail to the port of St. Petersburg in Russia, second, by marine transport to various ports within the United States, Canada or France, and finally by rail or vehicle to the western conversion facilities.

- **Chinese destinations**. For deliveries to China, delivery is made by the Company to the Alashankou railway station near the Kazakhstan-China border.

- **Russian destinations**. For deliveries to Russia, such as to the Federal State Unitary Enterprise Angarsk Electrolysis Chemical Complex ("**AECC**"), JSC Siberian Group of Chemical Enterprises ("**SGChE**") and JSC Chepetsk Mechanical Plant (RosAtom), the Company makes deliveries to the Sukhovskaya railway station for delivery to AECC in Angarsk, to the Tomsk-2 railway station for delivery to the SGChE in Seversk, and to the Glazov railway station for delivery to JSC Chepetsk Mechanical Plant (RosAtom) in Glazov.

- **Argentine destinations**. The Company ships U_3O_8 to Argentina by making deliveries to the Izotope base at St. Petersburg, Russia. Following this, the Company's buyer transports the product to Argentina by itself.

- **Indian destinations**. Beginning in 2010, the Company will transport U_3O_8 to Indian destinations by rail to the port of St. Petersburg, Russia and then by marine transport to the port of Mumbai, India. From the port of Mumbai, the Company's buyer will transport the product to its destination by itself.

Average transportation costs to these destinations range from U.S.$0.5 to U.S.$2.0 per kilogram of uranium.

The Company uses swap (exchange) agreements where possible to minimise delivery times (physical deliveries take an average of 100 days whereas swap (exchange) deliveries take an average of 25 days), transportation costs and the risks associated with transportation of uranium products. See " – *Sales – Delivery Process and Transfer of Title*".

Sales

Sales and Customers

All of the Company's customers are public companies or subsidiaries of prominent participants in the nuclear power industry. For the year ended 31 December 2009, the Company's five largest customers were China Nuclear Energy Industry Corporation (China), Nukem Inc. (United States), Korea Hydro & Nuclear Power Company (South Korea), CGNPC (China) and Itochu Corporation (Japan), each of which accounted for at least 10% of the Company's sales by volume and collectively accounted for 86% of the Company's sales by volume. See "*Risk Factors – Risk Factors Relating to the Company's Business – The Company is dependent on a small number of customers that purchase a significant portion of the Company's U_3O_8*". The Company believes that there are approximately 80 end-users of uranium in the world. Although no assurance can be given that the Company will be successful, the Company endeavors to expand its customer base in the future and is in negotiations with potential customers in the United States, Japan and Europe.

As of the date of this Prospectus, the Company is negotiating new agreements with its Chinese customers to extend the duration of the agreements and increase the purchase volumes. If one or both of these agreements are signed, the Company expects to sell significant volumes of U_3O_8 to these customers for the near term.

The following tables set forth the amount of and the revenue from sales of uranium products of the Company for the periods indicated:

	For the year ended 31 December		
Products	**2009**	**2008**	**2007**
		(tonnes)	
Total U_3O_8 Sold	6,536.6	4,311.2	3,583.9
Total Uranium Products Sold (including U_3O_8)	6,609.3	4,566.5	4,076.7

	For the year ended 31 December		
Products	**2009**	**2008**	**2007**
		(KZT in thousands)	
Total U_3O_8 Sold	113,305,789	70,688,423	69,987,323
Total Uranium Products Sold (including U_3O_8)	116,643,356	73,785,150	78,666,700

Sales Arrangements with Subsidiaries and Joint Ventures

Uranium produced by Mining Company is sold through contracts between the Company and the Company's customers. The following chart sets forth the arrangements between the Company and its joint ventures regarding allocation of uranium produced by the joint venture:

Venture Partner[(1)], Name and Company's % Interest of Voting Shares or Participations	Allocation of Uranium Produced
AREVA	
KATCO (49%)	All production is purchased by AREVA.
Cameco	
Inkai LLP (40%)...................	Production is sold to the participants proportionately to their interest in the joint venture for production up to 2,000 tonnes. Production above 2,000 tonnes is divided equally between the Company and Cameco.
RosAtom	
Akbastau JSC (50%)	Sales are performed by the Company. The partner's share in the production is determined by the Company in its sole discretion.
JV ZARECHNOYE JSC (49.67%)[(2)]	Sales are performed by the Company. The other partners' share in production is determined by the Company in its sole discretion.
Uranium One	
Betpak Dala (30%)	Production is sold to the partners in proportion to their interest in the joint venture.
Karatau LLP (50%)	Sales are performed by the Company. Uranium One's share in the production is determined by the Company in its sole discretion.
Kyzylkum[(3)] (30%)	Production is sold to the partners in proportion to their interest in the joint venture.
Japanese utilities	
Baiken-U LLP[(2)] (5%)	Production is sold to the partners in proportion to their interest in the joint venture.
Appak LLP (65%)	All production is purchased by Japanese energy companies directly from Appak LLP with the Company acting as an agent.
CGNPC (China)	
Semizbay-U LLP (51%)........	All production is purchased by Beijing Sino-Kaz Uranium Resources Investment Company solely for use in CGNPC reactors.

(1) In some cases the venture partner's interest is owned through an affiliate of such venture partner.

(2) The joint venture is also owned by the Kyrgyz Republic (0.7%).

(3) The joint venture is also owned indirectly by Marubeni Corporation, The Tokyo Electric Power Company, Inc., Toshiba Corp., Chubu Electric Power Co., Inc., Tohoku Electric Power Co., Inc. and Kyushu Electric Power Co., Inc. through Energy Asia Limited (B.V.I.) ("**Energy Asia Limited**").

Key Features of U_3O_8 Export Contracts

All of the Company's uranium production is exported, with the majority of such exports being U_3O_8. The Company uses export contract terms and conditions that are standard for the industry. Standard terms and conditions include the following:

- **Representations and Warranties**. Each contract has representations and warranties of the purchaser regarding the peaceful use of uranium. If uranium is sold to nuclear-free states or companies operating in such states, the Atomic Energy Committee of Kazakhstan ("**AEC**") also requires representations and warranties from the government of the purchasing state regarding the peaceful use of uranium.

- **Quantity**. Scope of obligations under the contract is generally stipulated as a basic quantity of uranium per year, plus or minus an assumption (deviation).

- **Delivery**. Uranium is delivered to a conversion facility with delivery duty unpaid, Incoterms 2000, with such transfer recorded as a book transfer in the records of the conversion facility from the Company's account to the purchaser's account. See " *– Delivery Process and Transfer of Title*". Designation of the conversion facility (destination point) and volume of uranium to be delivered is determined at least one year prior to delivery.

- **Payment**. Payment is usually made within 30 calendar days following the book transfer date, in U.S. Dollars or, in one case, in Euro linked to U.S. Dollars.

- **Termination**. Termination occurs upon failure of the parties to meet their contractual obligations, other than in circumstances of *force majeure*.

Each contract undergoes a screening process prior to execution. The Company conducts a review of the potential purchaser, requiring information regarding the purchaser's business and proposed use of the uranium products. The Company provides information on purchasers and regular delivery reports to the AEC in accordance with the requirements of Kazakhstan law. The AEC conducts additional screening and checks the purchaser against the Black List and the List of Forbidden Countries as adopted by the United Nations to confirm that the purchaser is not suspected in the development or proliferation of weapons of mass destruction. The AEC then reports information obtained on the contracted purchase of uranium to the IAEA.

Export of uranium products under each contract can only be performed after issuance of an export license by the Committee of Industry of the Ministry of Industry and New Technologies following the approval of the Committee of Atomic Energy of the Ministry of Industry and New Technologies.

Pricing Mechanism

There is no uranium commodity exchange or common trading platform where international market prices for uranium can be determined. Monthly and weekly price indicators for uranium products are generally used in spot transaction pricing. Published prices are reported by TradeTech (Denver, Colorado, U.S.), Ux Consulting (Roswell, GA, U.S.) and Energy Intelligence (Danbury, Connecticut, U.S.), who gather market information from current transactions. Published prices exclude expenses relating to transportation, acceptance or weighing at the converter. According to Ux Consulting, for the year ended 31 December 2009, approximately 53.8 million pounds (approximately 24,400 tonnes) of U_3O_8 were purchased through the spot market. There are no such market price indicators for UO_2, fuel pellets and fuel assemblies.

Most natural uranium is sold through long-term contracts. Pricing mechanisms are used in order to allow the contracting parties to have stable deliveries and predictable pricing. Generally, long-term contract prices are higher than spot prices. This is mainly because the base price used is often greater than or equal to spot price indicators at the time the contract is executed. However, because of the volatile nature of spot prices, spot prices may exceed long-term prices at any given time, as occurred with uranium spot prices during 2007. The predominant pricing mechanism is through a base-escalation method, according to which the contract price is equal to the sum of (i) a percentage of the base price (determined at the time of contracting, as adjusted for an escalation) and (ii) a percentage of the spot price published the month preceding the month of delivery. An alternative to the base-escalation method is to determine the contract price using a market mechanism, namely, the spot price for uranium at the end of the month prior to the delivery month. In the cases where the market mechanism is applied, minimum and maximum price limits are set.

Under its existing contracts for the periods 2010 through 2015, the Company sells 60% of its uranium output through market method (spot) pricing and 40% of its uranium quantity through the base-escalation method pricing. The Company's predominant use of the market method is mainly due to the application of the Law on Transfer Pricing. See "*Regulation in Kazakhstan – Price Regulation*". The Company's strategy is currently to minimise fixed pricing, when possible, over the long term and to focus on medium-term contracts with terms of three to five years.

Between 2005 and 2009, the Company had 13 long-term contracts for export of U_3O_8 to nine customers. The average tenor of the Company's long-term contracts is 5 to 7 years. As at 31 March 2010, the Company had 13 long-term contracts, five spot contracts and two swap (exchange) agreements for the export of U_3O_8.

Delivery Process and Transfer of Title

The Company has signed agreements for accepting, weighing, sampling, examining and storing its U_3O_8 with conversion facilities owned by each of AREVA, ConverDyn (United States) and Cameco. Each converter holds an account for the Company for the purposes of carrying out swap (exchange) transfers. Upon the arrival at a converter's premises, the converter samples, examines and weighs the uranium to determine its quantity in accordance with the weight measurements of the plant. The converter then sends to the Company a weighing certificate which indicates the final uranium quantity listed in the Company's account. After receiving instructions from the Company for the distribution of such uranium, the converter enters the amount of uranium into the account of the purchaser. The date of transfer of title from the Company to the purchaser is the same date that the swap (exchange) transfer is consummated. See " – *Transportation*".

Joint Venture Projects

The following table sets forth the Company's principal joint ventures, the Company's ownership interest therein and the venture's principal line of operations:

Venture Partner[(1)], Name and Company's % Interest of Voting Shares or Participations	**Description of Operations**
AREVA	
KATCO (49%)	KATCO produces uranium at the Tortkuduk site and site 1 (north) of the Moinkum deposit. As at 31 December 2008, the aggregate A+B+C1+C2 reserves at the Tortkuduk site and site 1 (north) of the Moinkum deposit were 52,352 tonnes, and for the year ended 31 December 2009, the aggregate amount of uranium produced at these sites was 3,145.0 tonnes.
Integrated Fuel Asia Star (49%)	Integrated Fuel Asia Star ("**IFASTAR**") is exploring the feasibility of constructing a dedicated fuel assembly and manufacturing line.
Cameco	
Inkai LLP (40%)...................	Inkai LLP produces uranium at site 1 of the Inkai deposit and conducts geological surveys of sites 2 and 3 of the Inkai deposit. As at 31 December 2008, the aggregate A+B+C1+C2 reserves at sites 1, 2 and 3 of the Inkai deposit were 159,600 tonnes, and for the year ended 31 December 2009, the aggregate amount of uranium produced at site 1 of the Inkai deposit was 916.0 tonnes. Sites 2 and 3 of the Inkai deposit are in the pre-production phase.
Ulba Conversion LLP (51%)	Ulba Conversion LLP ("**Ulba Conversion**") is expected to develop, construct and operate a conversion facility with a design capacity of 12,000 tonnes of UF_6 per year in Kazakhstan. If final agreement is reached and the facility is constructed, the Company expects conversion to commence at the facility in 2014 and full capacity operation to commence in 2018.
RosAtom	
Akbastau JSC (50%)	Akbastau JSC ("**Akbastau**") produces uranium from sites 1, 3 and 4 of the Budennovskoye deposit. As at 31 December 2008, the aggregate A+B+C1+C2 reserves at sites 1, 3 and 4 of the Budennovskoye deposit were 25,100 tonnes, and for the year ended 31 December 2009, the aggregate amount of uranium produced at sites 1, 3 and 4 of the Budennovskoye deposit was 390.4 tonnes.

Venture Partner[1], Name and Company's % Interest of Voting Shares or Participations	Description of Operations
V ZARECHNOYE JSC (49.67%)[2]	JV ZARECHNOYE JSC ("**JV ZARECHNOYE**") produces uranium from the Zarechnoye deposit and plans to commence production at the South Zarechnoye deposit by 2013. As at 31 December 2008, the aggregate A+B+C1+C2 reserves at the Zarechnoye and South Zarechnoye deposits were 18,694 tonnes, and for the year ended 31 December 2009, the aggregate amount of uranium produced at the Zarechnoye deposit was 494.0 tonnes.
International Centre for Uranium Enrichment (10%) ..	The International Centre for Uranium Enrichment ("**ICUE**") will provide non-nuclear weapon states with enriched uranium so that such states do not need to construct their own enrichment facilities.
CJSC Uranium Enrichment Center (50%)	CJSC Uranium Enrichment Center ("**Uranium Enrichment Center**") is exploring the feasibility of purchasing enrichment capacity from existing enrichment facilities in the Russian Federation and will be responsible for operating such enrichment processes.
Uranium One	
Betpak Dala (30%)	Betpak Dala is developing the Akdala deposit and site 4 of the Inkai deposit. As at 31 December 2008, the aggregate A+B+C1+C2 reserves at the Akdala deposit and site 4 of the Inkai deposit were 38,230 tonnes, and for the year ended 31 December 2009, the aggregate amount of uranium produced at these deposits was 1,855.1 tonnes.
Karatau LLP (50%)	Karatau LLP produces uranium at site 2 of the Budennovskoye deposit. As at 31 December 2008, the A+B+C1+C2 reserves at site 2 of the Budennovskoye deposit were 16,929 tonnes, and for the year ended 31 December 2009, the amount of uranium produced at site 2 of the Budennovskoye deposit was 1,415.0 tonnes.
Kyzylkum[3] (30%)	Kyzylkum produces uranium at site 1 of the Northern Kharassan deposit. As at 31 December 2008, the A+B+C1+C2 reserves at site 1 of the Northern Kharassan deposit were 34,340 tonnes, and for the year ended 31 December 2009, the amount of uranium produced at site 1 of the Northern Kharassan deposit was 102.9 tonnes.
Japanese utilities	
Baiken-U LLP[4] (5%)	Baiken-U LLP produces uranium at site 2 of the Northern Kharassan deposit. As at 31 December 2008, the A+B+C1+C2 reserves at site 2 of the Northern Kharassan deposit were 24,824 tonnes, and for the year ended 31 December 2009, the amount of uranium produced at site 2 of the Northern Kharassan deposit was 73.1 tonnes.
Appak LLP[5] (65%)	Appak LLP produces uranium at the western site of the Mynkuduk deposit. As at 31 December 2008, the A+B+C1+C2 reserves at the western site of the Mynkuduk deposit were 24,845 tonnes, and for the year ended 31 December 2009, the amount of uranium produced at the western site of the Mynkuduk deposit was 304.6 tonnes.
CGNPC (China)	
Semizbay-U LLP[6] (51%)......	Semizbay-U LLP produces uranium at the Irkol and Semizbay deposits. As at 31 December 2008, the aggregate A+B+C1+C2 reserves at the Irkol and Semizbay deposits were 46,251 tonnes, and for the year ended

31 December 2009, the aggregate amount of uranium produced at these deposits was 510.6 tonnes.

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(1) In some cases the venture partner's interest is owned through a subsidiary of the venture partner.

(2) The joint venture is also owned by the Kyrgyz Republic (0.7%).

(3) A wholly owned subsidiary of Uranium One owns 30% of the joint venture and the remaining 40% is owned by Energy Asia Limited.

(4) The remaining 95% is owned by Energy Asia Limited.

(5) The remaining 35% of the joint venture is owned Sumitomo Corporation and The Kansai Electric Power Co., Inc.

(6) The Company owns 11% directly and 40% through Mining Company.

Projects With AREVA

KATCO

The KATCO joint venture was established in 1996. KATCO is owned 49% by the Company and controlled 51% by AREVA and is accounted for by the Company using the equity method. KATCO is primarily engaged in geological exploration, mining and construction of processing capabilities at the Tortkuduk site and site 1 (north) of the Moinkum deposit.

The Moinkum deposit was discovered in 1974 and put into operation in 2005. See Appendix I for a description of the geology, location and certain other information regarding this deposit.

KATCO's subsoil use agreement with respect to the Tortkuduk site of the Moinkum deposit was entered into on 3 March 2000, as amended, and gives KATCO the exclusive right to carry on exploration, extraction, mining and sales of uranium from the Tortkuduk site of the Moinkum deposit until 4 March 2039 unless earlier terminated. KATCO's subsoil use agreement with respect to site 1 (north) of the Moinkum deposit was entered into on 3 March 2000, as amended, and gives KATCO the exclusive right to carry on exploration, extraction, mining and sales of uranium from site 1 (north) of the Moinkum deposit until 4 March 2039 unless earlier terminated. See " – *Transportation and Sales of Raw Uranium and Refined Uranium Products – Sales – Sales Arrangements with Subsidiaries and Joint Ventures*" for information regarding uranium production allocation between the joint venture participants.

As at 31 December 2008, the A+B+C1+C2 reserves at Tortkuduk site and site 1 (north) of the Moinkum deposit were 52,352 tonnes.

Uranium is extracted from the Tortkuduk site and site 1 (north) of the Moinkum deposit by the ISL method using acidic ion-exchange resin. See " – *Production and Processing of Uranium – Production – Uranium Mining (In Situ Leaching)*". For the year ended 31 December 2009, the aggregate amount of uranium produced at these sites was 3,145.0 tonnes. In 2008, the Company and AREVA agreed to increase the amount of uranium produced of KATCO up to a total of 4,000 tonnes per year through 2039.

IFASTAR

In 2008, the Company entered into a protocol agreement with AREVA for collaboration in uranium production and fuel manufacturing. Pursuant to this agreement, AREVA NP SAS, an affiliate of AREVA, provides technical support to the Company in the establishment of nuclear fuel assembly and manufacturing at the Ulba Facility.

In furtherance of their cooperative activities, in October 2009, the Company and AREVA NP SAS formed IFASTAR, which is owned 49% by the Company and 51% by AREVA NP SAS. IFASTAR was established to conduct a feasibility study on the creation of fuel assembly and manufacturing at the Ulba Facility with a design capacity of up to 400 tonnes per year. It is contemplated that all 400 tonnes will be dedicated to fuel assembly production for French-designed reactors, with fuel pellets for these assemblies supplied by the Company and fuel technology provided by AREVA.

The parties also expect that IFASTAR will sell the 400 tonnes per year fuel assembly capacity to electric utilities operating in Asia.

Projects With Cameco

Inkai LLP

The Company acquired its stake in Inkai LLP in 1997. Inkai LLP is owned 40% by the Company and 60% by Cameco and is accounted for by the Company using the equity method. Inkai LLP is engaged in uranium production at the Inkai deposit.

Inkai comprises three contiguous licence blocks: two production areas (sites 1 and 2) and one exploration area (site 3). Licence Series AY 1370D, dated 20 April 1999, is for extraction of uranium at site 1 (about 16.6 square km). Licence Series AY 1371D, dated 20 April 1999, is for exploration and further mining at sites 2 (about 230 square km) and 3 (about 240 square km). Inkai LLP's mineral reserves and resources are located at site 1 and 2. Site 3 is currently being drilled in order to estimate its mineral resources.

Site 1 of the Inkai deposit was discovered in 1976 and put into operation in 2006. See Appendix I for a description of the geology, location and certain other information regarding this deposit.

Inkai LLP's subsoil use agreement with respect to site 1 of the Inkai deposit was entered into on 13 July 2000, as amended, and gives Inkai LLP the exclusive right to carry on exploration, extraction, mining and sales of uranium from site 1 of the Inkai deposit until 20 April 2023 unless earlier terminated. Inkai LLP is conducting pre-production activities at site 2 of the Inkai deposit and exploratory activities at the site 3 of the Inkai deposit pursuant to a subsoil use agreement entered into on 13 July 2000, as amended, which gives Inkai LLP the exclusive right to carry on exploration, extraction, mining and sales of uranium from sites 2 and 3 of the Inkai deposit until 20 April 2029 unless earlier terminated. See " – *Transportation and Sales of Raw Uranium and Refined Uranium Products – Sales – Sales Arrangements with Subsidiaries and Joint Ventures*" for information regarding uranium production allocation between the joint venture participants.

In 2008, Cameco agreed to provide up to U.S.$370 million in financing to Inkai LLP for project development. U.S.$337 million was outstanding under the loan as at 31 December 2009. Inkai LLP pays 80% of the cash available for distribution each year to Cameco to repay the project development loan.

As at 31 December 2008, the A+B+C1+C2 reserves at sites 1, 2 and 3 of the Inkai deposit were 159,600 tonnes.

In 2009, Inkai LLP commissioned its main processing plant and started commissioning its first satellite plant. The main processing plant is located on site 1 and the first satellite plant is located on site 2. Additionally, at the site 1 mine there is an administrative office, shops, garage, laboratory, emergency response building, low-level radioactive waste and domestic landfills, engineering, and construction offices. Site 1 also has a camp for 400 employees with catering and leisure facilities. On site 2 there is an office, small shops and a food services facility.

Uranium is extracted from site 1 of the Inkai deposit by the ISL method using acidic ion-exchange resin, which is expected to be the same process for extraction from sites 2 and 3 of the Inkai deposit if production commences at those sites. See " – *Production and Processing of Uranium – Production – Uranium Mining (In Situ Leaching)*". For the year ended 31 December 2009, the aggregate amount of uranium produced at site 1 of the Inkai deposit was 916.0 tonnes.

Based upon the current mineral reserves, the Inkai mine is expected to produce approximately 48.9 million kg of U_3O_8 recovered by the mill. At the planned maximum annual production of 2.4 million kg of U_3O_8, the Company believes there are enough mineral reserves to produce this quantity of uranium through the current term of each of the subsoil use agreements for sites 1 and 2 of the Inkai deposit. The projected mine life is 21 years.

A non-binding memorandum of understanding signed between Cameco and the Company on 29 May 2007 (the "**Cameco MOU**") targets an increase in the total annual production capacity from the Inkai deposit to approximately 4,700 tonnes on a timeframe yet to be confirmed. While the existing ownership would not change, each company would receive 50% of the additional capacity. A binding agreement to finalise the terms of the Cameco MOU and various government approvals will be required to implement this production increase.

Ulba Conversion

The Cameco MOU also contemplates studying the feasibility of constructing a uranium conversion facility as well as considering other collaborations in uranium conversion. Cameco would provide the conversion technology for the project and would own 49% of the joint venture. Ulba Conversion, the joint venture responsible for conducting a feasibility study of the conversion facility and constructing the conversion facility, was established in 2008. Ulba Conversion is 51% owned by the Company and 49% owned by Cameco. Ulba Conversion is considering the Ulba Facility for the location of the conversion facility. The Company believes that the Ulba Facility is a logical choice for the conversion facility because it has large capacities for production of hydrofluoric acid, has staff experienced in production of uranium tetrafluoride, has its own qualified personnel and research institute with a license to design nuclear industry facilities, has high-quality operations management that has been certified in accordance with the ISO 9001-2000 quality management system standards and has vacant production spaces.

If final agreement is reached, the Company expects conversion to commence at the facility in 2014 and full capacity operation to commence in 2018. The Company expects the design capacity of the conversion facility to be 12,000 tonnes of UF_6 per year. See " – *Production and Processing of Uranium – Conversion Services*".

Projects With RosAtom

Akbastau

Akbastau was established in 2006. Akabstau is owned 50% by the Company and 50% by JSC Atomredmetzoloto, a subsidiary of RosAtom, and operates sites 1, 3 and 4 of the Budennovskoye deposit. Akbastau is accounted for by the Company using the equity method.

The Budennovskoye deposit was discovered in 1979 and put into operation in 2008. See Appendix I for a description of the geology, location and certain other information regarding this deposit.

As at 31 December 2008, the aggregate A+B+C1+C2 reserves at sites 1, 3 and 4 of the Budennovskoye deposit were 25,100 tonnes.

The subsoil use agreement with respect to sites 1, 3 and 4 of the Budennovskoye deposit were entered into on 20 November 2007, as amended, and give Akbastau the exclusive right to carry on exploration, extraction, mining and sales of uranium from sites 3 and 4 of the Budennovskoye deposit until 20 November 2037 and from site 1 of the Budennovskoye deposit until 20 November 2036, in each case unless earlier terminated.

Uranium is extracted from sites 1, 3 and 4 of the Budennovskoye deposit with the ISL method using acidic ion-exchange resin. See " – *Production and Processing of Uranium – Production – Uranium Mining (In Situ Leaching)*". For the year ended 31 December 2009, the aggregate amount of uranium produced at sites 1, 3 and 4 of the Budennovskoye deposit was 390.4 tonnes.

JV ZARECHNOYE

JV ZARECHNOYE was established by the Company (49.67%), affiliates of RosAtom (49.67%) and an affiliate of the Kyrgyz Republic (0.66%) in 2001 and operates the Zarechnoye and South Zarechnoye deposits. JV ZARECHNOYE is accounted for by the Company using the equity method.

The Zarechnoye deposit was discovered in 1977 and put into operation in 2007. The South Zarechnoye deposit was discovered in 1989 and is expected to become operational in 2013. See Appendix I for a description of the geology, location and certain other information regarding these deposits.

As at 31 December 2008, the aggregate A+B+C1+C2 reserves at the Zarechnoye and South Zarechnoye deposits were 18,694 tonnes.

The subsoil use agreement with respect to the Zarechnoye deposit was entered into on 23 September 2002, as amended, and gives JV ZARECHNOYE the exclusive right to carry on exploration, extraction, mining and sales of uranium from the Zarechnoye deposit until 23 September 2027 unless earlier terminated. The subsoil use agreement with respect to the South Zarechnoye deposit was entered into on 20 November 2007, as amended, and gives JV ZARECHNOYE the exclusive right to carry on exploration, extraction, mining and sales of uranium from the western site of the South Zarechnoye deposit until 20 November 2037, unless earlier terminated.

Uranium is extracted from the Zarechnoye deposit with the ISL method using acidic ion-exchange resin. See " *– Production and Processing of Uranium – Production – Uranium Mining (In Situ Leaching)*". Production has not commenced at the South Zarechnoye deposit. For the year ended 31 December 2009, the amount of uranium produced at the Zarechnoye deposit was 494.0 tonnes.

ICUE

In 2007, the Company and Techsnabexport established the ICUE, the main objective of which is to provide non-nuclear weapon states with enriched uranium so that such states do not need to construct their own enriching facilities thereby limiting the potential for production by such countries of enriched uranium for weapons purposes. The formation of the ICUE was approved by the IAEA. The ICUE will be located in Angarsk, Siberia at the Federal State Unitary Enterprise Angarsk Electrolysis Chemical Complex. As at the date of this Prospectus, a portion of the Techsnabexport share is being sold to other partners, with Techsnabexport to ultimately hold a 51% interest. Armenia, the Ukraine, Belgium, South Korea and Finland have expressed an interest in the ICUE project. As at the date of this Prospectus, the admission of Armenia and the Ukraine into the ICUE is expected to be completed in the near future.

Through the ICUE, the Company has obtained access to the most cost-effective Russian centrifuge technology for uranium isotope separation, which is expected to enhance the Company's enrichment capabilities.

Uranium Enrichment Center

The Company is also exploring the feasibility of acquiring access to excess enrichment production capabilities from existing enrichment facilities in the Russian Federation through Uranium Enrichment Center, a joint venture between the Company and Techsnabexport (each, a 50% shareholder). Uranium Enrichment Center was established in 2006 and is responsible for conducting a feasibility study for the acquisition of an aggregate enrichment production capacity of five million separative work units ("**SWU**") per year. This capacity would allow for enrichment of the entirety of uranium production from the Company's Russian mining joint ventures in Kazakhstan. However, the value of access to Russian enrichment facilities is difficult to assess because information regarding the enrichment process is considered a state secret in Russia. If an agreement is reached, the Company expects production of UF_6 to begin immediately thereafter. The enriched uranium will then be used for manufacturing nuclear fuel for nuclear power plants.

Projects With Uranium One

Betpak Dala

The Betpak Dala joint venture was established in 2004. Betpak Dala is owned 30% by the Company and 70% by Kazakhstan Investment Group Astana LLP, a wholly owned subsidiary of Uranium One. Betpak Dala is engaged in the development of the Akdala deposit and site 4 of the Inkai deposit. Betpak Dala is accounted for by the Company using the equity method.

The Akdala deposit was discovered in 1982 and put into operation in 2004. The Inkai deposit was discovered in 1976 and put into operation in 2006. See Appendix I for a description of the geology, location and certain other information regarding these deposits.

Betpak Dala's subsoil use agreement with respect to the Akdala deposit was entered into on 28 March 2001, as amended, and gives Betpak Dala the exclusive right to carry on exploration, extraction, mining and sales of uranium from the Akdala deposit until 28 March 2025, unless earlier terminated. Betpak Dala's subsoil use agreement with respect to site 4 of the Inkai deposit was entered into on 8 July 2005, as amended, and gives Betpak Dala the exclusive right to carry on exploration, extraction, mining and sales of uranium from site 4 of the Inkai deposit until 8 July 2028, unless earlier terminated. See " – *Transportation and Sales of Raw Uranium and Refined Uranium Products – Sales – Sales Arrangements with Subsidiaries and Joint Ventures*" for information regarding uranium production allocation between the joint venture participants.

As at 31 December 2008, the aggregate A+B+C1+C2 reserves at the Akdala deposit and site 4 of the Inkai deposit were 38,230 tonnes.

The design of a satellite plant to facilitate treatment of solutions from production blocks located approximately 11 km to the east of the current central processing facilities in an area known as Letniy has commenced. The engineering company preparing the design is expected to complete the detailed design of the satellite plant during the second quarter of 2010. Construction of the satellite plant is scheduled to commence in 2010 and is expected to cost approximately U.S.$19 million with completion of construction planned for 2011. Production from new well fields in the Letniy area is expected to commence in 2011.

Uranium is extracted from the Akdala deposit and site 4 of the Inkai deposit by the ISL method using acidic ion-exchange resin. See " – *Production and Processing of Uranium – Production – Uranium Mining (In Situ Leaching)*". For the year ended 31 December 2009, the aggregate amount of uranium produced at these deposits was 1,855.1 tonnes.

Karatau LLP

The Karatau LLP joint venture was established in 2005 in order to produce uranium at site 2 of the Budennovskoye deposit. In April 2007, Effective Energy N.V., owned by the Russian state-owned mining company Atomredmetzoloto, acquired a 50% interest in Karatau LLP from the Company. In July 2009, Uranium One Netherlands B.V., a wholly owned subsidiary of Uranium One, acquired the 50% interest in Karatau LLP from Effective Energy N.V. Currently, Karatau LLP is owned 50% by the Company and 50% by Uranium One Netherlands, B.V. and is accounted for by the Company using the equity method.

The Budennovskoye deposit was discovered in 1979 and put into operation in 2008. See Appendix I for a description of the geology, location and certain other information regarding this deposit.

As at 31 December 2008, the A+B+C1+C2 reserves at site 2 of the Budennovskoye deposit were 16,929 tonnes.

Karatau LLP's subsoil use agreement with respect to site 2 of the Budennovskoye deposit was entered into on 8 July 2005, as amended, and gives Karatau LLP the exclusive right to carry on exploration, extraction, mining and sales of uranium from site 2 of the Budennovskoye deposit until 8 July 2035, unless earlier terminated. See " – *Transportation and Sales of Raw Uranium and Refined Uranium Products – Sales – Sales Arrangements with Subsidiaries and Joint Ventures*" for information regarding uranium production allocation between the joint venture participants.

The original pilot plant commenced operation in December 2006 and commercial production commenced on 1 January 2008. Since that time, the plant has been systematically expanded to achieve the ultimate goal of producing a total of 3,000 tonnes of uranium per year. The Company contemplates 2,000 tonnes of uranium to be produced during 2010. The uranium recovery plant is fully contained in a single building and is serviced by separate personnel change buildings and workshops. Overall, the plant is highly instrumented, with both the well field and the plant being monitored and controlled using the most modern technology. The plant uses a uranium tube extraction design for the removal of the uranium from the eluate solution.

Uranium is extracted from site 2 of the Budennovskoye deposit by the ISL method using acidic ion-exchange resin. See " – *Production and Processing of Uranium – Production – Uranium Mining (In Situ Leaching)*". For the year ended 31 December 2009, the amount of uranium produced at site 2 of the Budennovskoye deposit was 1,415.0 tonnes.

Kyzylkum

Kyzylkum was formed in 2005 by Ulba JSC for the purpose of uranium production at site 1 of the Northern Kharassan deposit. In 2005, the Company acquired a 30% share of Kyzylkum from Ulba JSC and a subsidiary of Uranium One also acquired a 30% interest in Kyzylkum from JSC Atomredmetzoloto, a subsidiary of RosAtom. In 2006, Energy Asia Limited acquired a 40% interest in Kyzylkum from Ulba JSC. Currently, Kyzylkum is owned 30% by the Company, 30% by a wholly owned subsidiary of Uranium One, and 40% by Energy Asia Limited and is accounted for by the Company using the equity method.

The Northern Kharassan deposit was discovered in 1979 and began pilot production in 2008 with commercial production expected to begin in 2013. See Appendix I for a description of the geology, location and certain other information regarding this deposit.

As at 31 December 2008, the A+B+C1+C2 reserves at site 1 of the Northern Kharassan deposit were 34,340 tonnes.

Kyzylkum's subsoil use agreement with respect to site 1 of the Northern Kharassan deposit was entered into on 8 July 2005, as amended, and gives Kyzylkum the exclusive right to carry on exploration, extraction, mining and sales of uranium from site 1 of the Northern Kharassan deposit until 8 July 2053, unless earlier terminated. See " *– Transportation and Sales of Raw Uranium and Refined Uranium Products – Sales – Sales Arrangements with Subsidiaries and Joint Ventures*" for information regarding uranium production allocation between the joint venture participants.

Uranium is extracted from site 1 of the Northern Kharassan deposit by the ISL method using acidic ion-exchange resin. See " *– Production and Processing of Uranium – Production – Uranium Mining (In Situ Leaching)*". For the year ended 31 December 2009, the amount of uranium produced at site 1 of the Northern Kharassan deposit was 102.9 tonnes.

The performance of the well fields and uranium production at site 1 of the Northern Kharassan deposit did not meet expectations during 2009. Several causes for the underperformance of the well fields have been identified. Flow rate from the production wells has been lower than expected. Sanding out of the production wells caused by the fine grain size of the deposit and poor quality control over screen size utilised is creating a significant amount of well repair work, which is reducing the flow rate. Flow rate can also be reduced by chemically plugged screens caused by ineffective manual attempts to balance the well fields or erratic acidification. An automated well field control system is being considered to decrease chemical build-up problems.

Stainless steel screens with little deviation from specified screen slot size are now being used in the well fields and techniques are being evaluated to reduce the negative impact of the fine size of the particles characterising the Maastrich ore horizon, which is currently being mined. Site 1 of the Northern Kharassan deposit has also engaged various specialist well field consultants to improve the flow rates and general performance of current and future well fields.

Due to the underperformance of the current producing well field at site 1 of the Northern Kharassan deposit, new well fields in different geological horizons are being proposed. Pilot production from the new well fields is expected to commence in 2010. Based on expected improved performance from the new well fields, a feasibility study and application for industrial production are forecast to be prepared in 2011, with industrial production approvals to be granted in 2012.

Projects With Other Parties

Baiken-U LLP

Baiken-U LLP was established in 2006 by the Company and Energy Asia Limited Baiken-U LLP operates site 2 of the Northern Kharassan deposit. Baiken-U LLP is owned 5% by the Company and 95% by Energy Asia Limited and is accounted for by the Company using the equity method.

See " – *Projects With Uranium Ore – Kyzylkum*" for a discussion of the Northern Kharassan deposit and Appendix I for a description of the geology, location and certain other information regarding this deposit.

As at 31 December 2008, the A+B+C1+C2 reserves at site 2 of the Northern Kharassan deposit were 24,824 tonnes.

The subsoil use agreement with respect to site 2 of the Northern Kharassan deposit was entered into on 1 March 2006, as amended, and gives Baiken-U LLP the exclusive right to carry on exploration, extraction, mining and sales of uranium from site 2 of the Northern Kharassan deposit until 1 March 2054, unless earlier terminated.

Uranium is extracted from site 2 of the Northern Kharassan deposit with the ISL method using acidic ion-exchange resin. See " – *Production and Processing of Uranium – Production – Uranium Mining (In Situ Leaching)*". For the year ended 31 December 2009, the amount of uranium produced at site 2 of the Northern Kharassan deposit was 73.1 tonnes.

Appak LLP

Appak LLP was established by the Company (65%), Sumitomo Corporation (20%) and The Kansai Electric Power Co., Inc. (15%) in 2005 and operates the western site of the Mynkuduk deposit. Appak LLP is fully consolidated by the Company for accounting purposes.

The Mynkuduk deposit was discovered in 1973 and put into operation in 1983. See Appendix I for a description of the geology, location and certain other information regarding this deposit.

As at 31 December 2008, the A+B+C1+C2 reserves at the western site of the Mynkuduk deposit were 24,845 tonnes.

The subsoil use agreement with respect to the western site of the Mynkuduk deposit was entered into on 8 July 2005, as amended, and gives Appak LLP the exclusive right to carry on exploration, extraction, mining and sales of uranium from the western site of the Mynkuduk deposit until 8 July 2034, unless earlier terminated.

Uranium is extracted from the western site of the Mynkuduk deposit with the ISL method using acidic ion-exchange resin. See " – *Production and Processing of Uranium – Production – Uranium Mining (In Situ Leaching)*". For the year ended 31 December 2009, the amount of uranium produced at the western site of the Mynkuduk deposit was 304.6 tonnes.

Semizbay-U LLP

Semizbay-U LLP was established in December 2006 as a wholly owned subsidiary of the Company and operates the Irkol and Semizbay deposits. The Company disposed of a 49% interest in Semizbay-U LLP to CGNPC in October 2008. See " – *Cooperation Agreements – China*". Semizbay-U LLP is fully consolidated by the Company for accounting purposes.

The Irkol deposit was discovered in 1976 and put into operation in 2007. The Semizbay deposit was discovered in 1976 and put into operation in 2009. See Appendix I for a description of the geology, location and certain other information regarding these deposits.

As at 31 December 2008, the aggregate A+B+C1+C2 reserves at the Irkol deposit and Semizbay deposit were 46,251 tonnes.

The subsoil use agreement with respect to the Irkol deposit was entered into on 14 July 2005, as amended, and gives Semizbay-U LLP the exclusive right to carry on exploration, extraction, mining and sales of uranium from the Irkol deposit until 4 March 2023, unless earlier terminated. The subsoil use agreement with respect to the Semizbay deposit was entered into on 2 June 2006, as amended, and gives Semizbay-U LLP the exclusive right to carry on exploration, extraction, mining and sales of uranium from the Irkol deposit until 2 June 2030, unless earlier terminated.

Uranium is extracted from the Irkol and Semizbay deposits with the ISL method using acidic ion-exchange resin. See " – *Production and Processing of Uranium – Production – Uranium Mining (In Situ Leaching)*". For the year ended 31 December 2009, the aggregate amount of uranium produced at these deposits was 510.6 tonnes.

Mining Company provides production services to Semizbay-U LLP at the Irkol deposit pursuant to inter-company servicing agreements. A subsidiary of Mining Company is renting the Irkol deposit, and all related production facilities, from Semizbay-U LLP. The rental price comprises rent, amortisation expenses, property taxes and maintenance expenses. The rent is offset by payments made by Semizbay-U LLP to Mining Company in respect of Mining Company's provision of production services through its subsidiary.

Management Function of Mining Company

Mining Company provides management services for all of the Company's uranium producing joint ventures, which comprise KATCO, Inkai LLP, Akbastau, JV ZARECHNOYE, Betpak Dala, Karatau LLP, Kyzylkum, Baiken-U LLP, Appak LLP and Semizbay-U LLP. Under the management agreement dated 17 March 2008, Mining Company has the right on behalf of the Company to exercise its ownership and usage rights over the joint ventures, resolve any and all issues relating to the operations of the joint ventures and participate in the daily operations of the joint ventures through its representation on their management bodies. Mining Company does not have a right to dispose of or pledge the Company's shares in the joint ventures. In addition, for each site mined by Mining Company, between U.S.$200,000 and U.S.$300,000 must be allocated for social infrastructure projects and 1% of annual production expenses must be used to train domestic specialists. See " – *Other Operations – Social Services*".

Cooperation Agreements

In accordance with its nuclear fuel cycle strategy, the Company has entered into several cooperation agreements and initiatives with a view to increasing its presence in all front-end phases of the nuclear fuel cycle. The following summarises, by country, international cooperation agreements and investments with the Company.

Russian Federation

In 2006, the Presidents of the Russian Federation and Kazakhstan issued a joint statement on strategic cooperation in the peaceful use of nuclear power, intended to promote nuclear fuel manufacture and construction. As at the date of this Prospectus, the Company participates in several joint ventures with RosAtom. See " – *Joint Venture Projects – Projects With RosAtom*".

China

According to various newswire reports, China has announced plans to become one of the world's major producers and consumers of nuclear energy through the construction of 31 nuclear reactors over the next 20 years. CGNPC and CNNC have entered into several strategic cooperation agreements with the Company since 2006 and 2007, respectively. In 2007, framework agreements were signed between CGNPC, CNNC and the Company which define the strategic partnership for uranium production and the Company's investment in the Chinese nuclear power industry.

In October 2008, agreements were signed regarding joint development of uranium deposits in Kazakhstan and the delivery of nuclear fuel to Chinese nuclear power plants. These agreements provide for the disposal by the Company of a 49% interest in Semizbay-U LLP, which operates the Irkol and Semizbay deposits. See " – *Joint Venture Projects – Projects With Other Parties – Semizbay-U LLP*". The interest in Semizbay was acquired by a subsidiary of CGNPC in exchange for U.S.$234 million in cash and a commitment from CGNPC to certify the technologies used at the Ulba Facility to produce UO_2 powder and fuel pellets for use in Chinese nuclear reactors. These agreements provide that if CGNPC does not certify the Ulba Facility by October 2010, the Company can reacquire the 49% interest for the original sales price (less dividends received by CGNPC) until the end of 2010, unless the parties agree otherwise. These agreements also provide that, until 2035, the subsidiary of CGNPC can transfer the 49% interest back to the Company for the original sales price (less dividends received by Company) at any time after the Government terminates any of Semizbay-U LLP's subsoil use agreements, the export of uranium produced by Semizbay-U LLP is prohibited or under embargo or if the Company breaches any of the agreements among the parties. These agreements provide that the Company will become the main uranium and nuclear fuel supplier to CGNPC. If the Ulba Facility is certified, the uranium produced by Semizbay-U LLP will be converted and enriched in China and transported back to Kazakhstan to be further processed into high value-added products at the Ulba Facility to meet the demands of CGNPC's nuclear power plants.

In 2009, CGNPC and the Company signed a memorandum of understanding with respect to the formation of a specialised company to construct and oversee nuclear power plants in China. As at the date of this Prospectus, a feasibility study on this project is in progress.

In 2009, the Company began delivering UO_2 powder to China pursuant to a cooperation agreement whereby the Company has agreed to deliver UO_2 powder annually to China. Pursuant to the cooperation agreement, the Company also plans to deliver fuel pellets to China beginning in the fourth quarter of 2010. The cooperation agreement also provides that China will certify the Company's fuel assemblies for use in nuclear reactors in China. If certified and if the Company is successful in negotiating sales agreements, the Company expects to start delivering fuel assemblies annually to China by 2015. Certification of the Company's fuel assemblies does not guarantee the Company sales of those assemblies.

The Company believes these cooperative relationships are particularly significant because China's policy is generally to engage domestic companies only, and the Company is not aware of any countries or other suppliers of materials for nuclear reactors that have access to the market for uranium fuel in China.

Japan

In 2006, the Company expanded its cooperation with Japanese companies in various fields of the nuclear fuel cycle. Most notably, the Company supplied uranium to the Japanese market for the first time and established a joint venture, Appak LLP, among the Company, Sumitomo Corporation and The Kansai Electric Power Co., Inc.

In 2007, the Company and Japan entered into agreements regarding the supply of uranium to Japan and technical assistance with respect to nuclear reactor construction. In the short run, the Company expects to receive certification from Kansai Electric Power Co. to export UO_2 powders. The Company is also negotiating certification and export of fuel pellets with a Japanese customer. Certification of the Company's pellets does not guarantee the Company sales of those pellets. By 2012, the Company plans to deliver 18 tonnes of UO_2 powder from the Ulba Facility.

The Company has also partnered with Japan in the development of rare metals. According to newswire reports, Japan is currently the largest worldwide importer of rare metals. The first joint enterprise, Summit Atom Rare Earth Company, was established in March 2010 between the Company and Sumitomo Corporation (Japan). These development projects will enable the Company and its Japanese partners to launch production of high-tech products based on rare metals in Kazakhstan, a new line of operations for the Company. See " – *Other Operations*".

France

France and Kazakhstan have taken several steps to solidify a long-term relationship within the nuclear power industry. The Company has applied to AREVA for certification of the Company's UO_2 powder and fuel pellets for use in AREVA nuclear reactors. The preliminary assessment phase of the certification process has been completed, and the Company expects that final certification may occur by October 2010.

In 2008, AREVA signed a strategic agreement with the Company to expand mining of its joint venture KATCO by up to 4,000 tonnes, to install 400 tonnes per year fuel fabrication capacity at the Ulba Facility and to market fabricated fuel in a third joint venture. See " – *Production and Processing of Uranium – Joint Venture Projects – Projects with AREVA*". In 2009, AREVA and the Company established IFASTAR, a joint venture to fabricate nuclear fuel and market its supply for Asian customers. IFASTAR will be based in Paris. As at the date of this Prospectus, a study is being conducted to assess the Asian market view of selling integrated fuel packages, combining the Company's resources and AREVA's fuel technology to utilities in Asia, as well as the feasibility of locating a dedicated fuel manufacturing line at the Ulba Facility.

India

In 2009, the Company signed a long-term agreement with NPCIL to supply U_3O_8 to India and undertake a feasibility study on building Indian-designed nuclear reactors in Kazakhstan. Delivery of the U_3O_8 will commence in 2010.

Traditional Energy Sources and the Nuclear Power Industry

Other than nuclear power, there are three main methods of energy production: hydroelectric power, heap power (*e.g.*, gas, coal) and alternative power (*e.g.*, wind, solar and biomass). Of these three methods, heap power tends to be the most common because the opportunities to construct new hydroelectric power plants are limited, as many of the potential locations for hydroelectric power have already been developed, and alternative power, while environmentally-friendly and of unlimited supply, does not yet provide stable energy supply on a commercial level.

There are a number of disadvantages to heap power. The cost of energy produced at heap power plants can be high and unpredictable, as these plants are largely dependent on the price and availability of the gas, coal, or oil used to fuel the power plant. A further disadvantage of heap power plants is their effect on the environment. Heap power plants absorb large amounts of oxygen and produce high levels of carbon dioxide emissions, which is believed to contribute to global warming.

Nuclear power provides several key advantages relative to heap power. Nuclear power plants are more environmentally-friendly than heap power plants, as they do not absorb large amounts of oxygen or produce harmful air emissions. Further, a very small amount of uranium fuel can produce the same amount of electricity as much larger amounts of heap and other fuels. The primary economic benefit associated with the use of nuclear power is price stability. The price of nuclear energy is only minimally affected by the cost of the fuel used to run the nuclear power plant. Nuclear power tariffs are also lower and transportation of uranium is often easier than that of fossil fuels.

Advancement in technology has allowed nuclear power plants to increase safety precautions. Safety at nuclear power plants is a required condition for the growth of the nuclear power industry. Modern nuclear reactors are considered nonhazardous and are equipped with "passive" hazard resistance, meaning that the plant operator does not need to take action should an accident occur. Instead, a safe shutdown of the reactor occurs automatically.

The Uranium Market

Uranium Supply

The uranium production industry is relatively small, with few companies accounting for the majority of uranium produced. Uranium is supplied directly through mining efforts as well as through secondary sources. Since 1985, annual uranium consumption has exceeded mine production. According to the WNA, mines in 2008 supplied some 51,600 tonnes of U_3O_8, or about 68% of utilities' annual requirements. The WNA reports that the balance is made up from secondary sources including stockpiled uranium held by utilities, but those civil stockpiles are being rapidly depleted.

Global Resources

Uranium resources are classified by a scheme designed to combine resource estimates from a number of different countries in order to harmonise global figures. Global reasonably assured resources and inferred resources refer to uranium deposits marked by sufficient direct measurement to conduct feasibility and pre-feasibility studies.

According to the Red Book, in 2007, global reasonably assured resources and inferred resources increased 17% to approximately 4,456,000 tonnes of uranium in the U.S.$80/kgU category (uranium that can be recovered for U.S.$80 or less per kilogram of uranium) and 15% to approximately 5,469,000 tonnes in the U.S.$130/kgU category (uranium that can be recovered for U.S.$130 or less per kilogram of uranium) above their 2005 levels. Although a portion of the increase relates to new discoveries, the majority of the increase is a result of re-evaluations of previous global reasonably assured resources and inferred resources.

Global Production

Production of uranium is geographically concentrated in Canada, Australia, and Kazakhstan, whose combined production was approximately 70% of the uranium production throughout the world for the year ended 31 December 2009.

Supply Forecast

In addition to existing and new mines, nuclear fuel supply may be derived from secondary sources. Secondary sources are a common feature in commodity markets generally and in the uranium market specifically. Since 1985, secondary sources have filled the shortfall between uranium supply and consumption. Secondary sources can consist of:

- excess inventories held by utilities, producers and other fuel participants;
- surpluses held by governments and military sources; and
- other recycled products (*e.g.*, reprocessed uranium).

After the collapse of the Soviet Union, the world's nuclear weapons stockpiles have become a significant source of supply, generating supply equivalent to production levels of a large mine. However, these secondary resources are depleting and will be unable to supplement uranium production indefinitely.

Demand for Uranium

Main Consumers: Nuclear Reactors

U_3O_8 is principally used as fuel for nuclear power plants. Reactor-related demand for uranium is fundamentally driven by installed nuclear capacity, which is ultimately driven by the demand for electricity. The WNA noted in 2009 that the current usage of uranium by the world's nuclear reactors was approximately 65,000 tonnes annually. The WNA further reported that as at the first quarter of 2010 there were 438 nuclear reactors operating worldwide, providing about 15% of the world's electricity and that a total of 50 nuclear reactors were under construction in 13 countries.

According to the Red Book, the recent positive attention given to the use of nuclear power has led many countries to pursue a strategy to develop significant nuclear programmes, increasing the overall demand for uranium. It is predicted that uranium demand will increase with the construction and launch of new nuclear reactors. The demand for uranium can also be directly influenced by changes in the performance of installed nuclear power plants and fuel cycle facilities, even if the installed base capacity remains the same. Other factors that will affect uranium demand include plant retirements, fuel cycle length and discharge burn-up and strategies to optimise the relationship between the price of natural U_3O_8 and enrichment services.

Demand Forecasts

After 2020, a shortage of nuclear fuel production capacity is predicted. Overall nuclear power trends support moderate growth for uranium and conversion services over the next 10 years, with the potential for rapid growth thereafter. The projected increase will primarily be due to increased demand for electric power generated by nuclear power plants.

Growth in demand could be tempered if uranium prices increase and encourage utilities to utilise more enrichment services and reduced quantities of uranium. The capacity of an enrichment plant is measured in SWU, or separative work units. The amount of SWU needed for enrichment depends on (i) the amount of uranium processed, (ii) the degree to which it is enriched and (iii) the concentration of U-235 atoms remaining at the end of the process. These factors can be varied in order to achieve a desired amount of enriched uranium at the lowest production cost. Consequently, demand for uranium can be influenced by the relative cost of SWU. Growth in uranium demand could also be limited by the availability of conversion facilities. Currently, the world demand for conversion services is greater than the world capacity of conversion services.

According to Ux Consulting, the average annual spot price for U_3O_8 ranged from U.S.$8.20 per pound to U.S.$15.61 per pound from 1995 to 2003. Average prices have been more volatile since 2003. The following sets forth the average spot price for U_3O_8 according to Ux Consulting for the periods indicated:

Year	**U_3O_8 spot price**
	(U.S.$/lb.)
2004	18.56
2005	28.52
2006	49.27
2007	99.33
2008	61.75
2009	46.23
2010 (Jan-Feb)	42.13

Competition

The uranium production industry is highly competitive, consisting of a small number of companies that compete internationally. Roughly 70% of the estimated world uranium production in 2009 came from three countries: Kazakhstan (14,020 tonnes, or 28%), Canada (11,997 tonnes, or 24%) and Australia (9,413 tonnes, or 19%).

In 2009, approximately 85% of the estimated world production of U_3O_8 was provided by nine producers. The Company's main competitors include AREVA (with 8,600 tonnes, or 17% of worldwide production), Cameco (with 8,000 tonnes or 16% of worldwide production) and Rio Tinto (with 5,400 tonnes or 11% of worldwide production), according to information made public by these entities. The Company's primary competitors in the UO_2 powders market are AREVA (France), Westinghouse (United States) and TVEL JSC, a subsidiary of Atomenergoprom (Russia).

If Ulba Conversion begins its operations, the Company's main competitors in the conversion market will be AREVA (France), Comurhex (France), ConverDyn (USA) and Atomenergoprom (Russia). AREVA (France), Westinghouse (United States), MC3 (Russia) and CNNC (China) comprise the Company's main competitors in the fuel pellets market.

Electric, Heat Power and Water Generation

In 2003, the Company acquired MAEK, a large multi-utility plant located in Aktau on the Caspian Sea shore, primarily in view of the fact that the BN-350 Reactor is located at the MAEK facility. MAEK's facilities, which were originally constructed in 1968, are an integrated power and water-producing complex which includes, in addition to the BN-350 Reactor, thermal electric power plants and multiple distillation plants. MAEK is the only supplier of electric and heat power and potable water for households and businesses in the Mangistau oblast. No other operations of the Company are conducted in this region.

The production capacities at MAEK include 900 MW of electricity, 1,000 Gcal of heat per hour and 180,000 tonnes of water per day. Given the complete absence of fresh water in the region, businesses and the population in the region are supplied by artificially manufactured fresh water (thermally distilled Caspian

Sea water) from the plant. MAEK plans to invest U.S.$81.6 million over the next five years to maintain and upgrade the MAEK facilities.

MAEK's largest customers include major oil and gas companies, such as NC KazMunayGas, MangistauMunaiGas and Karazhanbasmunai, among others, which account for approximately 30% of MAEK's revenue. Contracts for industrial customers are generally for terms up to one year and require a prepayment of 50% of the customer's contracted volume of electricity in order to minimise credit risk.

MAEK faces limitations in the volume of electricity it can distribute to the area due to power grid and distribution constraints. MAEK does not have its own electricity distribution network and is using the networks of State Enterprise Atyrau Electric Networks and JSC Mangistau Distribution Electric Networks Company for distribution of electricity to its customers. Because MAEK is the only source of electric and heat power and potable water in the Mangistau oblast, anti-monopoly laws establish the fees that it can charge for its utility services, thus limiting profitability. In addition, shortages of gasoline supply, the predominate raw material required for MAEK operations, occur from time to time due to the limited number of gasoline suppliers in the region. Gasoline purchases accounted for approximately 43% of the facility's total operating costs for the year ended 31 December 2009.

Despite MAEK's significant contribution to the Company's total revenue, 13.9% for the year ended 31 December 2009, the Company's gross profit attributable to MAEK for the same period was 4.6%. This is primarily because of the cost of compliance with electricity tariffs. See "*Regulation in Kazakhstan – Price Regulations*". The Company expects the income levels, production levels, revenues and costs generated by MAEK to remain relatively constant in the short to medium term.

MAEK's decommissioned nuclear reactor and associated data are of significant interest to the scientific community. The BN-350 Reactor began its operations in 1972 and was decommissioned in 1999. The decommissioning of the BN-350 Reactor first requires storage of radioactive wastes and then dismantling of the equipment and facilities. As at the date of this Prospectus, the parties are determining the manner and location of radioactive waste storage. In accordance with an agreement between the U.S. Department of Energy and the Kazakhstan Ministry of Energy, Industry and Trade in 1999, financing was secured to maintain the BN-350 Reactor through a number of inter-governmental programmes, including Technical Aid to the Commonwealth of Independent States (TACIS) and ALSTOM and a number of financing programmes run by the Government. The decommissioning of the BN-350 nuclear reactor is currently at the first stage of preparation for secure storage, which MAEK expects to be complete by 2018. The Centre for Radiation Technologies and Technical Diagnostics, located at MAEK, performs scientific studies, general safekeeping and day-to-day maintenance and repair on the BN-350. See Note 41(c) of the Notes to the Financial Statements. See "*Risk Factors – Risk Factors Relating to the Company's Business – The Company could incur liability in connection with the BN-350 Reactor in the city of Aktau, Kazakhstan*".

Other Operations

Beryllium

In addition to its production of uranium, the Company also produces beryllium products. Beryllium sales accounted for 1.7% of the Company's revenue for the year ended 31 December 2009. Beryllium, one of the lightest metals, is stronger than steel and has a melting point higher than that of aluminium. Beryllium is primarily used in the aerospace industry as one of the principal components in airplane structures. It is also used in aerospace rocket fuel nozzles, as well as in the medical, nuclear and electronic industries.

Beryllium production commenced in 1951 at the Ulba Facility. The Ulba Facility is one of three facilities in the world which has a fully integrated cycle of beryllium production from ore concentrate processing to production of beryllium alloys. Ulba JSC owns a large quantity of beryllium ore inherited from the former Soviet Union, which is sufficient to supply its needs for over 15 years at the current rate of production. The Company does not mine beryllium. The technology developed at the Ulba Facility permits processing of any form of beryllium raw material into a wide range of beryllium and beryllium alloy products, including those with isotropic characteristics. The facility uses cost-effective technology to produce copper-beryllium alloys through direct carbothermic reduction of beryllium oxide. The Company's beryllium and beryllium alloy production is certified in accordance with ISO 9001:2000 and EN ISO 14001:2004. The main reagent for beryllium production at the Ulba Facility is copper, accounting for almost 70% of all reagents used. Copper is supplied to the Ulba Facility by Kazakhmys JSC. The Company also has alternative suppliers of copper from Russia.

As at 31 December 2009, based on publicly available information and the Company's own information, the Company believes it was the third largest producer in the world of beryllium products, including pure beryllium and beryllium alloys, representing 20% of the total world supply. In 2009, the Company decreased its total beryllium products sales to 884 tonnes from 1,608 tonnes in 2008, mainly due to the expiry of a contract with Brush Wellman that was not renewed. The Company's objective with respect to its beryllium production is to strengthen its current market position and enter new sales markets with innovative products, primarily through the engineering of uranium-beryllium fuel.

The following sets forth sales of beryllium products in the world of beryllium products, including pure beryllium and beryllium alloys, for the periods indicated:

	For the year ended 31 December		
Sales of Beryllium Products	**2009**	**2008**	**2007**
In tonnes	884.0	1,608.0	1,486.8
In KZT thousands	2,951,628	5,032,396	4,854,094
As percentage of the Company's total revenue	1.7	4.0	4.1

The Beryllium Market

The Company's main customers for beryllium include Ulba-China (China), Tropag (Germany), BerilliUM (Russia), Yingtan Ulba Shine Metal Materials (China), Basalt (Russia) and Freedom Alloys (United States). As at 31 December 2009, the Company had 35 beryllium contracts, of which 20 were short-term (expiring within one year) and 15 were medium-term (expiring in more than one year). The world consumption of pure beryllium was equal to 160 tonnes in 2009, of which 105 tonnes, or 65.6%, was produced by Brush Wellman and 45 tonnes, or 28.1%, was produced by the Company. The beryllium market is dominated by three major participants: Brush Wellman, SKS Nonferous Metals Group Co. and the Company. Most of the master alloys and alloys are sold to customers in Western Europe, China and Russia through agents or their own enterprises (where the Company has participation). For sales of beryllium metal products, contracts with a fixed price are used, which price is based on the external environment at the time of contracting. For alloy contracts under which the main products are copper, aluminium and nickel-based alloys, product prices are calculated as the product of the beryllium price and the beryllium content in the alloy, plus the parent metal price at the London Metal Exchange in the month preceding the month of shipment.

Tantalum

Tantalum is produced at the Ulba Facility and sales of tantalum products accounted for 2.7% of the Company's revenue for the year ended 31 December 2009. Tantalum is malleable, easily fabricated, highly resistant to corrosion by acids and a good conductor of heat and electricity. The primary use for tantalum powder is for production of electronic components, such as tantalum capacitors. Major end-uses for tantalum capacitors include portable telephones, personal computers and automotive electronics. When alloyed with other metals, tantalum can be used to make carbide tools for metalworking equipment and to produce superalloys for jet engine components.

The Ulba Facility is one of the largest plants in the world and the sole facility in the Commonwealth of Independent States with tantalum production capabilities. The Ulba Facility provides the fully integrated production cycle, from processing the tantalum ore to the production of finished products. The Company's tantalum, tantalum compounds and tantalum final products are certified in accordance with ISO 9001:2000. As at 31 December 2009, based on publicly available information and the Company's own information, the Company believes it was the fourth largest tantalum producer in the world, producing approximately 12% of the global tantalum supply. As at the date of this Prospectus, annual tantalum production capacity at the Ulba Facility is 1,154 tonnes.

Although Kazakhstan has deposits of tantalum, they are not currently being developed due to estimated low profitability. Consequently, the Company does not have its own tantalum raw minerals base. The Company has entered into long-term contracts with Solikamsk Magnesium Plant JSC (Russia) for the supply of tantalum hydroxide and VostokMashComplect Ltd (Russia) for the supply of tantalum scraps. The Company also has long-term tolling contracts with H.C.Starck Inc (United States) and H.C.Starck GmbH (Germany). Following extraction of the metal, tantalum is processed, first into powders and ingots and thereafter into final products.

The Ulba Facility's flexible processing technology accepts any kind of tantalum ore, including refractory ore, and is able to convert it to a tantalum product of the quality prescribed by its customers up to 99.99% purity. Raw materials are processed at the Ulba Facility where tantalum is extracted through use of special chemical reagents, such as hydrofluoric acid and sulphuric acid.

The following sets forth sales of tantalum products for the periods indicated:

	For the year ended 31 December		
Sales of Tantalum Products	**2009**	**2008**	**2007**
In tonnes	158.5	265.7	177.9
In KZT thousands	4,811,288	5,072,023	2,731,279
As percentage of the Company's total revenue	2.7	4.0	2.3

In 2008 and 2009, the Company invested an aggregate of U.S.$11.0 million in tantalum production primarily for technology development and the production of high-capacity tantalum powders and technical upgrading of tantalum production facilities.

The Tantalum Market

As at 31 December 2009, the largest customers of the Company included AVX (Czech Republic), Vishay (Israel), Oxide (Russia), Elecond (Russia), Mezon (Russia), H.C. Starck (Germany), Tosoh SMD (United States), MRC-Praxair (U.S./France) and Nikko Materials (Japan). Contracts for the sale and processing of tantalum are entered into for a period of one year. Single-delivery contracts are generally renegotiated on an annual basis. The Company uses export contract terms and conditions in compliance with global tantalum market standards. Contract prices are determined on a case-by-case basis, as tantalum products are not traded in the exchange market and there is no official reliable global pricing data available. The Company also renders its processing services for some of its competitors. The main competitors of the Company, which also have a full cycle of tantalum production, include H.C. Starck (Germany), Cabot Supermetals (United States) and Nigxia Non-ferrous Metals Smelter (China).

Social Services

One of the main priorities of the Company is to assist in the growth and development of the communities located in uranium-producing regions through its subsidiary Kazatomprom-Demeu LLP ("**Kazatomprom-Demeu**"). The primary tasks of Kazatomprom-Demeu include the restoration and development of social infrastructures, personnel training, healthcare services, development and support of small and medium-sized businesses, landscaping, planting and development of cultural and sporting events. Kazatomprom-Demeu obtains its financing through an authorised fund formed by the Company and foreign partners from France, Japan and Russia. Contributions are social liabilities stipulated in subsoil use agreements. See "*Regulation in Kazakhstan – Regulation of Mineral Rights in Kazakhstan – Subsoil Use Agreements*".

Between 2007 and 2009, Kazatomprom-Demeu contributed KZT 3.5 billion to several projects in the Suzak, Ortar and Baidibek regions of the Southern Kazakhstan oblast and the Zhanakorgan and Shieli regions of the Kyzylorda oblast. An individual social program, financed entirely by the Company, has been developed for each of the regions. The Company believes that as the nuclear power industry grows, the prosperity of the outlying regions of the Kazakhstan should also improve. The Company intends to continue providing social services that improve living conditions for its employees and Kazakhstan citizens in the territories surrounding its operating facilities.

Litigation

As at the date of this Prospectus, the Company is not a party to any material litigation.

In 2009, the National Security Committee of Kazakhstan, under the supervision of the General Prosecutor, commenced an investigation against the former Chef Executive Officer of the Company and his bodyguard. In addition, the prosecutor's office announced in March 2010 that there was a new investigation into allegations that the former Chief Executive Officer was involved in money laundering. See "*Risk Factors – Risk Factors Relating to the Company's Business – The former chief executive officer of the company has been convicted of criminal activity and is under further investigation*".

In 2010, the Company brought a claim against Ken Dala.KZ JSC in the Special Interregional Economical Court of South-Kazakhstan to invalidate the amendment to the subsoil use contract whereby the subsoil use right in respect of the central site at the Mynkuduk deposit was transferred to Ken Dala.KZ JSC. On 18 February 2010, the court cancelled the agreement and the site was awarded to Mining Company. As at the date of this Prospectus, Ken Dala.KZ JSC had not appealed the court's determination, however, there can be no assurance that Ken Dala.KZ JSC or any of its affiliates will not appeal the determination.

Insurance

The Company maintains the types of insurance and the amounts of coverage required by Kazakhstan law. The Company maintains insurance to cover certain assets from fire, lightning, explosion and earthquake, but the Company does not insure against sabotage or terrorist attacks. The Company also maintains medical insurance for its employees and insurance to cover accidents that occur while the Company's products are in transit. See "*Risk Factors – Risk Factors Relating to the Company's Business – The Company's insurance coverage may not be adequate to cover losses arising from potential operational hazards and unforeseen interruptions*".

Information Technology

The information and technology systems management of the Company is undertaken by the information and technology department, which is responsible for development and implementation of the information and technology programme, development of technical requirements for information and technology projects, control of implementation and use of information systems, and maintaining uninterrupted performance of the information and telecommunication infrastructure of the Company.

In 2009, the Company's (excluding its subsidiaries) budgeted information and technology expenses were KZT 18.6 million, including KZT 3.9 million for the purpose of upgrading equipment and KZT 2.0 million for the purpose of upgrading software. The Company is committed to further upgrade and maintenance of its IT systems and the Company (excluding its subsidiaries) has budgeted KZT 16.0 million for 2010 for this purpose.

As a part of its internal back-up, the Company performs a system databases back-up on a daily and on a weekly basis on a separate server. Once a month, all information is copied to disks and sent for off-site custody. The Company does not have a separate disaster recovery centre or an off-site server located outside of the Company's main administrative premises.

Employees

As at 31 December 2009, the Company had 18,093 employees (including temporary employees) as compared to 18,676 for 2008 and 18,148 for 2007. The following table presents the distribution of the Company's employees as at the dates indicated:

	As at 31 December		
Employer	**2009**	**2008**	**2007**
Company	272	263	250
Mining Company	3,760	3,594	3,715
Ulba JSC	4,766	6,110	6,078
MAEK	4,233	4,105	4,145
Other subsidiaries of the Company	5,062	4,604	3,960
Total	18,093	18,676	18,148

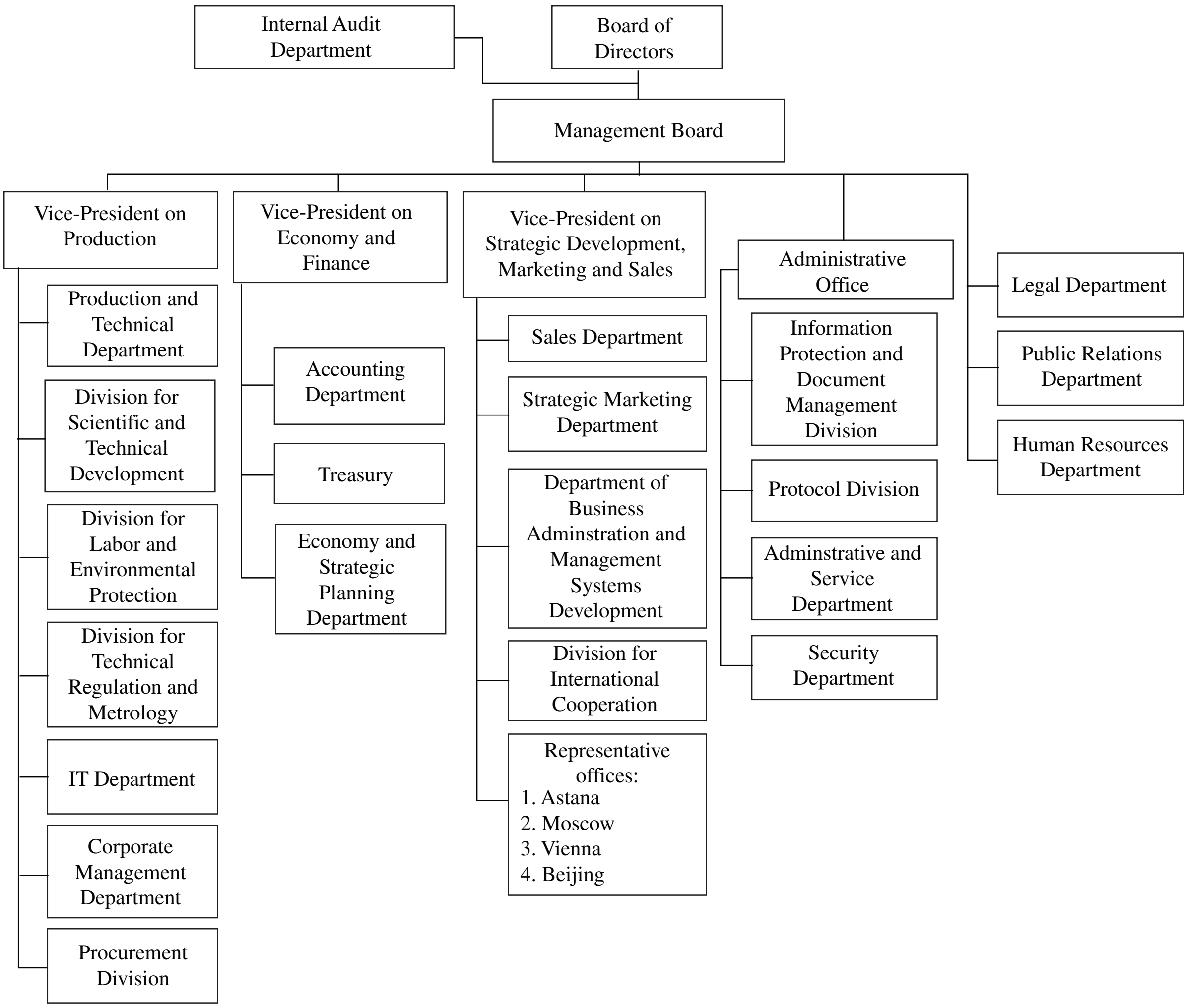
There are two trade unions that represent Company employees. Trade Union of Nuclear Industry Workers – Kazatomprom was established in 2006 and had 733 members (mainly employees of the Company and Mining Company) as at 31 December 2009. Trade Union of Workers of Atomic Energy, Industry and Related Areas was established in 1992 and had 8,699 members (mainly employees of Volkovgeology, Ulba JSC, MAEK and Mining Company) as at 31 December 2009.

MANAGEMENT

Governance Bodies

The Company's management structure consists of its sole shareholder, Samruk-Kazyna, which is wholly and directly owned by the Government, its Board of Directors, its Management Board and its Chairman of the Management Board, the last two of which are responsible for the day-to-day management of the Company.

The chart below sets out the current organisational structure and principal business units of the Company as at the date of this Prospectus:



Sole Shareholder

The sole shareholder performs the functions of the general shareholders' meeting as set forth in the JSC Law, the Kazakhstan Law on the Natural Welfare Fund ("**Samruk-Kazyna Law**"), the Company's charter, and the presidential edicts and decrees of the Government on the establishment of Samruk-Kazyna and its role and functions in Kazakhstan's economy. See "*Share Capital, Organisation and Related Party Transactions – Samruk-Kazyna*".

Such functions include, among others, the following:

- approving any amendments to the Company's charter;

- appointing the Company's auditors;
- approving the Company's annual financial statements;
- approving the payment of dividends by the Company;
- approving any increase in the Company's share capital;
- appointing the members of the Board of Directors;
- appointing the Chairman of the Management Board; and
- approving purchases by the Company of shares in other legal entities (whether at such entities' establishment or otherwise) and participation by the Company in joint ventures where the amount of consideration paid by the Company in cash or in kind for such acquisition or participation exceeds 25% of the balance sheet value of the Company's assets.

Board of Directors

The Board of Directors is responsible for the general management of the Company's activities, directs the Company's strategy and policy and has authority to make decisions on all aspects of the Company's activities, except those matters expressly reserved to the sole shareholder pursuant to JSC Law, Samruk-Kazyna Law and the Company's charter. In particular, the powers of the Board of Directors include, among others, the following:

- setting the Company's objectives and approving the Company's strategy;
- approving the Company's mid-term development plans and its budget;
- appointing the members of the Management Board;
- approving the terms for issuance of the bonds and derivatives by the Company;
- approving major transactions related to, *inter alia*, acquisition, disposal or the possibility of disposal by the Company of assets the value of which exceeds 25% of the balance sheet value of the Company's assets and interested party transactions, except when all members of the Board of Directors are interested parties to the transaction, then such resolution must be approved by the sole shareholder;
- approving transactions related to the incurrence of liabilities by the Company in amounts exceeding 10% of the Company's equity;
- approving purchases by the Company of 10% or more of the shares in other legal entities; and
- resolving any issues within the competence of the general meeting of shareholders/ participants for any entity of which 10% or more of shares/ownership interest in which is owned by the Company, including such issues as reorganisation and liquidation of a subsidiary, pledge of all assets of the subsidiary, appointment of the members of the board of directors of subsidiary, determining of their remuneration and term of service, approval of participation of a subsidiary in other companies if such participation exceeds 25% of the balance sheet value of the Company's assets, appointment of executive body of a subsidiary and transfer of the subsidiary under trust management.

Members of the Board of Directors are appointed by a resolution of the sole shareholder for a term of three years, subject to re-election for an unlimited number of times, provided that any re-election of a director that has served two consecutive three-year terms is subject to separate review.

An individual who is neither a shareholder nor appointed (recommended) as a representative of the sole shareholder is eligible for election as a member of the Board of Directors. The number of such directors cannot exceed 50% of the members of the Board of Directors. The Board of Directors must not have less than six members of which at least one-third must be independent directors.

As at the date of this Prospectus, the Company's Board of Directors consists of the following members with Mr. Kulibayev serving as the Chairman of the Board:

Name	Age	Other Positions
Timur Kulibayev	43	Deputy Chairman of the management board of Samruk-Kazyna
Bolat Akchulakov	39	Managing Director of Samruk-Kazyna, member of the board of directors of JSC KEGOC and JSC KazMunayGas
Ulan Baizhanov	51	Executive Director of Samruk-Kazyna supervising mining and industrial assets
Aset Magauov	37	Vice-Minister of the Ministry of Oil and Gas
Serikzhan Ramazanov	47	Financial Director of GPMI Central Asia LLP
Tlekkabul Ramazanov	48	Head of Department of High Technologies and Their Implementation at Kazakh State University
Murat Sadenov	54	Chief Manager and Chief Geologist of JSC SAT&Company
Vladimir Shkolnik	61	Chairman of the Management Board of the Company, Chairman of the board of directors of Ulba Metallurgical Factory, Chairman of the supervisory board of Stepnogorsk Mining-Chemical Complex LLP

Timur Kulibayev, Chairman. Mr. Kulibayev was born in 1966 and graduated from Moscow State University with a degree in economics in 1988. Mr. Kullibayev started his career in 1988 as a junior research associate economist at the Economic Research Institute for Planning and Standards (ERIPS) under the State Planning Committee of KazSSR. From 1992 to 1996, he served as the General Director/President of JSC Altyn-Alma Concern. In 1995, Mr. Kulibayev became Chairman of the Supervisory Council and member of the Credit Committee of Trade and Financial Bank of Almaty. In 1997, he was appointed as the Head of the Projects Appraisal Directorate of the State Investment Committee of Kazakhstan. From May 1997 to March 1999, Mr. Kulibayev served as Vice President for Economy and Finance of the CJSC National Oil and Gas Company Kazakhoil. In March 1999, he was appointed President of CJSC KazTransOil. From May 2001 to February 2002, Mr. Kulibayev worked as CEO (General Director) of CJSC National Company Transportation of Oil and Gas. In February 2002, he was appointed First Vice-President of JSC National Company KazMunayGas. In October 2005, Mr. Kulibayev was appointed Advisor to the President of Kazakhstan. From April 2005 to August 2007, he served as Deputy Chairman of the management board of the JSC Kazakhstan Holding for the Management of State Assets Samruk. Since 2005, Mr. Kulibayev has chaired KazEnergy Association, an independent voluntary non-profit organisation that unites companies working in oil and gas and energy sectors, operating in Kazakhstan. He was appointed at his current position effective October 2008.

Bolat Akchulakov, Director. Mr. Akchulakov was born in 1971 and graduated from the Kazakh State Management Academy in 1993. Mr. Akchulakov started his career in 1994 as an economist for Alem Bank Kazakhstan. Between 1995 and 1997 he worked as Deputy Director of the Asset Management Department for the Central Asian Bank for Cooperation and Development. In 1997, he worked at CJSC Kazath Oil as a Manager and then as Deputy Director for the Department of the TCO Project. In 2001, he joined Commonwealth & British Services Ltd. as a business analyst and as a finance director. Since 2003, Mr. Akchulakov has been the Executive Director JSC KazMunayGas. In February 2006, he became the Vice Minister of the former Ministry of Energy and Mineral Resources of Kazakhstan (currently reorganised). In 2008, he became the Managing Director of Samruk-Kazyna responsible for oil and gas and electric and power assets.

Ulan Baizhanov, Director. Mr. Baizhanov was born in 1958 and graduated from Kazakh State University in 1980 with a degree in law. He started his career as senior legal counsel for Kazakh State

University. From 1987 to 1991, Mr. Baizhanov worked as the Head of the Legal Department of the Executive Committee of Almaty's Soviet of People's Deputies. From 1991 to 1995, he worked as the Head of the Justice Department of the city of Almaty and as a member of the panel of the Ministry of Justice of the Republic of Kazakhstan. From 1995 to 1997, Mr. Baizhanov was a director of Almaty-Zan legal centre. From 1997 to 1999, he served as the Vice President of OJSC Kazakhtelecom. From 1999 to 2002, Mr. Baizhanov was the Vice Minister of Revenues of the Republic of Kazakhstan. In January 2003, he was appointed as an Executive Director of the JSC KazMunayTeniz, and in March 2003, as the Deputy General Director of KazMunaiTeniz. He has been in his current position as Managing Director of Samruk-Kazyna supervising mining and industrial assets since February 2009.

Aset Magauov, Director. Mr. Magauov was born in 1972 and graduated from State Oil and Gas Academy in Moscow in 1994 with a degree in economics and management in the fuel and power sector. In 1994, Mr. Magauov started his career at JSC Tenizmunaygas, starting as an economist and later becoming the Head of Department. Between 1998 and 2001, he served as head of the following positions at the Ministry of Energy Industry and the Trade of Kazakhstan: Deputy Head of the Department of Economic Analysis and Monitoring and Deputy Head of the State Assets Management Department. In 2001, Mr. Magauov was appointed Deputy Director of Service Projects Department at CJSC Transportation of Oil and Gas. Between 2002 and 2005, he worked at JSC KazMunayGas as the Deputy Director and then as the Director of the Department for Managing of Shares in Tengizshevroil LLP. In 2005, Mr. Magauov was appointed Deputy General Director of Tengizshevroil LLP. In 2006, he was appointed Managing Director of JSC National Company KazMunayGas. He was appointed to his current position in December 2008.

Serikzhan Ramazanov, Independent Director, Financial Director of GPMI Central Asia LLP. Mr. Ramazanov was born in 1963 and graduated from the Moscow Institute of Steel and Alloys in 1985 with a degree in engineering and from Adilet Legal Academy in 2002 with a degree in law. Mr. Ramazanov started his career in 1991 as a Financial Director of Financial Center Grant. From 1995 to 1996, Mr. Ramazanov served as Chairman of the management board of JSC Subsidiary Bank Alfa Bank. From 1996 to 1997, he worked as Deputy Chairman of the management board of JSC Halyk Savings Bank. In 1998, Mr. Ramazanov became the Deputy Chairman of the management board of JSC Temirbank. From 2001 to 2004, he served as Chairman of the management board JSC Consumer Loans Guarantee Fund. From 2005 to 2008, Mr. Ramazanov worked as an Analyst in Camden Partners Central Asia Investment Company. He has been in his current position with the Company since 2009.

Tlekkabul Ramazanov, Independent Director, Head of Department of High Technologies and Their Implementation at Kazakh State University. Mr. Ramazanov was born in 1961 and graduated from Kazakh State University in 1983 with a degree in physics. He completed his post-graduate studies in 1986 with the Academy of Science of USSR. Mr. Ramazanov started his career in 1987 as an assistant professor, professor and then the Dean of the Physics Department of Kazakh State University. From 2000 to 2006, Mr. Ramazanov worked as the Head of the Scientific Research Institute of Experimental Physics at Kazakh State University. In 2006, he became Chairman of the Science Committee by the Ministry of Education and Science of Kazakhstan. He has been in his current position since 2007.

Murat Sadenov, Independent Director, Chief Manager and Chief Geologist of JSC SAT&Company. Mr. Sadenov was born in 1956 and graduated from Kazakh Polytechnic Institute in 1984, where he specialised in geological surveying and exploration. Mr. Sadenov started his career in 1979 at Agadyr Geological Na Geophysical Expedition, beginning as an assistant driller and later becoming a geologist. From 1985 to 1997, he held the following positions at Zhayremsky Mining and Processing Enterprise: Senior Geologist, Head of the Geological Department and Chief Geologist of the enterprise. From 1997 to 2006, Mr. Sadenov worked as the Deputy Head of the Subsoil Use Department of Uzhkaznedra Territorial Department of Committee of Geology of the Ministry of Energy and Mineral Resources of Kazakhstan. He has been in his current position with JSC SAT&Company since 2006.

Vladimir Shkolnik, Director. For information regarding Mr. Shkolnik, see "*– Management Board*".

The business address of each of the members of the Board of Directors is the registered office of the Company.

Management Board

The Management Board is responsible for the day-to-day management and administration of the Company, subject to the supervision of the Board of Directors and the sole shareholder. The Management Board's responsibilities include the following:

- approving the internal operational guidelines of the Company;
- appointing heads of branches and representative offices;
- developing and implementing the business strategy and budget of the Company;
- making executive business decisions;
- implementing resolutions adopted by the Board of Directors and the sole shareholder;
- resolving any issues within the competence of the general meeting of shareholders/participants for any entity of which 10% or more of shares/ownership interest is owned by the Company (except for the issues subject to the Board of Directors approval as disclosed above), including such issues as approval of amendments and supplements to the charter of a subsidiary, approval of increase of the number of the shares of the subsidiary, appointment of an auditor and approval of annual financials;
- determining what information constitutes commercial secrets or is otherwise secret and should be maintained confidential;
- selecting a registrar of the Company; and
- dealing with all other matters not reserved to the Board of Directors or the sole shareholder.

As at the date of this Prospectus, the Company's Management Board consists of six members. The Board of Directors appoints members of the Management Board for an indefinite term. The members of the Management Board were elected on 1 September 2009. The Board of Directors may at any time terminate the authority of any Management Board member other than the Chairman of the Management Board.

As at the date of this Prospectus, the Company's Management Board consists of the following members:

Name	Age	Other Positions
Vladimir Shkolnik	61	Chairman of the board of directors of Ulba JSC, chairman of the supervisory board of Stepnogorsk Mining-Chemical Complex LLP
Sergey Yashin	44	Member of the board of directors of Ulba, chairman of the supervisory board of Appak LLP, member of the board of directors of JV ZARECHNOYE, chairman of the supervisory board of Inkai LLP, member of the supervisory board of Karatau LLP, chairman of the board of directors of Akbastau, member of the board of directors of JV Kazakhstan-Russia Company Atomniye Stancii, chairman of the board of directors of CJSC Joint Ukrainian-Kazakhstan-Russian Nuclear Fuel Enterprise, chairman of the board of directors of Uranium Enrichment Center, member of the supervisory board of Stepnogorsk Mining-Chemical Complex LLP
Galimzhan Pirmatov	38	Member of the board of directors of Mining Company, member of the board of directors of Ulba JSC, member of the supervisory board of KATCO, member of the supervisory board of Baiken-U LLP, member of the board of directors of Kazakhstan-Russian Company Atomic Stations JSC, member of supervisory board of SKZ-U LLP

Nurlan Ryspanov	48	Member of the supervisory board of Baiken-U LLP, member of the supervisory board of Semizbay-U LLP, member of the board of directors of Joint Ukrainian-Kazakhstan-Russian Nuclear Fuel Enterprise, chairman of the supervisory board of Uranenergo, chairman of the supervisory board of Kazakhstan Nuclear University LLC, chairman of the supervisory board of SKZ-U LLP, chairman of the supervisory board of JV RBM-Kazakhstan LLP, chairman of the supervisory board of JSC Kendala-KZ
Galina Okshina	64	No other positions held outside of Company
Sergey Poltoratskiy	57	Member of the board of directors of Uranium Enrichment Center, member of the board of directors of CJSC Joint Ukrainian-Kazakhstan-Russian Nuclear Fuel Enterprise, member of the supervisory board of Stepnogorsk Mining-Chemical Complex LLP

Vladimir Shkolnik, Chairman of the Management Board. Mr. Shkolnik was born in 1949 and graduated in 1973 from Moscow Engineering Physics Institute with a degree in power installations. He also obtained a PhD in Physico-mathematical Sciences in 1992. Mr. Shkolnik started his career in 1973 at the Mangyshlak Atomic Power Complex, starting as an engineer-physicist for the BN-350 reactor and later becoming the Deputy Director for Science Nuclear Safety and Reactor Works until 1992. From 1992 to 1997, he served as General Director of the Kazakhstan Atomic Energy Agency. From 1994 to 1999, Mr. Shkolnik held the following positions: Minister of Science and New Technologies, Minister of Science and President of the Academy of Sciences of the Republic of Kazakhstan. In 1999, Mr. Shkolnik was appointed as the Minister of Energy and Mineral Resources, a position he held until 2006, when he was appointed as the Minister of Industry and Trade. In 2007, he joined the President's Administration as its Deputy Head. From 2008 to 2009, Mr. Shkolnik worked as the Minister of Industry and Trade of Kazakhstan. He has been in his current position with the Company since May 2009.

Sergey Yashin, Vice-President. Mr. Yashin was born in 1965 and graduated from Tomsk Polytechnic Institute in 1988 with a degree in technology of rare and scattered elements. Mr. Yashin started his career in 1988 at JSC Ulba Metallurgical Factory where he worked until 2004 holding the following positions: Instrumentation Worker, Production Engineer, Deputy Head of Executive Director, Chief Production Engineer, Director of Uranium Manufacturing Unit, and First Deputy of the General Director. Mr. Yashin joined the Company as Managing Director in August 2004 and has been in his current position with the Company since November 2004.

Galimzhan Pirmatov, Vice-President. Mr. Pirmatov was born in 1972 and graduated from Novosibirsk State University in 1993 with a degree in mechanics and applied mathematics. He also obtained an MBA from the Kazakhstan Institute of Management, Economics and Strategic Research in 1995 and a second MBA degree at Atkinson Graduate School of Management, Willamette University in 2001. Mr. Pirmatov started his career in 1994 as a financial manager of JV Altyn Tas. In 1999, he became the Investment Officer of AIG Silk Road Capital Management. Between 2002 and 2004, he worked in the U.S.-based AES Corporation's headquarters, and later held the positions of Chief Financial Officer of AES KievOblEnergo and Commercial Director of AES Ukraine in Kiev. In 2004, Mr. Pirmatov became the Deputy General Director for economics of Almaty Power Consolidated. Since 2005, he held the following positions with the JSC Halyk Bank of Kazakhstan: Head of the Project Finance, Managing Director and Head of the Investment Bank. Between 2007 and March 2009, Mr. Pirmatov worked as the Vice Minister of Economy and Budget Planning of Kazakhstan. Prior to his appointment as a Member of the Management Board of the Company in July 2009, he was the First Vice Chairman of the Management Board of BTA Bank.

Nurlan Ryspanov, Vice President. Mr. Ryspanov was born in 1961 and graduated from Leningrad Water Transport Institute in 1983, where he specialised in marine machines and devices. He also graduated from Kazakh National Technical University, where he specialised in underground development of mineral deposits. Mr. Ryspanov started his career in 1983 at Verkhne-Irtysh basin authority, beginning as an assistant engineer and later becoming head of the Verkhne-Irtysh Shipping Company. In 1990, Mr. Ryspanov became a senior research associate at Pavlodar Industry Institute. In 1993, he became the head of scientific-engineering center Machinery Construction. From 1996 to 1998, Mr. Ryspanov served as a Director of Trading and Industrial Company. From 1998 to 2001, he served as the Director of the Department of Industry Transport and Communications of Pavlodarskaya oblast and as the Director of the Department of Heavy Industry of the Ministry of Energy Industry and Trade of Kazakhstan. From 2001 to 2008, Mr. Ryspanov served as the General Director/President of various companies, such as the Mining and Metallurgical Company Tau-Ken, Kazprom-Kyzylorda LLP, JV Betpak Dala LLP and Kazprom Nerud Consortium LLP. In 2008, Mr. Ryspanov was appointed as the Deputy Chairman of the Industry Committee of the Ministry of Industry and Trade of Kazakhstan. Prior to his appointment as Member of the Management Board of the Company in July 2009, he served as the Head of the Mining and Industrial Assets office of Samruk-Kazyna.

Galina Okshina, Head of Accounting Department, Chief Accountant. Ms. Okshina was born in 1946 and graduated from accounting college in 1963. She then graduated from the Almaty Institute of National Economy with a major in economics and accounting in 1987. In 1963, Ms. Okshina started her career at Volkovgeology, beginning as an accountant and later becoming a chief accountant until 1989. Between 1989 and 1991, she worked as the Chief Accountant at SovGeo, a government-controlled Company operating in Mongolia. Between 1992 and 1995, Ms. Okshina worked as an inspector at the Chamber of Control of the Supreme Council of Kazakhstan. In 1995, she was appointed as the Chief Accountant of the Kazakh State Corporation of Nuclear Energy and Industry where she worked prior to her appointment as a member of the Management Board of the Company in 1998. Ms. Okshina plans to retire from the Company in May 2010.

Sergey Poltoratskiy, Head of Corporate Department. Mr. Poltoratskiy was born in 1953 and graduated from Kazakhstan Polytechnic Institute in 1979 specialising in hydrogeology and engineering geology. He started his career in 1979 at the Institute of Hydrogeology and Hydrophysics of the Academy of Science of Kazakh SSR, first starting as an engineer, then becoming a science associate, followed by an appointment to the Academic Academy of Science of Kazakhstan. From 1990 to 1995, Mr. Poltoratskiy worked as the Head of the Laboratory of the Seismology Institute of the Academy of Science of Kazakhstan. From 1995 to 1997, he held the following positions with the Government: Senior Assistant, Consultant and Division Manager of the Government Office and Prime-Minister's office. In 1997, he joined the Company as the Head Hydro Geologist of the Mining Production Department. From 1998 to 2008, he held the positions of Manager of New Projects Service, and Chief Manager, Head of JV and Subsidiary Management Department. He has been in his current position with the Company since 2008. Mr. Poltoratskiy also holds the following positions.

The Chairman of the Management Board as at the date of this Prospectus is Vladimir Shkolnik, who was appointed by the sole shareholder's resolution dated 22 May 2009 to serve until his successor is appointed. The business address of the Chairman of the Management Board is the registered address of the Company.

The business address of each of the members of the Management Board is the registered office of the Company.

Audit Committee of the Board of Directors

The Audit Committee of the Board of Directors was formed in September 2009 as a consulting and advisory body of the Board of Directors and provides recommendations on the efficiency of the Company's financial controls, internal controls and risk management. The Audit Committee also monitors the Company's compliance with the provisions of its internal corporate governance documents. In accordance with its charter, the Audit Committee must consist of not less than two members that can be both members of the Board of Directors and third-party experts and one of which must be an independent director. In addition, at least one of the members of the Audit Committee must have experience working in finance or accounting.

As at the date of this Prospectus, the following members of the Board of Directors serve on the Audit Committee:

Name	Position
Serikzhan Ramazanov	Chairman, Independent Director
Ulan Bayzhanov	Member of the Committee, Executive Director of Samruk-Kazyna
Saya Mynsharipova	Member of the Committee, Director of Audit and Control Department of Samruk-Kazyna

Internal Audit Service

The Internal Audit Service is a permanent collective body of the Company that performs internal audits of the Company, monitors its operations, its compliance with Kazakh law, and its internal procedures and policies. The Internal Audit Service reports to the Audit Committee of the Board of Directors. The members of the Internal Audit Service are appointed and removed by the Board of Directors for a term determined by the Board of Directors. The Internal Audit Service has the right to convene an extraordinary meeting of the Board of Directors of the Company. As at the date of this Prospectus, the Company's Internal Audit Service includes the following members:

Name	Position
Daulet Zhangirbayev	Head of Service
Yelnar Kazeshev	Deputy Head of Service
Murat Satanov	Chief Manager
Nurlan Abdrakhmanov	Chief Manager

The business address of each of the members of the Internal Audit Service is the registered address of the Company.

Management Remuneration

In accordance with the Company's Charter, the remuneration of the members of the Board of Directors is determined by the sole shareholder, while the remuneration of the Chairman of the Management Board, the members of Management Board of Directors and the Internal Audit Service are determined by the Board of Directors.

Before 2009, the Company did not pay remuneration to the members of the Board of Directors. However, in accordance with the Samruk-Kazyna rules On Remuneration Paid to the Independent Directors approved in May 2009, the independent directors must receive compensation for their services paid semi-annually. The compensation is comprised of annual fixed fees in the amount of KZT 1.2 million and Board meeting attendance fees in the amount of KZT 75,000 per meeting attended.

The Company is currently amending its agreements with the independent directors to comply with the Samruk-Kazyna rules. As at the date of this Prospectus, no compensation for the services of independent directors was paid.

Key management received an aggregate amount of KZT 1.0 billion, KZT 0.9 billion and 1.1 billion in salaries and bonuses during the years ended 31 December 2009, 2008 and 2007, respectively, which was included in personnel costs. See Notes 15 and 42(b)(i) of the Notes to the Financial Statements.

Employment Contracts with Senior Executive Officers

In general, the Company enters into employment contracts without a fixed term with its senior executive officers. Under these contracts, the senior executive officers of the Company receive bonuses or other forms of compensation in addition to their regular salary.

Each senior employee signs an employment contract, the terms and conditions of which must be in full compliance with relevant Kazakhstan legislation, including the Labour Code. Such terms usually include five-day 40-hour work weeks, eight hour work days, annual vacations of 30 calendar days, Company insurance against life and health hazards to the employee arising from the performance of its duties and medical insurance.

Conflicts of Interest

There are no potential conflicts of interest between any duties owed to the Company by members of the Board of Directors, the Management Board, the Chairman of the Management Board and the Internal Audit Service or their private interests or other duties.

SHARE CAPITAL, ORGANISATION AND RELATED PARTY TRANSACTIONS

Share Capital

The Company, formed in July 1997, has a total authorised equity capital of KZT 36,692,362 thousand, divided into 36,693,362 shares, each with a nominal value of KZT 1,000. The share capital of the Company has been paid in full. All of the shares of the Company are owned by the Government, originally represented by the State Property and Privatisation Committee under the Ministry of Finance of the Republic of Kazakhstan. In May 1999, the State's interest in the Company was transferred to the Ministry of Energy and Natural Resources of the Republic of Kazakhstan. In January 2009, the Ministry's shares of the Company were transferred to Samruk-Kazyna. As at the date of this Prospectus, Samruk-Kazyna is the sole shareholder of the Company.

Samruk-Kazyna

Samruk-Kazyna is wholly owned by the Government and is the national managing holding company for substantially all state enterprises. Samruk-Kazyna was created in 2008 pursuant to the Presidential Edict No. 669, dated 13 October 2008, and the Resolution of the Government No. 962, dated 17 October 2008, by way of the merger of JSC "Kazakhstan Holding for Management of State Assets" "Samruk" and JSC "Sustainable Development Fund" "Kazyna". Samruk-Kazyna is a joint stock company whose shares are held by the Ministry of Finance's Committee of State Property and Privatisation on behalf of Kazakhstan.

Samruk-Kazyna's primary objective is to manage shares (participatory interests) of legal entities it owns with a goal of maximising long term value and increasing competitiveness of such legal entities in world markets.

The governance of Samruk-Kazyna's activities is subject to general corporate Governance applicable to all joint stock companies in Kazakhstan. Accordingly, the corporate governance structure of Samruk-Kazyna is as follows: the Government, as the sole shareholder, constitutes the supreme governing body, the board of directors constitutes the managing body, and the management board constitutes the executive body.

Members of Samruk-Kazyna's board of directors are appointed by the Government, and its members are, among others, the Minister of Economy and Budget Planning, the Minister of Finance, the Minister of Energy and Mineral Resources, the Minister of Industry and Trade, independent directors and the chairman of the management board of Samruk-Kazyna. In addition, the board of directors is chaired by the Prime Minister of Kazakhstan.

The registered office of Samruk-Kazyna is at 23 Kabanbay Batyr Avenue, 010000 Astana, Kazakhstan and the telephone number is: +7 7172 790 486.

Related Party Transactions

The Company enters into transactions with related parties. See Note 42 of the Notes to the Financial Statements. Related party transactions are made on terms agreed to between the parties that may not necessarily be at market rates and are generally based on the cost plus an agreed percentage above cost.

The following tables present the revenue generated and expenses incurred by the Company in respect of its subsidiaries, jointly controlled entities and associates for the periods indicated:

	Transaction value	Outstanding balance	Transaction value	Outstanding balance	Transaction value	Outstanding balance
Revenue	**2009**	**31.12.2009**	**2008**	**31.12.2008**	**2007**	**31.12.2007**
			(KZT in thousands)			
Sale of goods:						
Associates	6,074,453	863,590	427,917	199,185	1,043,046	2,771,318
Joint ventures	1,301,130	311,927	2,988,521	18,478	–	–
Entities under common control(1)	108,718	–	52,901	–	–	–
Other	42,653	–	760,343	–	–	–
Total sale of goods	7,526,954	1,175,517	4,229,682	217,663	1,043,046	2,771,318
Services provided:						
Associates	10,129,236	5,539,319	5,967,774	2,303,853	5,388,368	855,047
Joint ventures	3,000,294	3,224,753	5,092,265	6,772,792	–	342
Dividends declared by associates	1,997,770	–	2,301,779	724,613	–	–
Entities under common control(1)	10,310,719	496,911	9,207,526	481,443	6,452,972	456,565
Other	617,767	–	728,654	–	667,480	–
Total services provided	26,055,786	9,260,983	23,297,998	10,282,701	12,508,820	1,311,954
Total	33,582,740	10,436,500	27,527,680	10,500,364	13,551,866	4,083,272
Expenses						
Purchase of goods:						
Associates	27,422	6,296,056	10,630,945	630,443	10,245,700	86
Joint ventures	276,629	408,973	5,026,455	1,935	–	–
Entities under common control(1)	506	39	–	44	–	–
Total purchase of goods	304,557	6,705,068	15,657,400	632,422	10,245,700	86
Services received:						
Associates	1,568,648	376,990	12,722	199,434	2,640,457	5,334,379
Joint ventures	61,510	6,145	846,966	6,270	–	2,498
Entities under common control(1)	3,482,030	846,607	2,498,760	908,595	1,400,533	327,862
Other	100,863	–	202,246	–	–	–
Total services received	5,213,051	1,229,742	3,560,694	1,114,299	4,040,990	5,664,739
Total	5,517,608	7,934,810	19,218,094	1,746,721	14,286,690	5,664,825

(1) Sister companies are direct subsidiaries of Samruk-Kazyna.

All outstanding balances with related parties are to be settled in cash within six months of the balance sheet date. None of the balances are secured.

The Company also enters into transactions with other subsidiaries of Samruk-Kazyna, such as BTA Bank JSC and GSM Kazakhstan LLP and Kazakhtelecom JSC, among others. See Note 42 of the Notes to the Financial Statements.

REGULATION IN KAZAKHSTAN

Regulation of Mineral Rights in Kazakhstan

General

In Kazakhstan, all subsoil resources belong to the State. The Ministry of Energy and Mineral Resources formerly regulated subsoil use rights but a recent reorganisation transferred this function to the newly established Ministry of Oil & Gas and the Ministry of Industry and New Technologies (the "**Competent Authority**"). The reorganisation is not expected to have any impact on subsoil use agreements.

The Competent Authority grants exploration and production rights on behalf of the State. Subsoil use rights are granted for a determinable period subject to possible extension before the expiration of the applicable subsoil use agreement and license (if applicable and permitted). Subsoil use rights may be terminated by the Competent Authority if, *inter alia*, subsoil users do not satisfy their contractual obligations, which may include periodic payment of taxes to the Government and the satisfaction of mining, environmental, and health and safety requirements.

Prior to August 1999, subsoil use rights for mining operations were established by the grant of a license and the execution of a subsoil use agreement. In August 1999, the Government, in an attempt to simplify the procedure, abolished this two tier process. Subsoil use rights are now established only by means of a subsoil use agreement, and no licence is required. However, previously issued licences remain in full force until their date of expiry.

Subsoil Use Agreements

The Company is the national atomic company of Kazakhstan and is responsible for mining in Kazakhstan and importing and exporting uranium, uranium compounds, fuel for nuclear power stations, special equipment and technologies and dual-use materials. As such, the Company is granted a preferential right by the Republic of Kazakhstan to obtain subsoil usage through direct negotiations, as opposed to through a tender process.

As a national company, the Company is granted the right to obtain subsoil use rights from the Republic of Kazakhstan through direct negotiations, as opposed to through a tender process. In order to initiate direct negotiations, the Company files an application indicating, among other things, the characteristics of the deposits in question. The Competent Authority then must inform the Company of a date for negotiations or its refusal to negotiate within three months of receiving the application. If negotiations are held and are successful, the subsoil use right is granted and a contract is executed between the Company and the Competent Authority.

Subsoil use agreements may be entered into for up to 25 years (or 45 years for deposits with large and unique reserves), depending on the amount of reserves present at the deposit site. Under a subsoil use agreement, the contractor is allowed to perform exploration and/or production on the contract territory. The contractor can export all of the materials it produces in accordance with Kazakhstan law and international treaties. However, export of such materials must be done through the Company. See " *– Regulatory Function of the Company*". The contractor is obligated to use the most efficient means of exploration and mining and must comply with set technological parameters of exploration and mining, including ecological and radiation safety parameters. The contractor must also primarily engage Kazakhstan labour resources, recultivate land plots and finance the organisation, and develop and maintain the social infrastructure in the region where mining operations are performed. A certain percentage or amount of production expenses, usually specified in subsoil use contracts, is also required to be used for professional training of Kazakhstan specialists.

The subsoil contract sets forth, among other things, the term and volume of production, taxation, financing, insurance, environmental protection measures, labour safety measures and termination provisions. The contract can be unilaterally terminated by the Competent Authority for a number of reasons, including violation by the subsoil user of certain provisions of the Kazakhstan Subsoil Law or bankruptcy of the subsoil user. As at the date of this Prospectus, there has not been a unilateral termination of a subsoil contract with any subsidiary or joint venture of the Company.

Although not expressly required by law, the practice has developed that, if the contractor wishes to increase production volumes, such increased production volumes should be reflected in amendments to the relevant subsoil use agreements and work programmes.

Local Content Requirements

The Subsoil Law generally requires subsoil users to comply with certain local content requirements, including the use of Kazakhstan suppliers and Kazakhstan personnel. These general requirements are usually detailed in the subsoil use agreements to which the Company's subsidiaries and joint venture companies are parties.

Since 2002, the Government has introduced a policy aimed at replacing imports and using greater involvement, support and further stimulation of local producers. This policy was further developed in 2009 when the Governmental authorities elaborated on the amendments to the Subsoil Law and other related laws (the "**Local Content Requirements**") to increase local content in the purchase of goods, work and services by state bodies, national companies and subsoil users. The Local Content Requirements introduce new criterion, such as using a percentage of local employee salaries in payroll funds for the calculation of local content. In addition, a centralised electronic system for the purchase of goods, works and services used in subsoil use operations is required to be established and maintained.

State Preemption and Regulation of Subsoil Use Rights

Article 71 of the Kazakhstan Law No. 2828 "On Subsoil and Subsoil Use" dated 27 January 1996 (the "**Subsoil Law**") provides Kazakhstan with a preemptive right to acquire subsoil use rights and equity interests in any entity holding subsoil use rights and in any entity which may directly or indirectly make the decisions for a subsoil user or exert influence on the decisionmaking of a subsoil user, if the main activity of such entity is related to subsoil use in Kazakhstan, when such entity wishes to transfer such rights or interests. This preemptive right permits Kazakhstan to purchase any such subsoil use rights or equity interests being offered for transfer on terms no less favourable than those offered to other purchasers. The Competent Authority has the right to terminate a subsoil user contract if a transaction takes place in breach of the preemptive right provision of the Subsoil Law, which applies both to Kazakhstan and overseas entities.

The Competent Authority and Other Regulatory Authorities, including IAEA

General

The Government plays a major role in three areas of subsoil management. The Government is responsible for organising and managing state owned reserves, outlining subsoil allotments, defining the list of commonly occurring minerals, defining the procedures for the conclusion of subsoil use agreements, approving model contracts and appointing the "competent authority". In the event of war, natural calamities and other emergency situations, the government has the right to requisition all or part of the mineral resources owned by a subsoil user with a subsequent compensation in kind or in cash at world prices on the day of requisition. The Government, through the Competent Authority, has the power to execute and implement subsoil use agreements. Local executive authorities have responsibility for, among other things, allotment of land plots to subsoil users, supervising the protection of the land and participating in negotiations with subsoil users for environmental and social protection. However, local authorities do not have a leading role in subsoil use management.

The Competent Authority

The Competent Authority is designated by the Government to enter into subsoil use agreements. In addition, the Subsoil Law provides that the Competent Authority is responsible for:

- organising tenders for the granting of subsoil use rights for exploration and/or production of minerals;
- executing and registering subsoil use agreements;
- monitoring compliance with the terms of subsoil use agreements;
- issuing permits for the transfer of subsoil use rights (under article 14 of the Subsoil Law) and registration of transactions involving pledges of subsoil use rights;
- monitoring compliance with the requirement that goods and services be procured through the tender process and from Kazakhstan producers, if such goods and services meet Kazakhstan and international standards; and
- suspending and terminating subsoil use agreements in accordance with the procedures set forth in the Subsoil Law.

Other Regulatory Authorities

Other governmental ministries and authorities which regulate aspects of mineral extraction in Kazakhstan include:

- the MEP, which is responsible for environmental protection and preservation of mineral resources;
- the Ministry of Emergency Situations, which, among other things, supervises safety in mining operations;
- the Committee on Geology and Subsoil Use (under The Ministry of Industry and New Technologies), which, among other things, approves annual work programmes and supervises mining operations;
- the Committee on State Control of Emergency Situations and Industry Safety (under the Ministry of Emergency Situations), which, among other things, supervises health and safety matters;
- the Agency of Construction and Housing Matters, which exercises State control over the quality of construction and construction materials;
- various governmental authorities responsible for the approval of construction projects and the use of water and land resources;
- the Committee for State Sanitary and Epidemiological Supervision (under the Ministry of Public Health), which is responsible for monitoring compliance with health standards;
- the Ministry of Labour and Social Protection of the Population, which is responsible for investigating labour disputes and complaints from individual employees and which monitors compliance with the obligations of subsoil users to give preference in hiring, including to employ a certain minimum percentage of Kazakhstan nationals;
- the Committee for Technical Regulation and Metrology (under the Ministry of Industry and New Technologies), which is responsible for testing used equipment;
- regional and municipal regulatory authorities, which are responsible for registering properties, pledges and mortgages; and
- national and regional tax authorities.

The IAEA

In 1969, Kazakhstan ratified the Treaty on the Non-Proliferation of Nuclear Weapons of 1968 ("**NPT Treaty**"). In 1994, in order to comply with the requirement set out in the Article III of the NPT Treaty, Kazakhstan and the IAEA signed an agreement on acceptance of safeguards in connection with the NPT Treaty, which was ratified in 1995 ("**Safeguards Agreement**").

In accordance with the Safeguards Agreement, Kazakhstan accepts the application of IAEA safeguards on all "source or special fissionable material" in all peaceful nuclear activities within its territory, under its jurisdiction or carried out under its control for the exclusive purpose of verifying that such material is not diverted to nuclear weapons or other nuclear devices.

Pursuant to the Safeguards Agreement, Kazakhstan provides the IAEA with accounting, reports, special reports and amplification and clarification reports in respect of nuclear material subject to safeguards. Under the Safeguards Agreement, the IAEA performs *ad hoc* and routine inspections in connection with nuclear material subject to safeguards during which it may examine the records on nuclear materials, make independent measurements of nuclear material, verify the functioning and calibration of instruments and other measuring and control equipment, and apply and make use of surveillance and containment measures. In cases of facilities or "material balance areas" with annual production of nuclear material not exceeding five "effective kilograms", routine inspections are performed annually.

The Company's facilities subject to IAEA inspections are MAEK (due to the presence of the BN-350 Reactor) and the Ulba Facility (due to its manufacturing involving enriched uranium, such as fuel pellets and UO_2 powder).

In 2004, Kazakhstan and the IAEA signed a protocol in addition to the Safeguards Agreement, which was ratified by Kazakhstan in 2007 ("**Additional Protocol**"), in order to strengthen the effectiveness and improve the efficiency of the IAEA's safeguards systems. In accordance with the Additional Protocol, Kazakhstan must provide the IAEA with a declaration containing certain information on all of its nuclear facilitates and materials, not just its source or special fissionable materials.

Under the Additional Protocol, the Company must file the following declaration in connection with all of its nuclear materials by 15 May of each year:

- Information regarding the location of nuclear fuel cycle-related research and development activities that do not involve nuclear material that are funded, specifically authorised or controlled by, or carried out on behalf of, Kazakhstan.
- A general description of each building on each site, including its use and, if not apparent from the description, its contents, including a map of the site.
- Information specifying the location, operational status, estimated annual production capacity and current annual production of uranium mines, concentration plants and thorium concentration plants.
- General plans for the successive ten-year period relevant to the development of the nuclear fuel cycle (including planned nuclear fuel cycle-related research and development activities) when approved by the appropriate authorities in Kazakhstan.

Also in accordance with the Additional Protocol, all nuclear facilities of the Company are subject to inspection by the IAEA, which can be performed any time with 24-hour advance notice.

Additionally, in 2003, the IAEA undertook a programme to upgrade the nuclear accountancy and control systems within Kazakhstan. The current IAEA programme is focused on upgrading hardware and software systems and training personnel in Kazakhstan. Due to the complexity of nuclear facilities in Kazakhstan, special emphasis is placed on training personnel and upgrading systems at such facilities.

Kazakhstan has adopted Norms on Radiational Safety ("**NRB-99**") based on IAEA's safety series 115 (Basic Safety Standards for Protection Against Ionizing Radiation and for the Safety of Radiation Sources), and compliance therewith is mandatory for all nuclear operators in Kazakhstan.

Recordkeeping

Under the Subsoil Law and the Environmental Code dated 9 January 2007 No. 212 (the "**Environmental Code**"), a subsoil user is required to keep an adequate record of extracted minerals and reserves, including the processing of by-products and residual waste. The State monitors the records of extracted minerals and reserves. A subsoil user is also required to provide geological reports on its activities in the contract territory relating to exploration and use of the subsoil.

Social Contributions and Commitments

Contracts for subsoil use are required to identify the subsoil user's obligation to ensure equal conditions and fair pay for Kazakhstan personnel in comparison to foreign personnel, including personnel employed at the subcontractor level. A subsoil user is also obligated to give priority to Kazakhstan citizens to work and be trained.

In addition, subsoil use agreements may also contain other social commitments and contributions of subsoil users. See "*Regulation in Kazakhstan – Regulation of Mineral Rights in Kazakhstan – Subsoil Use Agreements*" and "*– Other Operations – Social Services*".

2009 Tax Code

Kazakhstan adopted the 2009 Tax Code effective 1 January 2009, as amended in October 2009. The 2009 Tax Code, among other things, changes the corporate income tax rate and replaces mineral royalties tax with a mineral extraction tax. This mineral extraction tax replaced previously existing royalty payments for subsoil use rights. The mineral extraction tax applies to all subsoil users that produce minerals, including uranium. The tax base for the mineral extraction tax is the value of the depleted deposits of a mineral extracted in the reporting period, which is a calendar quarter. In the complete absence of depleted deposits, the tax base for the calculation of the mineral extraction tax is determined based on actual production costs of mining and primary processing (enrichment), which was increased by 20%. The mineral extraction tax applies to uranium at the rate of 22% for 2009 through 2012, 23% for 2013 and 24% for subsequent years. See "*Management's Discussion and Analysis of Results of Operations and Financial Condition – Main Factors Affecting Results of Operations – Taxation, Including Mineral Extraction Taxes*".

Environmental, Health and Safety Compliance

The activities of the Company's subsidiaries and joint venture companies are subject to extensive laws and regulations governing environmental protection and employees' health and safety. In addition, the uranium industry is subject not only to the worker health and safety and environmental risks associated with all mining businesses, but also to additional risks uniquely associated with uranium mining and works with radioactive substances and materials. Failure to comply with applicable environmental, health and safety laws may result in damages, suspension or revocation of subsoil use agreements and the imposition of penalties and in criminal investigations against employees of the Company.

Supervising Authorities in Kazakhstan

In addition to IAEA supervision, there are several Kazakh agencies that supervise the operations of the Company's facilities with respect to environmental, health and safety matters:

- Kazakhstan's sanitation and epidemiological supervision bodies are in charge of monitoring radiation levels, the impact on personnel and the harmful chemical substances released into the environment;

- the Atomic Energy Committee, under the Ministry of Industry and New Technologies of the Republic of Kazakhstan, controls the nuclear and radiation environment and the transport and storage of radioactive products; and

- the Committee on Ecological Regulation and Control, under the Ministry of Environmental Protection of the Republic of Kazakhstan, controls compliance with environmental regulation on enterprises.

In addition, general labour safety in Kazakhstan is regulated by the Ministry of Emergency Situations, on a national level, and by the Committee on State Control and Supervision of the Ministry of Emergency Situations, at the regional level.

Licensing of Operations with Atomic Energy and Extraction, Processing and Exportation of Uranium and Uranium Products

In Kazakhstan, activities relating to extraction, processing and exportation of uranium and uranium products, construction related activities, transportation and handling of radioactive materials and radioactive wastes are subject to licensing.

Generally, a licence is granted to any entity that satisfies the requirements for that particular license. A licensee may generally not transfer its licence to another party. The licence is granted by the relevant licensing authority and can be suspended or terminated if the licensee fails to comply with the qualification requirements.

The Company believes that it and its major operating subsidiaries have all major operational licenses, and such licenses are in full force, have not been suspended or terminated and are in full compliance with law.

Company Policies

The Company has developed a number of policies addressing the following issues:

- ecological awareness of personnel;

- information transparency and accessibility;

- constructive social interaction;

- maintenance and development of a health system;

- introduction of radiation safety quality assurance programmes; and

- compliance with international standards for work safety and environmental protection management systems.

For the last several years, the Company's facilities have implemented quality, ecology, health and safety management systems in compliance with the following international standards: ISO 9001:2000, ISO 14001:2004 and OHSAS 18001:2007. As at the date of this Prospectus, 16 of the Company's entities are certified as being in compliance with these standards. In addition, Kazakhstan has adopted NRB-99 based on IAEA's safety series 115 (Basic Safety Standards for Protection Against Ionizing Radiation and for the Safety of Radiation Sources), and compliance therewith is mandatory for all nuclear operators in Kazakhstan. As at the date of this Prospectus, the Company believes all of its subsidiaries were in compliance with NRB-99.

The Work Safety Management System was developed and introduced at all units of the Company. The system covers all structural subdivisions of the enterprise and technological processes. It is a unified guidance document that manages all organisational work safety activities.

In order to provide further effectiveness to the Work Safety Management System, the following regulations and rules have been implemented:

- regulations on individual staff liability for violations of work safety requirements;
- regulations on the management of subsidiary enterprises' safety systems; and
- work safety and environmental protection requirements for parties that contract with the Company.

Further, taking into consideration that transportation by trucks accounts for a significant share in the Company's operating activity, an organisational system of safe vehicle operation was developed and implemented that includes guidance on the safe transportation of hazardous goods and radioactive materials.

Environmental protection services are carried out at the Company's facilities. All units of the Company have health, safety and environment services that perform operational monitoring of environmental, radioactive, technical and nuclear safety issues. Also, the Company's facilities continuously monitor for emissions of pollutants and discharges, reclamation and waste disposal. This process enables the Company to control the production processes, the possible release of harmful substances, the packaging and transportation of the product and the ability to inform the public of any radioecological situation.

Several of the Company's facilities have complied with the following international standards regarding their respective quality, ecology, health and safety management systems: ISO 9001:2000, ISO 14001:2004 and OHSAS 18001:2007. As at the date of this Prospectus, 16 of the Company's entities are certified as being in compliance with these standards.

Processing at the Ulba Facility

Of all the Company's operations, operations at the Ulba Facility present the most likely source of environmental risk. The Ulba Facility is subject to several permits and authorisations necessary to comply with environmental regulations in Kazakhstan, including permits that allow pollution emissions and releases not to exceed specified levels. Additionally, Ulba JSC adopted the Programme for Ecological Control for 2009 and 2010 to monitor the impact of the Ulba Facility's production on the environment.

Uranium Mining

The Company mines virtually all of its uranium deposits through the ISL method, which enables the extraction of relatively low-cost uranium from low-grade ore in sandstone deposits. Consequently, landscape and subsurface resources are least affected in terms of environmental damage. According to the generally accepted international assessment, the risk of an accident with radiation consequences at facilities producing uranium through the ISL method is generally lower than at facilities utilising other methods of uranium extraction because, among other reasons, ore is not lifted to the surface and mobilises fewer radioactive elements. See "*Business – Uranium Mining (In Situ Leaching)*".

Public Dose

Unlike other uranium mining methods, uranium production through the ISL method, which is the predominate production method used by the Company, does not produce public dose exposures in excess of natural background radiation.

Kazakhstan has adopted the International Basic Standards of Radiation Protection, which was issued by the IAEA in 1996. The standards came into force in Kazakhstan in 2000. Under the standards, the maximum work dose in a possible radiation environment is 50 mSv per year. As at the date of this Prospectus, at the operations controlled or managed by the Company, the work dose for 99% of the employees is not more than 5 mSv per year. The remaining 1% of employees have a work dose ranging between 5 and 10 mSv. In accordance with the results of radioecology monitoring, there has not been an increase in the maximum work dose between 2005 and 2009.

Some of the affiliates of the Company (*e.g.*, MAEK) have adopted internal rules of radiation protection. According to these rules, the maximum work dose is 20 mSv per year.

Radioecology control is conducted by radiation monitoring services equipped with necessary dosimeter and radiometric instruments. Ecologic monitoring is carried out in accordance with the programme approved by Kazakh supervisory authorities. The operations of the Company have state-of-the-art radioecology laboratories which have been accredited by the State Standard Agency of the Republic of Kazakhstan.

Solid Radioactive waste

Solid radioactive waste formed in the process of production occurs in:

- radioactive contaminated soil at the sites where the pregnant solutions delivered through pipes are used;
- waste consisting of used ion-exchange resins removed from the production cycle;
- radioactive contaminated slurry from collecting tanks; and
- fragments of equipment and metal constructions removed from production.

These types of solid radioactive waste are characterised as low active and scaled as 4th and 5th grade, an indication that they are the least hazardous solid radioactive waste. The Company's mining facilities dispose of solid radioactive waste in special disposal facilities certified by state ecological experts in accordance with the regulations of Kazakhstan.

Contamination of Ground Water

The monitoring of ground water is the most important environmental activity in uranium mining by the ISL method. In order to monitor ground water contamination, samples are taken from wells to make necessary measurements. In order to protect the groundwater, the mining area is enclosed by a sanitary area that extends 500 metres from the ore zone. Further, radionuclide contamination in water samples taken from monitoring wells may not exceed the standard set by NRB-99.

Except for the Ulba Facility, all uranium mining operations of the Company are located in desert areas of Kazakhstan and are far removed from densely inhabited localities.

Atmospheric emissions

Experts from both the Company and the Environmental Protection Committee under the MEP conduct continuous monitoring of atmospheric emissions at the Company's uranium production facilities.

Relevant analysis shows that environmental performance indicators have improved in recent years. For example, the share of harmful chemicals in the total volume of pollutants discharged into the atmosphere decreased by 12.2% in 2009 as compared to 2008. The average radionuclide release at the Company's production sites for 2009 was lower than the standards set by Kazakhstan's environmental laws. Moreover, the actual state of nuclear emissions into the atmosphere from the Company's units remains stable.

Price Regulation

The Government can regulate the prices with respect to entities that are Kazakhstan companies if such companies have the status of natural monopoly or hold a dominant position in the relevant market. MAEK is considered a natural monopoly and, as such, the products manufactured by it, such as electricity, heat and water, are subject to anti-monopoly regulation and tariffs. The tariffs for electricity, heat and water were traditionally approved by the Mangistau oblast subdivision of the Agency of Kazakhstan on Protection of Competition. The table below sets forth effective tariffs as prescribed by such agency as at 31 March 2010:

Product	Measuring unit	Approved tariffs
Electricity:		
Population of Mangistau oblast	KZT/kWh	2.26
Population of Aktau	KZT/kWh	2.85
Legal entities	KZT/kWh	7.23
Heat	KZT/Gcal	1,018.00
Drinking water	KZT/Cubic metres	105.97
Technical water	KZT/Cubic metres	29.00
Hot water	KZT/Cubic metres	75.00

The tariffs for electricity usually increase as a result of increases in gas prices. The most recent revision of tariffs occurred at the end of 2009. Beginning in 2009, the electricity tariffs are approved by the decree of the Government. The tariffs for other products of MAEK were last revised in 2006. Typically, revisions are due to increased production expenses.

MAEK has signed agreements of investment obligations with the Ministry of Industry and New Technologies for 2009 and 2010. These agreements determine the maximum level of tariffs for MAEK and the share of MAEK's income received as a result of application of such tariffs that must be used by MAEK to upgrade its facilities and equipment. The amount to be used in 2010 is KZT 2.7 billion.

State Procurement, Subsoil Procurement and Transfers of Subsoil Use Rights

Procurement Regulations

Pursuant to the newly adopted Law of the Republic of Kazakhstan On National Wealthfare Fund No. 134-IV, dated 13 February 2009, the Company is not subject to the general procurement rule (established by the Law of the Republic of Kazakhstan on State Procurement No. 303 III ZRK dated 21 July 2007) and conducts its procurements in accordance with the special procurement rules adopted by Samruk-Kazyna (the "**Unified Rules**").

These Unified Rules are generally similar to the procurement rules and provide for mandatory procedures for the procurement of goods and services by Samruk-Kazyna and companies in which Samruk-Kazyna has a 50% or more direct or indirect ownership. The Unified Rules require such companies to conduct formal public tenders in order to procure most types of goods and services, subject to certain limited exceptions, such as for goods and services not exceeding 4,000 multiples of a monthly specified index (approximately U.S.$38,000). The procurement of certain limited categories of goods and services, as well as goods and services provided by companies that are subject to the anti-monopoly laws of Kazakhstan, are conducted by way of direct trades without involving the tendering procedures. Samruk-Kazyna exercises overall supervision over compliance with the Unified Rules.

Transfer of the Subsoil Use Rights

Apart from the Government's preemption right (under article 71 of the Subsoil Law), the transfer of subsoil use rights from the subsoil user to a third party, the disposal of any interest of the subsoil users rights, or any pledge of the subsoil use rights may only be effectuated by obtaining prior consent from the Competent Authority (in accordance with article 14 of the Subsoil Law). The Competent Authority's determination to grant or withhold consent must generally be made within 45 days after filing an application.

Regulatory Function of the Company

The Company is the national atomic company of Kazakhstan and among other things, is responsible for, and has a preferential right to perform and coordinate, mining uranium in Kazakhstan and exporting uranium and its compounds from Kazakhstan pursuant to the Decree of the President of Republic of Kazakhstan No. 3593 dated 14 July 1997.

Additionally, the Company, as national operator, has certain functions including the following:

- controlling Kazakhstan's performance of the Agreement Suspending the Antidumping Investigation of Uranium from Kazakhstan, signed 16 October 1992 between the Government and the U.S. Ministry of Trade, as amended, and usage of quotes for supply of Kazakhstan uranium to the U.S. market;
- assisting in implementing Kazakhstan's policy on preventing of dumping processes on the uranium market within and outside of Kazakhstan;
- maintaining Kazakhstan's atomic reserves, assisting in monitoring geological information on Kazakhstan's uranium deposits and controlling such information's integrity and dissemination;
- mandatorily participating as an expert in reviewing issues associated with granting licenses for exploration, production and processing of uranium-bearing materials;
- securing strict observance of quotas on export and import of uranium-bearing materials and equipment for producers operating within Kazakhstan;
- securing export, import and manufacturing of special equipment and technologies and materials of dual application pursuant to IAEA rules;
- maintaining records on sales of atomic energy industry products;
- determining transportation routes and supply schedules of uranium-bearing raw materials to reprocessing facilities within Kazakhstan; and
- participating in the resolution of issues related to transit of foreign export production through Kazakhstan.

TERMS AND CONDITIONS OF THE NOTES

The issue of the Notes was authorised by a resolution of the Board of Directors of the Issuer passed on 9 April 2010. The Notes are constituted by a Trust Deed (the "**Trust Deed**" which expression includes such trust deed as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time so modified) dated 20 May 2010 between the Issuer and BNY Corporate Trustee Services Limited (the "**Trustee**" which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Notes (the "**Noteholders**"). These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Notes. Copies of the Trust Deed, and of the paying agency agreement (the "**Paying Agency Agreement**") dated 20 May 2010 relating to the Notes between the Issuer, the Trustee, The Bank of New York Mellon, London Branch as the principal paying agent and a transfer agent (the "**Principal Paying Agent**" and a "**Transfer Agent**", which expressions shall include any successors), The Bank of New York Mellon (Luxembourg) S.A. as the registrar and a transfer agent (the "**Registrar**" and a "**Transfer Agent**", which expressions shall include any successors) and The Bank of New York Mellon, New York Branch as the U.S. paying agent and a transfer agent (the "**U.S. Paying Agent**" and a "**Transfer Agent**", which expressions shall include any successors, and the U.S. Paying Agent together with the Principal Paying Agent, the "**Paying Agents**") are available for inspection during usual business hours at the principal office of the Trustee (presently at One Canada Square, London E14 5AL) and at the specified offices of the Paying Agents. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Paying Agency Agreement.

Capitalised terms used but not defined in these Conditions shall have the meanings given to them in the Trust Deed.

1. Form, Denomination and Title

The Notes are issued in registered form, without interest coupons attached, and shall be serially numbered. Notes, whether sold (i) in offshore transactions in reliance on Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or (ii) to QIBs (as defined in the Trust Deed) in reliance on Rule 144A under the Securities Act, will be issued in the denominations of U.S.$100,000 or any amount in excess thereof which is an integral multiple of U.S.$1,000 (each such denomination, an "**authorised denomination**").

2. Title, Registration and Transfer

(a) **Title:** Title to the Notes will pass by and upon registration in the Register. Each Noteholder shall (except as otherwise required by law) be treated as the absolute owner of such Notes for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Definitive Certificate relating thereto (other than the endorsed form of transfer (the "**Transfer Form**")) or any notice of any previous loss or theft of such Definitive Certificate) and no Person shall be liable for so treating such Holder.

(b) **Register:** The Registrar will maintain a register (the "**Register**") in respect of the Notes, which the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Paying Agency Agreement. In these Conditions, the "Holder" of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly. A certificate (each a "**Definitive Certificate**") will be issued to each Noteholder in respect of its registered holding or holdings of Notes only in certain limited circumstances. Each Definitive Certificate will be numbered serially with an identifying number which will be recorded in the Register.

(c) **Transfers:** Subject to paragraphs (f) and (g) below, a Note may be transferred in whole or in an authorised denomination upon surrender of the relevant Definitive Certificate, with the endorsed form of transfer duly completed, at the specified office of the Registrar or the Transfer Agent, together with such evidence as the Registrar or, as the case may be, such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the persons who have executed the Transfer Form. Where not all the Notes represented by the surrendered Definitive Certificate are the subject of the transfer, a new Definitive Certificate in respect of the balance of the Notes will be issued to the transferor; *provided, however*, that a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred are authorised denominations.

No transfer of a Note will be valid unless and until entered on the Register. A Note may be registered only in the name of, and transferred only to, a named Person (or Persons).

(d) **Registration and delivery of Definitive Certificates:** Subject to paragraphs (f) and (g) below, within five Business Days (as defined below) of the surrender of a Definitive Certificate in accordance with paragraph (c) above, the Registrar will register the transfer in question and deliver a new Definitive Certificate of the same aggregate principal amount as the Notes transferred to each relevant Holder at its specified office or (as the case may be) the specified office of the Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "**Business Day**" means a day on which commercial banks are open for business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the Transfer Agent has its specified office. Where some but not all the Notes in respect of which a Definitive Certificate is issued are to be transferred, a new Definitive Certificate in respect of the Notes not so transferred will, within five Business Days of the surrender of the original Definitive Certificate in accordance with paragraph (c) above, be mailed by uninsured first class mail (airmail if overseas) at the request of the Holder of the Notes not so transferred to the address of such Holder appearing on the Register.

(e) **No charge:** Registration or transfer of a Note will be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agent but subject to (i) the Person making such application for transfer paying or procuring the payment of, and/or providing such indemnity as the Registrar or (as the case may be) such Transfer Agent may require for, any tax or other duty or governmental charge of whatsoever nature which may be levied or imposed in connection with such registration or transfer, (ii) the Registrar being satisfied with the document of title and/or identity of the Person making the application and (iii) such reasonable regulations as the Issuer may from time to time agree with the Registrar and the Trustee.

(f) **Closed periods:** Noteholders may not require transfers to be registered during the period beginning on the fifteenth calendar day before the due date for any payment of principal or interest in respect of such Notes.

(g) **Regulations concerning transfers and registration:** All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes scheduled to the Paying Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

3. Status

The Notes constitute (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a), at all times rank at least equally with all other present and future unsecured and unsubordinated obligations.

4. Negative Pledge and Covenants

So long as any amount remains outstanding under the Notes:

(a) **Negative Pledge:** the Issuer shall not, and shall not permit any Material Subsidiary to, create, incur, assume or suffer to exist any Liens, other than Permitted Liens, on any of its or their assets, now owned or hereafter acquired, or any income or profits therefrom, securing any Indebtedness, unless, at the same time or prior thereto, the Notes are secured equally and rateably with such other Indebtedness.

(b) **Limitation on Payments of Dividends**

(i) The Issuer will not pay any dividends, in cash or otherwise, or make any other distribution of any sort (whether by way of redemption, acquisition or otherwise) in respect of its share capital:

(x) at any time when there exists an Event of Default (as defined in Condition 9) or an event which, with the expiry of a grace period, passage of time, the giving of notice and/or the fulfilment of any other rquirement, would constitute an Event of Default); or

(y) at any time when no such Event of Default or event exists, in an aggregate amount exceeding 50 per cent. of the Issuer's Consolidated Net Income for the period in respect of which the dividend or other distribution is being paid.

(ii) The above limitation shall not apply to the payment of (i) any dividends in respect of any Preferred Stock of the Issuer, which may be issued by the Issuer from time to time and (ii) any dividends in respect of any Capital Stock of the Issuer made out of the Net Cash Proceeds of the substantially concurrent sale of, or by issuance of, Capital Stock of the Issuer (other than Disqualified Stock and other than Capital Stock issued or sold to a Subsidiary of the Issuer or an employee stock ownership plan or to a trust established by the Issuer or any of its Subsidiaries for the benefit of their employees) or a substantially concurrent cash capital contribution received by the Issuer from its shareholders.

(iii) The Issuer will not permit any Material Subsidiary to make any dividends or other distributions in respect of any series of Capital Stock of such Material Subsidiary unless such dividends or distributions are made on a *pro rata* basis to holders of such series of Capital Stock or such dividends or distributions are made on a basis that results in the Issuer or a Material Subsidiary receiving dividends or other distributions of greater value than would result on a *pro rata* basis.

(c) **Limitation on Sales of Assets and Subsidiary Stock**

The Issuer will not, and will not permit any Material Subsidiary to, consummate any Asset Disposition involving aggregate consideration equal to or greater than U.S.$10 million (or its equivalent) unless;

(i) unless the Issuer or such Material Subsidiary receives consideration at the time of such Asset Disposition at least equal to the Fair Market Value (including as to the value of all non cash consideration) of the shares and assets subject to such Asset Disposition; and

(ii) solely with respect to an Asset Disposition of shares of Capital Stock of a Material Subsidiary, after giving effect to any such Asset Disposition, the Issuer will continue to "beneficially own" (as such term is defined in Rule 13(d)(3) and Rule 13(d)(5) under the Exchange Act), directly or indirectly, at least the Restricted Percentage of the shares of Capital Stock of such Material Subsidiary.

(d) **Financial Information**

(i) The Issuer shall deliver to the Trustee as soon as they become available, but in any event within six months after the end of each of its financial years, copies of the Issuer's consolidated financial statements for such financial year, in each case audited by the Auditors and prepared in accordance with IFRS consistently applied with the corresponding financial statements for the preceding period.

(ii) The Issuer shall as soon as the same become available, but in any event within 120 days following the end of each first half year of each of its financial years thereafter, deliver to the Trustee the Issuer's consolidated financial statements for such period.

(iii) The Issuer hereby undertakes that it will deliver to the Trustee, without undue delay, such additional information regarding the financial position or the business of the Issuer or any Material Subsidiary as the Trustee may reasonably request, including providing certification in accordance with the Trust Deed.

(iv) The Issuer shall ensure that each set of consolidated financial statements delivered by it pursuant to this Condition 4(d) is:

(x) prepared generally on the same basis as was used in the preparation of its Original Financial Statements (including with respect to presentation of prior periods) and in accordance with IFRS and consistently applied;

(y) in the case of the statements provided pursuant to Condition 4(d)(i), accompanied by a report thereon of the Auditors referred to in Condition 4(d)(i) (including opinions of such Auditors with accompanying notes and annexes); and

(z) in the case of the statements provided pursuant to Conditions 4(d)(i) and 4(d)(ii), certified by an Authorised Signatory of the Issuer that the information with respect to the Group included in the financial statements pursuant to Condition 4(d)(vi) give a true and fair view of the Group's consolidated financial condition as at the end of the period to which those consolidated financial statements relate and of the results of the Group's operations during such period.

(v) The Issuer undertakes to furnish such information to the Regulated Market of the London Stock Exchange plc (the "**Stock Exchange**") (or any other or further stock exchange or stock exchanges or any relevant authority or authorities on which the Notes may, from time to time, be listed or admitted to trading) (with a copy to the Trustee) as such stock exchange may require as necessary in connection with the listing or admission to trading on such stock exchange or relevant authority of such instruments.

(vi) The semi-annual and annual financial information to be delivered pursuant to Conditions 4(d)(i) and 4(d)(ii) will be prepared on the basis of accounting principles consistent with those that formed the basis of the Original Financial Statements in respect of the Group, in each case as at and for the periods covered by the relevant financial information, either on the face of the financial statements or in the footnotes thereto.

(e) **Maintenance of Authorisations**

(i) The Issuer shall, and shall procure that each of its Material Subsidiaries shall, take all necessary action to obtain and do or cause to be done all things necessary, in the opinion of the Issuer or the relevant Material Subsidiary, to ensure the continuance of its corporate existence, its business and/or operations; and

(ii) the Issuer shall, and shall procure that each of the Material Subsidiaries shall, take all necessary action to obtain, and do or cause to be done all things necessary to ensure the continuance of, all consents, licences, approvals and authorisations, and make or cause to be made all registrations, recordings and filings, which may at any time be required to be obtained or made in any relevant jurisdiction for the execution, delivery or performance of the Notes and the Agreements or for the validity or enforceability thereof.

(f) **Maintenance of Property**

The Issuer will, and will procure that its Material Subsidiaries will, cause all of the property used in the conduct of its or their business to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and shall cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as, in the judgement of the Issuer or any of its Material Subsidiaries, may be reasonably necessary so that the business carried on in connection therewith may be properly conducted at all times.

(g) **Maintenance of Insurance**

So long as any amount remains outstanding under the Notes, the Issuer and any Material Subsidiary shall maintain insurance on those of their properties which are of an insurable nature to the extent required under the laws of the relevant jurisdictions where such properties are located.

(h) **Payment of Taxes and Other Claims**

The Issuer shall, and shall ensure that the Material Subsidiaries will, pay or discharge or cause to be paid or discharged before the same shall become overdue all taxes, assessments and governmental charges levied or imposed upon, or upon the income, profits or property of, the Issuer and the Material Subsidiaries provided that none of the Issuer nor any Material Subsidiary shall be in breach of this Condition 4(h) if the Issuer or any Material Subsidiary has failed to pay or discharge or cause to be paid or discharged any tax, assessment, charge or claim if such amount, applicability or validity is being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with IFRS or other appropriate provision has been made, or if a failure to pay or discharge or cause to be paid or discharged such amount, would not have a Material Adverse Effect.

(i) **Officers' Certificates**

(i) The Issuer will at the same time as delivering the Issuer's audited annual financial statements pursuant to Condition 4(d)(i), and in addition within 14 days of any request by the Trustee, deliver to the Trustee written notice in the form of an Officers' Certificate stating whether any Potential Event of Default or Event of Default or Change of Status has occurred and, if it has occurred and shall be continuing, what action the Issuer is taking or proposes to take with respect thereto and that the Issuer has complied with its obligations under the Trust Deed.

(ii) The Issuer will at the same time as delivering the Issuer's audited annual financial statements pursuant to Condition 4(d)(i), and in addition within 30 days of a request from the Trustee, deliver to the Trustee an Officers' Certificate specifying those companies which were, at a date no more than 20 days before the date of such Officers' Certificate, Material Subsidiaries.

(j) **Change of Business**

The Issuer shall not, and shall ensure that no Material Subsidiary will engage in any business other than a Permitted Business.

5. Interest

The Notes bear interest from and including 20 May 2010 at the rate of 6.25 per cent. per annum, payable semi-annually in arrear in the amount of U.S.$31.25 per Calculation Amount (as defined below) on 20 November and 20 May in each year (each an "**Interest Payment Date**") commencing on 20 November 2010. Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Trustee or the Principal Paying Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions). If interest is required to be calculated for a period of less than the relevant day-count fraction, it will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In these Conditions, the period beginning on and including 20 May 2010 and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**".

Interest in respect of any Note shall be calculated per U.S.$1,000 in principal amount of the Notes (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to an Interest Period, be equal to the product of 6.25 per cent., the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

6. Redemption and Purchase

(a) **Final redemption:** Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their principal amount on 20 May 2015. The Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition.

(b) **Redemption for taxation reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their principal amount, (together with interest accrued to the date fixed for redemption), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) it has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the Republic of Kazakhstan or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a Court of competent jurisdiction), which change or amendment becomes effective on or after 20 May 2010, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(b), the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above, in which event it shall be conclusive and binding on the Noteholders.

(c) **Redemption at the Option of Noteholders upon a Change of Status:** If at any time while any Note remains outstanding a Change of Status occurs, the Issuer shall, at the option of the holder of any such Note, redeem or purchase such Note on the Change of Status Put Date (as defined below) at 101 per cent. of its principal amount together with (or, where purchased, together with an amount equal to) interest accrued to but excluding the Change of Status Put Date.

Such option (the "**Change of Status Put Option**") shall operate as set out below.

If a Change of Status occurs, then the Issuer shall, within 14 days of the occurrence of the Change of Status, and, the Issuer having failed to do so, the Trustee shall, if so requested by the holders of at least one-fourth in principal amount of the Notes then outstanding (subject to it being indemnified and/or secured and/or pre-funded to its satisfaction), give notice (a "**Change of Status Notice**") to the Noteholders in accordance with Condition 16 specifying the nature of the Change of Status and the procedure for exercising the Change of Status Put Option.

To exercise the Change of Status Put Option, a holder of Notes must deliver at the specified office of any Paying Agent on any business day (being a day on which commercial banks are open for business in the city where such Paying Agent has its specified office) falling within the period commencing on the date on which the Change of Status Notice is given to Noteholders as required by this Condition 6(c) and ending 90 days after such date (the "**Change of Status Put Period**"), a duly signed and completed notice of exercise in the form (for the time being current and which may, if the certificate for such Notes is held in a clearing system, be any form acceptable to the clearing system delivered in any manner acceptable to the clearing system) obtainable from any specified office of any Paying Agent (a "**Change of Status Put Option Notice**") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this paragraph accompanied by the certificate for such Notes or evidence satisfactory to the Paying Agent concerned that the certificate for such Notes will, following the delivery of the Change of Status Put Option Notice, be held to its order or under its control.

The Issuer shall at its option redeem or purchase (or procure the purchase of) the Notes the subject of each Change of Status Put Option Notice on the date (the "**Change of Status Put Date**") seven days after the expiration of the Change of Status Put Period unless previously redeemed or purchased and cancelled. A Change of Status Put Option Notice given by a holder of any Note shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Change of Status Put Option Notice.

For the purposes of this Condition 6(c):

A "**Change of Status**" will be deemed to have occurred upon the occurrence of any of the following:

(i) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that the Republic of Kazakhstan and/or any other federal or state agencies appropriately authorised to hold the shares of the Issuer ceases to own and control (directly or indirectly) 100 per cent. of the issued and outstanding voting share capital of the Issuer; or

(ii) the occurrence of an Adverse Ratings Event during the six months immediately following the occurrence of a reorganisation entered into by the Issuer (directly or indirectly) or any Material Subsidiary, by reason of such reorganisation.

(d) **Notice of redemption:** All Notes in respect of which any notice of redemption is given under this Condition shall be redeemed on the date specified in such notice in accordance with this Condition, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

(e) **Purchase:** The Issuer and its Subsidiaries may at any time purchase or procure others to purchase on its behalf Notes in the open market or otherwise at any price. Notes so purchased may be held, rescinded or resold or surrendered by the Issuer for cancellation at the option of the Issuer. The Notes so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 12(a) and 13.

(f) **Cancellation:** All Notes so redeemed or purchased and submitted for cancellation will be cancelled and may not be re-issued or resold.

7. Payments

(a) **Method of Payment:** Payments of principal and interest in respect of the Notes will be made by U.S. dollar cheque drawn on a bank in New York City and mailed to the Holder by uninsured first class mail (airmail if overseas), at the address appearing in the Register at the opening of business on the relevant Record Date or, upon application by a Noteholder to the specified office of the Paying Agent not later than the 15th day before the due date for any such payment, by transfer to a U.S. dollar account maintained by the payee with a bank in New York City.

(b) **Payments subject to fiscal laws:** All payments are subject in all cases to any applicable laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(c) **Payments on Business Days**: Where payment is to be made by transfer to a U.S. dollar account with a bank in New York City, payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated and, where payment is to be made by a U.S. dollar cheque drawn on a bank in New York City, the cheque will be mailed on the due date for payment. A Noteholder shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a business day or (B) a cheque mailed in accordance with this Condition 7 arriving after the due date for payment or being lost in the mail. In this Condition 7, "**business day**" means any day on which banks are open for business (including dealings in foreign currencies) in London, Almaty and New York.

(d) **Record Date:** Payment in respect of a Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's specified office on the fifteenth day before the due date for such payment (the "**Record Date**").

(e) **Agents:** The initial Paying Agents, Transfer Agents and Registrar and their initial specified offices are listed below. The Issuer reserve the right at any time with the approval in writing of the Trustee to vary or terminate the appointment of any Paying Agent, Transfer Agent and Registrar and appoint additional or other Paying Agents and Transfer Agents or Registrar, provided that it will maintain (i) a Principal Paying Agent, (ii) Paying Agents and Transfer Agents having specified offices in at least two major European cities approved by the Trustee and (iii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000. In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in the circumstances described in Condition 7(b) above (if there is no such Paying Agent at the time) and shall after such circumstances arise maintain such a Paying Agent. Notice of any change in the Paying Agents and Transfer Agents or Registrar or their specified offices will promptly be given to the Noteholders.

In this Condition, "**EEA Regulated Market**" means a market as defined by Article 4.1 (14) of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments.

8. Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Republic of Kazakhstan or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note presented for payment:

(a) **Other connection:** by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with the Republic of Kazakhstan other than the mere holding of the Note; or

(b) **Presentation more than 30 days after the Relevant Date:** more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting such Note for payment on the last day of such period of 30 days; or

(c) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000; or

(d) **Payment by another Paying Agent:** by or on behalf of a Noteholder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a Member State of the European Union.

"**Relevant Date**" means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received in New York City by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Noteholders. Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition or any undertaking given in addition to or substitution for it under the Trust Deed.

9. Events of Default

If any of the following events (each an "**Event of Default**") occurs and is continuing the Trustee at its discretion may, and if so requested in writing by holders of at least one-fourth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to it being indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their principal amount together (if applicable) with accrued interest:

(a) **Non payment:** the Issuer fails to pay the principal of any of the Notes when the same becomes due and payable either at maturity, by declaration or otherwise or the Issuer is in default with respect to the payment of interest or additional amounts on any of the Notes and such default in respect of interest or additional amounts continues for a period of seven business days; or

(b) **Breach of other obligations:** the Issuer is in default in the performance, or is otherwise in breach, of any covenant, obligation, undertaking or other agreement under the Notes or the Trust Deed or the Paying Agency Agreement (other than a default or breach elsewhere specifically dealt with in this Condition 9) and such default or breach is not in the opinion of the Trustee remedied within 30 days after notice thereof has been given to the Issuer by the Trustee; or

(c) **Cross default:** (i) any Indebtedness for Borrowed Money of the Issuer or any Material Subsidiary (a) becomes due and payable prior to the due date for payment thereof by reason of default by the Issuer or such Material Subsidiary or (b) is not repaid at maturity as extended by the period of grace, if any, applicable thereto or (ii) any Indebtedness Guarantee given by the Issuer or any Material Subsidiary in respect of Indebtedness for Borrowed Money of any other Person is not honoured when due and called, in each case provided that the aggregate principal amount of such Indebtedness for Borrowed Money exceeds U.S.$30,000,000 (or its equivalent in other currencies as determined by the Trustee on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the date on which this Condition 9(c) operates); or

(d) **Bankruptcy:** (i) any Person shall have instituted a proceeding or entered a decree or order for the appointment of a receiver, administrator or liquidator in any insolvency, rehabilitation, readjustment of debt, marshalling of assets and liabilities, moratorium of payments or similar arrangements involving the Issuer or any Material Subsidiary or all or (in the opinion of the Trustee) substantially all of their respective properties and such proceeding, decree or order shall not have been vacated or shall have remained in force undischarged or unstayed for a period of 50 days; or (ii) the Issuer or any Material Subsidiary shall institute proceedings under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect to be adjudicated a bankrupt or shall consent to the filing of a bankruptcy, insolvency or similar proceeding against it or shall file a petition or answer or consent seeking reorganisation under any such law or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver, administrator or liquidator or trustee or assignee in bankruptcy or liquidation of the Issuer or any Material Subsidiary, as the case may be, or in respect of its property, or shall make an assignment for the benefit of its creditors or shall otherwise be unable or admit its inability to pay its debts generally as they become due or the Issuer or any Material Subsidiary commences proceedings with a view to the general adjustment of its Indebtedness; or

(e) **Judgments:** The failure by the Issuer or any subsidiary to pay any final judgment in excess of U.S.$10,000,000 (or its equivalent in other currencies as determined by the Trustee on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the date on which this Condition 9(e) operates) which final judgment remains unpaid, and undischarged, and unwaived and unstayed for a period of more than 30 consecutive days after such judgement becomes final and non-appealable, and, in the event such judgment is covered by insurance, an enforcement proceeding has been commenced by any creditor upon such judgment that is not promptly stayed; or

(f) **Compliance with applicable laws:** the Issuer fails to comply in any respect with any applicable laws or regulations (including any foreign exchange rules or regulations) of any governmental or other regulatory authority for any purpose to enable the Issuer lawfully to exercise its rights or perform or comply with its obligations under the Notes or the Trust Deed or the Paying Agency Agreement or to ensure that those obligations are legally binding and enforceable or to ensure that all necessary agreements or other documents are entered into and that all necessary consents and approvals of, and registrations and filings with, any such authority in connection therewith are obtained and maintained in full force and effect and such non-compliance is, in the sole opinion of the Trustee, materially prejudicial to the interests of Noteholders; or

(g) **Invalidity or Unenforceability:** (i) the validity of the Notes, the Trust Deed or the Paying Agency Agreement is contested by the Issuer or the Issuer shall deny any of its obligations under the Notes, the Trust Deed or the Paying Agency Agreement (whether by a general suspension of payments or a moratorium on the payment of debt or otherwise) or (ii) it is or becomes unlawful for the Issuer to perform or comply with all or any of its obligations set out in the Notes, the Trust Deed or the Paying Agency Agreement or (iii) all or any of the Issuer's obligations set out in the Notes, the Trust Deed or the Paying Agency Agreement shall be or become unenforceable or invalid.

10. Prescription

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 7 within a period of ten years in the case of principal and five years in the case of interest from the appropriate Relevant Date.

11. Replacement of Definitive Certificates

If any Definitive Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar or any Transfer Agent subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Definitive Certificates must be surrendered before replacements will be issued.

12. Meetings of Noteholders, Modification, Waiver and Substitution and Modification/, Modification and Substitution

(a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more persons holding or representing more than 50 per cent, in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Notes or the dates on which interest is payable in respect of the Notes (including any modification of the terms relating to the Change of Status Put Option), (ii) to reduce or cancel the principal amount of, or interest on the Notes, (iii) to change the currency of payment of the Notes, or (iv) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(b) **Modification and Waiver:** The Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Trust Deed or Paying Agency Agreement which in its opinion is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, the Conditions and the Paying Agency Agreement which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.

(c) **Substitution:** The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders, to the substitution of certain other entities in place of the Issuer or of any previous substituted company, as principal debtor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders, to a change of the law governing the Notes and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

(d) **Entitlement of the Trustee:** In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

13. Enforcement

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such steps, actions or proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Notes, but it need not take any such steps, actions or proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-fourth in principal amount of the Notes outstanding, and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Noteholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

14. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may rely without liability to Noteholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Noteholders.

15. Further Issues

The Issuer may from time to time without the consent of the Noteholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) (provided that any such securities are issued with no more than a *de minimis* amount of original discount or the securities are part of a qualified reopening for U.S. federal income tax purposes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

16. Notices

Notices to the Noteholders shall be sent by first class mail or (if posted overseas) by airmail to them (or, in the case of joint holders, to the first-named in the Register) at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. In addition, so long as any Notes are listed on a stock exchange and the rules of such stock exchange so require, such notice will be published in a daily newspaper of general circulation in the place or places required by the rules of such stock exchange. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

17. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

18. Governing Law, Jurisdiction and Arbitration

(a) **Governing Law:** The Trust Deed, the Notes, the Paying Agency Agreement and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with English law.

(b) **Submission to Jurisdiction; Arbitration:** The Issuer has in the Trust Deed (i) submitted irrevocably to the jurisdiction of the courts of England for the purposes of hearing and determining any suit, action or proceedings or settling any disputes arising out of or in connection with the Trust Deed or the Notes; (ii) waived any objection which it might have to such courts being nominated as the forum to hear and determine any such suit, action or proceedings or to settle any such disputes and agreed not to claim that any such court is not a convenient or appropriate forum; (iii) designated Law Debenture Corporate Services Limited to accept service of any process on its behalf in England; (iv) consented to the enforcement of any judgement; (v) to the extent that it may in any jurisdiction claim for itself or its assets immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process, and to the extent that in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity (whether or not claimed), agreed not to claim and irrevocably waived such immunity to the full extent permitted by the laws of such jurisdiction; and (vi) agreed that the Trustee may elect by written notice to the Issuer that any dispute (including a claim, dispute or difference regarding the existence, termination or validity of the Notes), shall be finally settled by arbitration in accordance with the Rules of the London Court of International Arbitration as at present in force and as modified by the Trust Deed.

19. Definitions

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Adverse Ratings Event**" shall be deemed to have occurred if any Rated Security or any corporate credit rating of the Issuer or any Material Subsidiary assigned by any Rating Agency is (i) placed on "credit watch" or formal review or equivalent with negative implications or negative outlook or (ii) downgraded or withdrawn on the date such Rated Security or corporate rating of the Issuer is so placed, downgraded or withdrawn as the case may be;

"**Affiliates**" of any specified person means any other persons, directly or indirectly, controlling or controlled by or under direct or indirect control with such specified person. For the purposes of this definition, "control" when used with respect to any person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing;

"**Agreements**" means the Paying Agency Agreement and the Trust Deed;

"**Asset Disposition**" means any sale, lease, transfer or other disposition (or series of related sales, leases, transfers or dispositions) by the Issuer or any Material Subsidiary, including any disposition by means of a merger, consolidation or similar transaction, of:

(i) any shares of Capital Stock of a Material Subsidiary; or

(ii) any other assets of the Issuer or any Material Subsidiary;

Notwithstanding the preceding, transfers of assets between or among the Issuer and any Subsidiaries shall not be deemed to be Asset Dispositions;

"**Attributable Indebtedness**" in respect of a Sale/Leaseback Transaction means, as at the time of determination, the present value (discounted at the interest rate borne by the Notes, compounded semi annually) of the total obligations of the lessee for rental payments during the remaining term of the lease included in such Sale/Leaseback Transaction (including any period for which such lease has been extended);

"**Auditors**" means Deloitte LLP or, if they are unable or unwilling to carry out any action requested of them under the Agreements, such other internationally recognised firm of accountants as may be nominated by the Issuer and notified in writing to the Trustee for this purpose;

"**Authorised Signatory**" means, in relation to the Issuer, any Person who is duly authorised and in respect of whom the Trustee has received a certificate or certificates signed by a director or another Authorised Signatory of the Issuer setting out the name and signature of such Person and confirming such Person's authority to act;

"**Capital Stock**" of any Person means any and all shares, interests (including partnership interests), rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity;

"**Capitalised Lease Obligations**" means an obligation that is required to be classified and accounted for as a capitalised lease for financial reporting purposes in accordance with IFRS, and the amount of Indebtedness represented by such obligation will be the capitalised amount of such obligation at the time any determination thereof is to be made as determined in accordance with IFRS, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty;

"**Commodity Hedging Agreements**" means, in respect to any Person, any forward, futures, spot deferred or option contract or other similar agreement or arrangement to which such Person is a party or a beneficiary entered into for protection against or to benefit from fluctuations in the price of any commodity produced or used by the Issuer or its Material Subsidiaries pursuant to a Permitted Business;

"**Consolidated Interest Expense**" means, for any period, the total interest expense of the Issuer and its Subsidiaries, on a consolidated basis, whether paid or accrued, plus, to the extent not included in such interest expense:

(i) interest expense attributable to Capitalised Lease Obligations and the interest portion of rent expense associated with Attributable Indebtedness in respect of the relevant lease giving rise thereto, determined as if such lease were a capitalised lease in accordance with IFRS and the interest component of any deferred payment obligations;

(ii) amortisation of debt discount and debt issuance cost;

(iii) non cash interest expense;

(iv) commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing;

(v) interest actually paid by the Issuer or any such Material Subsidiary under any Guarantee of Indebtedness or other obligation of any other Person;

(vi) net costs associated with Hedging Obligations;

(vii) the consolidated interest expense of such Person and its Material Subsidiaries that was capitalised during such period;

(viii) all dividends paid or payable in cash, Temporary Cash Investments or Indebtedness or accrued during such period on any series of Disqualified Stock of such Person or on Preferred Stock of its Material Subsidiaries payable to a party other than the Issuer or a Material Subsidiary; and

(ix) the cash contributions to any employee stock ownership plan or similar trust to the extent such contributions are used by such plan or trust to pay interest or fees to any Person (other than the Issuer) in connection with Indebtedness Incurred by such plan or trust.

For purposes of the foregoing, total interest expense will be determined after giving effect to any net payments made or received by the Issuer and its Subsidiaries, on a consolidated basis, with respect to Interest Rate Agreements:

"**Consolidated Net Income**" means, for any period, the net income (loss) of the Issuer and its Subsidiaries, on a consolidated basis, determined in accordance with IFRS; *provided, however,* that there will not be included in such Consolidated Net Income:

(i) any gain (loss) realised upon the sale or other disposition of any property, plant or equipment of the Issuer or its Subsidiaries (including pursuant to any Sale/Leaseback Transaction) which is not sold or otherwise disposed of in the ordinary course of business and any gain (loss) realised upon the sale or other disposition of any Capital Stock of any Person;

(ii) any extraordinary gain or loss;

(iii) any foreign exchange gains or losses; and

(iv) the cumulative effect of a change in accounting principles;

"**Consolidated Total Asset Value**" means, at any date of determination, the amount of the consolidated total assets of the Issuer and its Material Subsidiaries, as calculated in accordance with the then most recent financial statements delivered pursuant to Condition 4(d);

"**Currency Agreement**" means in respect of a Person, any foreign exchange contract, currency swap agreement or other similar agreement as to which such Person is a party or a beneficiary;

"**Development Organisation**" means any of Asian Development Bank, Islamic Development Bank, European Bank for Reconstruction and Development, or International Bank for Reconstruction and Development, International Finance Corporation, Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. or Deutsche Investitions und Entwicklungsgesellschaft mbH or any other development finance institution established or controlled by one or more states and any other Person which is a, or controlled by any, Kazakhstan governmental body acting on behalf of one or more of the foregoing development finance institutions;

"**Disqualified Stock**" means, with respect to any Person, any Capital Stock which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder) or upon the happening of any event:

(i) matures or is mandatorily redeemable (other than redeemable only for Capital Stock of such Person which is not itself Disqualified Stock) pursuant to a sinking fund obligation or otherwise;

(ii) is convertible or exchangeable at the option of the holder for Indebtedness or Disqualified Stock; or

(iii) is mandatorily redeemable or must be purchased upon the occurrence of certain events or otherwise, in whole or in part;

"**Event of Default**" has the meaning assigned to such term in Condition 9 hereof;

"**Extraordinary Resolution**" has the meaning assigned to such term in the Trust Deed;

"**Fair Market Value**" means, with respect to any asset or property, the price which could be negotiated in an arm's length, market transaction, for cash, between a willing seller and a willing and able buyer, neither of whom is under undue pressure or compulsion to complete the transaction. Fair Market Value will be determined in good faith by the Management Board of the Board of Directors of the Issuer, whose determination will be conclusive or, in the case of any sale of the Capital Stock of a Material Subsidiary exceeding U.S.$200 million (or its equivalent), in writing by an Independent Appraiser;

"**Group**" means the Issuer and its Subsidiaries taken as a whole;

"**guarantee**" means any financial obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any Person and any obligation, direct or indirect, contingent or otherwise, of such Person:

(i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such Person (whether arising by virtue of partnership arrangements, or by agreements to keep well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions or otherwise); or

(ii) entered into for the purpose of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part),

provided, *however*, that the term "guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "guarantee" used as a verb has a corresponding meaning. The term "guarantor" shall mean any Person guaranteeing any obligation;

"**Hedging Obligations**" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement;

"**IFRS**" means International Financial Reporting Standards (formerly International Accounting Standards) issued by the International Accounting Standards Board ("**IASB**") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (as amended, supplemented or re issued from time to time), as consistently applied, and any variation to such accounting principles and practices which is not material;

"**Incur**" means issue, assume, guarantee, incur or otherwise become liable for; *provided*, *however*, that any Indebtedness of a Person existing at the time such Person becomes a Material Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Person at the time it becomes a Material Subsidiary. The term "Incurrence" when used as a noun shall have a correlative meaning. Solely for purposes of determining compliance with Condition 4(c):

(i) amortisation of debt discount or the accretion of principal with respect to a non interest bearing or other discount security;

(ii) the payment of regularly scheduled interest in the form of additional Indebtedness of the same instrument or the payment of regularly scheduled dividends on Capital Stock in the form of additional Capital Stock of the same class and with the same terms; and

(iii) the obligation to pay a premium in respect of Indebtedness arising in connection with the issuance of a notice of redemption or the making of a mandatory offer to purchase such Indebtedness,

will not be deemed to be the Incurrence of Indebtedness;

"**Indebtedness**" means, with respect to any Person on any date of determination (without duplication):

(i) the principal of and premium (if any) in respect of indebtedness of such Person for borrowed money;

(ii) the principal of and premium (if any) in respect of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(iii) the principal component of all obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (including reimbursement obligations with respect thereto except to the extent such reimbursement obligation relates to a trade payable and such obligation is satisfied within 30 days of Incurrence);

(iv) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), which purchase price is due more than six months after the date of placing such property in service or taking delivery and title thereto;

(v) Capitalised Lease Obligations and all Attributable Indebtedness of such Person;

(vi) the principal component or liquidation preference of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock or, with respect to any Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);

(vii) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided, however, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination and (b) the amount of such Indebtedness of such other Persons;

(viii) the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and

(ix) to the extent not otherwise included in this definition, net obligations of such Person under Hedging Obligations (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The amount of Indebtedness of any Person at any date will be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingent obligations at such date.

In addition, "Indebtedness" of any Person shall include Indebtedness described in the preceding paragraph that would not appear as a liability on the balance sheet of such Person if:

(i) such Indebtedness is the obligation of a partnership or Joint Venture that is not a Material Subsidiary;

(ii) such Person or a Material Subsidiary of such Person is a general partner of the Joint Venture (a "**General Partner**"); and

(iii) there is recourse, by contract or operation of law, with respect to the payment of such Indebtedness to property or assets of such Person or a Material Subsidiary of such Person; and then such Indebtedness shall be included in an amount not to exceed:

(a) the lesser of (i) the net assets of the General Partner and (ii) the amount of such obligations to the extent that there is recourse, by contract or operation of law, to the property or assets of such Person or a Material Subsidiary of such Person; or

(b) if less than the amount determined pursuant to clause (A) immediately above, the actual amount of such Indebtedness that is recourse to such Person or a Material Subsidiary of such Person, if the Indebtedness is evidenced in writing and is for a determinable amount and the related interest expense shall be included in Consolidated Interest Expense to the extent actually paid by the Issuer or its Material Subsidiaries;

"**Indebtedness for Borrowed Money**" means any Indebtedness of any Person for or in respect of (i) moneys borrowed, (ii) amounts raised by acceptance under any acceptance credit facility, (iii) amounts raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or similar instruments, (iv) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with generally accepted accounting standards in the jurisdiction of incorporation of the lessee, be treated as finance or capital leases, (v) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred primarily as a means of raising finance or financing the acquisition of the relevant asset or service and (vi) amounts raised under any other transaction (including any forward sale or purchase agreement and the sale of receivables or other assets on a "with recourse" basis) having the commercial effect of a borrowing;

"**Indebtedness Guarantee**" means in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation) (i) any obligation to purchase such Indebtedness, (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness, (iii) any indemnity against the consequences of a default in the payment of such Indebtedness and (iv) any other agreement to be responsible for repayment of such Indebtedness;

"**Independent Appraiser**" means any of PricewaterhouseCoopers LLC, KPMG LLC, Deloitte LLP, Ernst & Young LLP or such other reputable financial institution, accountancy or appraisal firm of international standing appointed at its expense by the competent management body of the Issuer or relevant Material Subsidiary; *provided* it is not an Affiliate of the Issuer or any Material Subsidiary;

"**Interest Rate Agreements**" means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement as to which such Person is party or a beneficiary;

"**Lien**" means any mortgage, pledge, encumbrance, easement, restriction, covenant, right of way, servitude, lien, charge or other security interest (including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction and any conditional sale or other title retention agreement or lease in the nature thereof);

"**Material Adverse Effect**" means a material adverse effect on (a) the business, property, condition (financial or otherwise), operations or prospects of the Issuer or its Material Subsidiaries or the Group (taken as a whole), (b) the Issuer's ability to perform its obligations under the Notes or the Trust Deed or (c) the validity, legality or enforceability of the Notes or any Agreement; provided that, to the extent that the Trustee is directed to take any action by an Extraordinary Resolution of Noteholders or so requested in writing by Noteholders holding at least one-fourth in principal amount of the Notes outstanding, and any such action requires the determination of whether an event or occurrence has had a Material Adverse Effect, the Trustee shall have no duty to enquire or satisfy itself as to the existence of an event or occurrence having a Material Adverse Effect and shall be entitled to rely conclusively upon such Extraordinary Resolution or request of the Noteholders regarding the same, and shall bear no liability of any nature whatsoever to the Issuer, any Noteholder or any other Person for acting upon such Extraordinary Resolution or request of the Noteholders;

"**Material Subsidiary**" at any time means a Subsidiary of the Issuer:

(i) whose revenues represent not less than 5% of the consolidated revenues of the Issuer, as calculated by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest annual audited financial statements of the Issuer; or

(ii) whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent not less than 5% of the consolidated total assets of the Issuer, as calculated by reference to the then latest annual audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest annual audited financial statements of the Issuer;

"**Net Cash Proceeds**" with respect to any issuance or sale of Capital Stock or Indebtedness, means the cash proceeds of such issuance or sale net of lawyers' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions, and brokerage, consultant and other fees actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof;

"**Officer**" means, with respect to any Person, any managing director, director, general director, the chairman of the board, the president, any vice president, principal executive officer, deputy general director, the chief financial officer, principal financial officer, principal accounting officer, the controller, the treasurer or the secretary of such Person or any general partner or other person holding a corresponding or similar position of responsibility;

"**Officers' Certificate**" means a certificate signed on behalf of the Issuer by two Officers of the Issuer at least one of whom shall be the principal executive officer, principal accounting officer or principal financial officer of the Issuer;

"**Original Financial Statements**" means the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2009;

"**Permitted Business**" means (a) uranium, tantalum, beryllium exploration, production, transportation, refining and processing, (b) electricity generation and heat generation, (c) any nuclear fuel cycle production and services (d) rare and rare earth metals exploration, production, transportation, refining and processing, (e) hydrofluoric acid production, (f) any wholesale or retail marketing relating to any of the foregoing, (g) research and development, social responsibility and staff training and infrastructure development and (h) any business reasonably related, ancillary or complementary thereto;

"**Permitted Liens**" means, without duplication:

(i) Liens existing as at the Issue Date of these Notes, provided that the principal amount secured by such Lien has not been increased since the Issue Date;

(ii) Liens granted in favour of the Issuer or any Material Subsidiary;

(iii) Liens on property acquired (or deemed to be acquired) under a financial lease, or claims arising from the use or loss of or damage to such property; *provided* that any such Lien secures Indebtedness only under such lease;

(iv) Liens securing Indebtedness of a Person existing at the time that such Person is merged into or consolidated with the Issuer or a Material Subsidiary or becomes a Material Subsidiary; *provided* that such Liens were not created in contemplation of such merger or consolidation or event and do not extend to any assets or property of the Issuer already existing or any Material Subsidiary other than those of the surviving Person and its subsidiaries or the Person acquired and its subsidiaries and that the principal amount secured by such Lien has not been increased in contemplation of or since such merger or consolidation or event;

(v) Liens already existing on assets or property acquired or to be acquired by the Issuer or any Material Subsidiary; *provided* that such Liens were not created in contemplation of such acquisition and do not extend to any other assets or property (other than proceeds of such acquired assets or property);

(vi) Liens granted upon or with regard to any property hereafter acquired or constructed in the ordinary course of business by any member of the Group to secure the purchase price of such property or to secure Indebtedness incurred solely for the purpose of financing the acquisition of such property and transactional expenses related to such acquisition and repairs related to such property; *provided* that the maximum amount of Indebtedness thereafter secured by such Lien does not exceed the purchase price of such property (including transactional expenses) or the Indebtedness incurred solely for the purpose of financing the acquisition of such property and related transactional expenses;

(vii) any Liens arising by operation of law or in the ordinary course of business;

(viii) Liens for ad valorem, income or property taxes or assessments and similar charges which either are not delinquent or are being contested in good faith by appropriate proceedings and for which the Issuer or any Material Subsidiary has set aside in its books of account appropriate reserves;

(ix) easements, rights of way, restrictions (including zoning restrictions), reservations, permits, servitudes, minor defects or irregularities in title and other similar charges or encumbrances, and Liens arising under leases or subleases granted to others, in each case not interfering in any material respect with the business of the Group and existing, arising or incurred in the ordinary course of business;

(x) (a) statutory landlords' Liens (so long as such Liens do not secure obligations constituting Indebtedness for borrowed money and such Liens are incurred in the ordinary course of business), and (b) Liens arising from any judgment, decree or other order which does not constitute an Event of Default under Condition 9(e);

(xi) a right of set off, right to combine accounts or any analogous right which any bank or other financial institution may have relating to any credit balance of any member of the Group;

(xii) any Lien granted in favour of a Person providing Project Financing if the Lien is solely on the property, income, assets or revenues of the project for which the financing was incurred provided (i) such Lien is created solely for the purpose of securing Indebtedness incurred by the Issuer or a Subsidiary of the Issuer in compliance with Condition 4(c) and (ii) no such Lien shall extend to any other property, income assets or revenues of the Issuer or any Material Subsidiary or their respective Subsidiaries;

(xiii) Liens granted by the Issuer or any Material Subsidiary in favour of a Development Organisation to secure Indebtedness owed by the Issuer or such Material Subsidiary to such a Development Organisation pursuant to any loan agreement or other credit facility entered into between the Issuer or any Material Subsidiary of the Issuer and such Development Organisation;

(xiv) Liens arising pursuant to any agreement (or other applicable terms and conditions), which is standard or customary in the relevant market (and not for the purpose of raising credit or funds for the operation of the Issuer or any Material Subsidiary other than on a short term basis as part of the Issuer's or such Material Subsidiary's liquidity management activities), in connection with interest rate and foreign currency hedging operations, provided that such hedging operations are conducted for the purposes of risk management and not speculative purposes;

(xv) any Liens on the property, income or assets of any member of the Group securing Indebtedness to the extent that at the time of Incurrence of such Indebtedness, such Indebtedness together with the aggregate principal amount of other Indebtedness subject to any Lien granted in accordance with this paragraph (xv) does not exceed in the aggregate 20 per cent. of Consolidated Total Asset Value at any one time outstanding. For the avoidance of doubt, this paragraph (xv) does not include any Lien created in accordance with paragraphs (i) to (xiv) above;

(xvi) any Liens arising out of the refinancing, extension, renewal or refunding of any Indebtedness secured by a Lien permitted by any of the above exceptions, *provided* that the Indebtedness thereafter secured by such Lien does not exceed the amount of the original Indebtedness and such Lien is not extended to cover any property not previously subject to such Lien.

"**Person**" means any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organisation, government, or any agency or political subdivision thereof or any other entity;

"**Potential Event of Default**" means any event or circumstance which could with the expiry of a grace period, the passage of time, the giving of notice and/or the fulfilment of any other requirement become an Event of Default;

"**Preferred Stock**" as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person;

"**Project Financing**" means any financing of all or part of the costs of the acquisition, construction or development of any asset or project if (i) the revenues derived from such asset or project are the principal source of repayment for the monies advanced and (ii) the person or persons providing such financing have been provided with a feasibility study prepared by competent independent experts on the basis of which it is reasonable to conclude that such project would generate sufficient operating income to service the indebtedness incurred in connection with such project;

"**Rated Security**" means the Notes and any Indebtedness of Issuer or any Material Subsidiaries having an initial maturity of one year or more which is rated by a Rating Agency;

"**Rating Agency**" means Standard & Poors Rating Services, a division of the McGraw Hill Companies, Inc. ("**S&P**"), Moody's Investors Service Limited ("**Moody's**"), Fitch Ratings or any of their successors or any rating agency substituted for any of them (or any permitted substitute of them) by the Issuer, from time to time, with the prior written approval of the Trustee;

"**Restricted Percentage**" means (a) with respect to any Material Subsidiary of which the Issuer, directly or indirectly, owned 100 per cent. of its Capital Stock on the Issue Date or, if later, the date such Person became a Material Subsidiary, 75 per cent. of total voting power of the capital stock of such Material Subsidiary, (b) with respect to any Material Subsidiary of which the Issuer, directly or indirectly, owned less than 100 per cent. of its Capital Stock but more than 75 per cent. of its Capital Stock on the Issue Date or, if later, the date such Person became a Material Subsidiary, 75 per cent. of total voting power of the capital stock of such Material Subsidiary and (c) with respect to any Material Subsidiary of which the Issuer, directly or indirectly, owned less than 75 per cent. but more than 50 per cent. of its Capital Stock on the Issue Date or, if later, the date such Person became a Material Subsidiary, 50 per cent. plus one share of total voting power of the capital stock of such Material Subsidiary;

"**Sale/Leaseback Transaction**" means an arrangement relating to property now owned or hereafter acquired whereby the Issuer or a Material Subsidiary transfers such property to a Person and the Issuer or a Material Subsidiary leases it from such Person;

"**Subsidiary**" means in respect of any Person (including the Issuer), any corporation, partnership, joint venture, association or other business entity, whether now existing or hereafter organised or acquired, (a) in the case of a corporation, of which more than 50 per cent. of the total voting power of the Voting Stock is held by the Issuer and/or any of its Subsidiaries and the Issuer and/or any of its Subsidiaries has the power to direct the management, policies and affairs thereof; or (b) in the case of a partnership, joint venture, association, or other business/entity, with respect to which the Issuer or any of its Subsidiaries has the power to direct or cause the direction of the management and policies of such entity by contract, if (in the case of each of (a) or (b) above) in accordance with IFRS such entity would be consolidated with the Issuer for financial statement purposes;

"**taxes**" means any taxes (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same) which are now or hereafter imposed, levied, collected, withheld or assessed by any competent taxing authority;

"**Temporary Cash Investments**" means any of the following:

(i) any investment in direct obligations of a member of the European Union, the United States or any agency thereof or obligations guaranteed by a member of the European Union or the United States or any agency thereof maturing within one year of the date of acquisition thereof;

(ii) any investment in demand and time deposit accounts, certificates of deposit and money market deposits with a maturity of one year or less from the date of acquisition thereof issued by a bank or trust issuer which is organised under the laws of a member of the European Union or the United States or any state thereof, and which bank or trust issuer has capital, surplus and undivided profits aggregating in excess of U.S.$500 million (or the foreign currency equivalent thereof) and has outstanding debt which is rated "A" (or such similar equivalent rating) or higher by at least one Rating Agency;

(iii) any investment in repurchase obligations with a term of not more than 30 days for underlying securities of the types described in paragraph (i) above entered into with a bank meeting the qualifications described in paragraph (ii) above;

(iv) any investment in commercial paper with a maturity of six months or less from the date of acquisition, issued by a corporation (other than an Affiliate of the Issuer) organised and in existence under the laws of a member of the European Union or the United States with a rating at the time as of which any investment therein is made of "P 1" (or higher) according to Moody's or "A l" (or higher) according to S&P;

(v) any investment in securities with maturities of six months or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of a member of the European Union or the United States, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P or "A" by Moody's; and

(vi) any investment in money market funds that invest substantially all their assets in securities of the types described in paragraphs (i) through (v) above;

"**U.S. Dollars**", "**U.S.$**" and "**U.S.$**" denote the lawful currency of the United States of America; and

"**Voting Stock**" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of the board of directors, managers or trustees (or Persons performing similar functions) thereof.

SUMMARY OF THE PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Global Notes

The Notes will be evidenced on issue by (i) in the case of the Regulation S Notes, a Regulation S Global Note deposited with, and registered in the name of a nominee for, a common depositary for Euroclear and Clearstream, Luxembourg and (ii) in the case of the Rule 144A Notes, one or more Rule 144A Global Notes deposited with a custodian for, and registered in the name of Cede & Co. as nominee of, DTC.

Beneficial interests in the Regulation S Global Note may be held only through Euroclear or Clearstream, Luxembourg at any time. See " – *Book-Entry Procedures for the Global Notes*". By acquisition of a beneficial interest in the Regulation S Global Note, the purchaser thereof will be deemed to represent, among other things, that it is not a U.S. person and that if it determines to transfer such beneficial interest it will transfer such interest only (a) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (b) to be a person who takes delivery in the form of an interest in a Rule 144A Global Note (if applicable). See " – *Transfer Restrictions*". Beneficial interests in a Rule 144A Global Note may only be held through DTC at any time. See " – *Book-Entry Procedures for the Global Notes*". By acquisition of a beneficial interest in a Rule 144A Global Note, the purchaser thereof will be deemed to represent, among other things, that it is a QIB and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the Agency Agreement. See " – *Transfer Restrictions*".

Beneficial interests in each Global Note will be subject to certain restrictions on transfer set forth therein and in the Agency Agreement, and with respect to Rule 144A Global Notes, as set forth in Rule 144A, and the Notes will bear the legends set forth thereon regarding such restrictions set forth under "*Transfer Restrictions*". A beneficial interest in the Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Note, and only upon receipt by the relevant Registrar of a written certification (in the form provided in the agency agreement) to the effect that the transferor reasonably believes that the transferee is a QIB and that such transaction is in accordance with any applicable securities laws of any State of the United States or any other jurisdiction. Beneficial interests in the Rule 144A Global Note may be transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note, only upon receipt by the relevant Registrar of a written certification (in the form provided in the Agency Agreement) from the transferor to the effect that the transfer is being made in accordance with Regulation S.

Any beneficial interest in the Regulation S Global Note that is transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Note will, upon transfer, cease to be an interest in the Regulation S Global Note, and become an interest in a Rule 144A Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in the Regulation S Global Note, for as long as it remains such an interest. Any beneficial interest in a Rule 144A Global Note that is transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note will, upon transfer, cease to be an interest in a Rule 144A Global Note and become an interest in the Regulation S Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in the Regulation S Global Note, for so long as it remains such an interest. Transfers of such beneficial interests shall be made in accordance with the rules and operating procedures of DTC, Euroclear and Clearstream, Luxembourg in a principal amount of not less than U.S.$100,000, provided always that such transfer shall be in accordance with the provisions of the Agency Agreement and the Terms and Conditions of the Notes. No service charge will be made for any registration of transfer or exchange of Notes, but the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. Except in the limited circumstances described below, owners of beneficial interests in Global Notes will not be entitled to receive physical delivery of certificated Notes in definitive form (the "**Definitive Notes**"). The Notes are not issuable in bearer form.

Amendments to Conditions

Each Global Note contains provisions that apply to the Notes that they represent, some of which modify the effect of the above Terms and Conditions of the Notes. The following is a summary of those provisions:

Payments

Payments of principal and interest in respect of Notes evidenced by a Global Note will be made to the person who appears at the relevant time on the register of Noteholders against presentation for endorsement by the Principal Paying Agent and, if no further payment falls to be made in respect of the relevant Notes, surrender of such Global Note to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the relevant Noteholders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to the relevant Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the relevant Notes.

Notices

So long as any Notes are evidenced by a Global Note and such Global Note is held by or on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled account holders in substitution for delivery thereof as required by the Terms and Conditions of such Notes.

Meetings

The holder of each Global Note will be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Noteholders and in any such meeting as having one vote in respect of Notes for which the relevant Global Note may be exchangeable.

Trustee's Powers

In considering the interests of Noteholders while the relevant Global Note is held on behalf of a clearing system, the Trustee, to the extent it considers it appropriate to do so in the circumstances, may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note and may consider such interests as if such accountholders were the holders of such Global Note.

Record Date

Payment in respect of a Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's specified office on the Clearing System Business Day before the relevant due date for payment, where "**Clearing System Business Day**" means (i) in respect of a Global Note held on behalf of Euroclear or Clearstream, Luxembourg, a day when Euroclear and Clearstream, Luxembourg is open for business, and (ii) in respect of a Global Note held on behalf of DTC, a day when DTC is open for business.

Change of Status Put Option

Exercise of the option of the Noteholders provided for in Condition 6(c) will be subject to the normal rules and operating procedures of DTC and Euroclear and Clearstream, Luxembourg.

Exchange for Definitive Notes

Exchange

Each Global Note will be exchangeable, free of charge to the holder, in whole but not in part, for Notes in definitive, registered form if: (i) a Global Note is held by or on behalf of (A) DTC, or a successor depository or one of their respective nominees and such depository notifies the Company that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Global Note or ceases to be a "clearing agency" registered under the Exchange Act or if at any time it is no longer eligible to act as such, and the Company is unable to locate a qualified successor within 90 days of receiving notice or becoming aware of such ineligibility on the part of the depository and the Registrar has received a notice from the registered holder of a Global Note request on exchange of a specified amount of the Global Note for Definitive Notes or (B) Euroclear or Clearstream, Luxembourg, and Euroclear or Clearstream, Luxembourg, as the case may be, is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, by the holder giving notice to the Registrars or any Transfer Agent or (ii) principal in respect of any Notes is not paid when due and payable and the Registrar has received a notice from the registered holder of a Global Note requesting an exchange of a specified amount of the Global Note for Definitive Notes.

On or after the Exchange Date the holder of a Global Note may surrender the Global Note to or to the order of the Registrar or the Transfer Agent. In exchange for the Global Note, as provided in the Agency Agreement, the Registrar will deliver or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Notes in the definitive registered form.

"**Exchange Date**" means a day falling not later than 90 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Registrar or the Transfer Agent is located.

Delivery

In such circumstances, the relevant Global Note shall be exchanged in full for Definitive Notes and the Company will, at its cost (but against such indemnity as a Registrar or any relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Notes to be executed and delivered to such Registrar for completion, authentication and dispatch to the relevant Noteholders. A person having an interest in a Global Note must provide the Registrars with (a) a written order containing instructions and such other information as the Company and the Registrar may require to complete, execute and deliver such Notes and (b) in the case of a Rule 144A Global Note only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A to a QIB. Definitive Notes issued in exchange for a beneficial interest in a Rule 144A Global Note shall bear the legend applicable to transfers pursuant to Rule 144A, as set out under " – *Transfer Restrictions*".

Legends

The holder of a Definitive Note may transfer the Notes evidenced thereby in whole or in part in the applicable minimum denomination by surrendering it at the specified office of any Registrar or Transfer Agent, together with the completed form of transfer thereon. Upon the transfer, exchange or replacement of a Rule 144A Definitive Note bearing the legend referred to under " – *Transfer Restrictions*", or upon specific request for removal of the legend on a Rule 144A Definitive Note, the Company will deliver only Rule 144A Definitive Notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Company and the Registrars such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Company that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act and the Investment Company Act.

Book-Entry Procedures for the Global Notes

For Notes evidenced by both a Regulation S Global Note and a Rule 144A Global Note, custodial and depository links are to be established between DTC, Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Notes and cross-market transfers of the Notes associated with secondary market trading. See " – *Settlement and Transfer of Notes*".

Euroclear and Clearstream, Luxembourg

The Regulation S Global Notes representing the Regulation S Notes will have an ISIN and a Common Code and will be registered in the name of a nominee for, and deposited with a common depositary on behalf of, Euroclear and Clearstream, Luxembourg.

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Investors may hold their interests in such Global Notes directly through Euroclear or Clearstream, Luxembourg if they are accountholders ("**Direct Participants**") or indirectly ("**Indirect Participants**" and together with Direct Participants, "**Participants**") through organisations which are accountholders therein.

DTC

The Rule 144A Global Notes representing the Rule 144A Notes will have a CUSIP number and an ISIN number and will be deposited with a custodian for, and registered in the name of Cede & Co. as nominee of, DTC. The Custodian and DTC will electronically record the principal amount of the Notes held within the DTC System.

DTC has advised the Company as follows: DTC is a limited purpose trust company organised under the laws of the State of New York, a "banking organization" under the laws of the State of New York, a member of the U.S. Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its Participants and facilitate the clearance and settlement of securities transactions between Participants through electronic computerised book-entry changes in accounts of its Participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies, which clear through or maintain a custodial relationship with a DTC Direct Participant, either directly or indirectly.

Investors may hold their interests in the Rule 144A Global Notes directly through DTC if they are Direct Participants in the DTC system, or as Indirect Participants through organisations which are Direct Participants in such system.

DTC has advised the Company that it will take any action permitted to be taken by a holder of Notes only at the direction of one or more Direct Participants and only in respect of such portion of the aggregate principal amount of the relevant Rule 144A Global Notes as to which such Participant or Participants has or have given such direction. However, in the circumstances described under "Exchange for Definitive Notes", DTC will surrender the relevant Rule 144A Global Notes for exchange for individual Rule 144A Definitive Notes (which will bear the legend applicable to transfers pursuant to Rule 144A).

Relationship of Participants with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the holder of a note evidenced by a Global Note must look solely to Euroclear, Clearstream, Luxembourg or DTC (as the case may be) for his share of each payment made by the Company to the holder of such Global Note and in relation to all other rights arising under the Global Note, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or DTC (as the case may be). The Company expects that, upon receipt of any payment in respect of Notes evidenced by a Global Note, the common depositary by whom such note is held, or nominee in whose name it is registered, will immediately credit the relevant participants' or accountholders' accounts in the relevant clearing system with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Note as shown on the records of the relevant clearing system or its nominee. The Company also expects that payments by Direct Participants in any clearing system to owners of beneficial interests in any Global Note held through such Direct Participants in any clearing system will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Company in respect of payments due on the Notes for so long as the Notes are evidenced by such Global Note and the obligations of the Company will be discharged by payment to the registered holder, as the case may be, of such Global Note in respect of each amount so paid. None of the Company, the Trustee or any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Note or for maintaining, supervising or reviewing any records relating to such ownership interests.

Settlement and Transfer of Notes

Subject to the rules and procedures of each applicable clearing system, purchases of Notes held within a clearing system must be made by or through Direct Participants, which will receive a credit for such Notes on the clearing system's records. The ownership interest of each actual purchaser of each such note (the "**Beneficial Owner**") will in turn be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from any clearing system of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which such Beneficial Owner entered into the transaction.

Transfers of ownership interests in Notes held within the clearing system will be affected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes, unless and until interests in any Global Note held within a clearing system are exchanged for Definitive Notes.

No clearing system has knowledge of the actual Beneficial Owners of the Notes held within such clearing system and their records will reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the clearing systems to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Global Note to such persons may be limited. Because DTC can only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, the ability of a person having an interest in a Rule 144A Global Note to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by a lack of physical certificate in respect of such interest.

Trading between Euroclear and/or Clearstream, Luxembourg Participants

Secondary market sales of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional Eurobonds.

Trading between DTC Participants

Secondary market sales of book-entry interests in the Notes between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to United States corporate debt obligations in DTC's Same-Day Funds Settlement (SDFS) system in same-day funds, if payment is effected in U.S. dollars, or free of payment, if payment is not effected in U.S. dollars. Where payment is not effected in U.S. dollars, separate payment arrangements outside DTC are required to be made between the DTC participants.

Trading between DTC seller and Euroclear/Clearstream, Luxembourg purchaser

When book-entry interests in Notes are to be transferred from the account of a DTC participant holding a beneficial interest in the Rule 144A Global Note to the account of a Euroclear or Clearstream, Luxembourg accountholder wishing to purchase a beneficial interest in the Regulation S Global Note, as the case may be (subject to the certification procedures provided in the Agency Agreement), the DTC participant will deliver instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg accountholder to DTC by 12 noon, New York time, on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg participant. On the settlement date, the custodian of the relevant Rule 144A Global Note will instruct the Registrar to (i) decrease the amount of Notes registered in the name of Cede & Co. and evidenced by such Rule 144A Global Note of the relevant class and (ii) increase the amount of Notes registered in the name of the nominee of the common depositary for Euroclear and Clearstream, Luxembourg and evidenced by the relevant Regulation S Global Note. Book-entry interests will be delivered free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, for credit to the relevant accountholder on the first business day following the settlement date.

Trading between Euroclear/Clearstream, Luxembourg seller and DTC purchaser

When book-entry interests in the Notes are to be transferred from the account of a Euroclear or Clearstream, Luxembourg accountholder to the account of a DTC participant wishing to purchase a beneficial interest in a Rule 144A Global Note (subject to the certification procedures provided in the Agency Agreement), the Euroclear or Clearstream, Luxembourg participant must send to Euroclear or Clearstream, Luxembourg delivery free of payment instructions by 7:45 p.m., Brussels or Luxembourg time, one business day prior to the settlement date. Euroclear or Clearstream, Luxembourg, as the case may be, will in turn transmit appropriate instructions to the common depositary for Euroclear and Clearstream, Luxembourg and the Registrar to arrange delivery to the DTC participant on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg accountholder, as the case may be. On the settlement date, the common depositary for Euroclear and Clearstream, Luxembourg will (a) transmit appropriate instructions to the custodian of the relevant Rule 144A Global Note who will in turn deliver such book-entry interests in the Notes free of payment to the relevant account of the DTC participant and (b) instruct the Registrar to (i) decrease the amount of Notes registered in the name of the nominee of the common depositary for Euroclear and Clearstream, Luxembourg and evidenced by the relevant Regulation S Global Note; and (ii) increase the amount of Notes registered in the name of Cede & Co. and evidenced by the relevant Rule 144A Global Note.

Although Euroclear, Clearstream, Luxembourg and DTC have agreed to the foregoing procedures in order to facilitate transfers of beneficial interest in Global Notes among participants and accountholders of

Euroclear, Clearstream, Luxembourg and DTC, they are under no obligation to perform or continue to perform such procedure, and such procedures may be discontinued at any time. None of the Company, the Trustee nor any Agent will have the responsibility for the performance by Euroclear, Clearstream, Luxembourg or DTC or their respective Direct or Indirect Participants of their respective obligations under the rules and procedures governing their operations.

Pre-issue Trades Settlement

Delivery of Notes will be made on the Issue Date, expected to be 20 May 2010, which could be more than three business days following the date of pricing. Under Rule 15c6-l under the Exchange Act, trades in the United States secondary market generally are required to settle within three business days (T+3) unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes in the United States on the date of pricing or the next succeeding business days until three days prior to the Issue Date will be required, by virtue of the fact the Notes initially will settle beyond T+3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices, and purchasers of Notes between the date hereof and the Issue Date should consult their own advisors.

TAXATION

The following is a general description of certain United States and Kazakhstan tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes whether in those countries or elsewhere. Prospective purchasers of Notes should consult their tax advisers as to the consequences of a purchase of Notes, including but not limited to the consequences of receipt of interest and of a sale or redemption of the Notes. This summary is based upon the law in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

United States

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS PROSPECTUS IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE COMPANY IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE COMPANY OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

* * * * *

The following is a summary of certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). This summary deals only with initial purchasers of Notes at the issue price that are U.S. Holders that will hold the Notes as capital assets under Section 1221 of the United States Internal Revenue Code of 1986, as amended (the "**Code**"). The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors, and does not address state, local, foreign or other tax laws. This summary also does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes or investors whose functional currency is not the U.S. dollar).

As used herein, the term "U.S. Holder" means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in a partnership that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships should consult their tax advisers concerning the U.S. federal income tax consequences to their partners of the acquisition, ownership and disposition of Notes by the partnership.

The summary is based on the tax laws of the United States, including the Code, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM

OF OWNING THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Notes

Payments of Interest

Stated interest on a Note will be includable in a U.S. Holder's gross income as ordinary interest income in accordance with such holder's usual method of accounting for U.S. federal income tax purposes.

The Company does not intend to treat the possibility of the payment of additional amounts, if any, described in "*Terms and Conditions of the Notes – Redemption for Tax Reasons*" or "*Terms and Condition of the Notes – Option of Noteholders upon a Change of Status*" as (i) affecting the determination of the yield to maturity of the Notes or (ii) giving rise to original issue discount or recognition of ordinary income on the sale, exchange or redemption of the Notes for U.S. federal income tax purposes because such possibilities are remote. The Company's determination that these possibilities are remote is binding on a U.S. Holder, unless such holder discloses its contrary position in the manner required by the applicable regulations promulgated under the Code. As a result, any additional amounts received should be treated as ordinary income at the time such amounts accrue or are received in accordance with a U.S. Holder's method of accounting. It is possible, however the United States Internal Revenue Service (the "**IRS**") may take a different position, in which case the timing and amount of income inclusions by a U.S. Holder may be affected.

Sale and Retirement of the Notes

A U.S. Holder will generally recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and the tax basis of the Note. A U.S. Holder's tax basis in a Note will generally be its U.S. dollar cost. The amount realised does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income. Gain or loss recognised by a U.S. Holder on the sale or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if the Note was held by the U.S. Holder for more than one year.

Gain or loss realised by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source. Prospective purchasers should consult their tax advisers as to the foreign tax credit implications of the sale or retirement of Notes.

Backup Withholding and Information Reporting

Payments of principal and interest on, and the proceeds of sale or other disposition of Notes, by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding should apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest required to be shown on its U.S. federal income tax returns. Certain U.S. Holders (including, among others, corporations) are not subject to backup withholding. U.S. Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

Kazakhstan

Under Kazakhstan law as presently in effect, payments of principal on the Notes to: (i) an individual who is a non-resident of Kazakhstan for tax purposes or to a legal entity that is neither established in accordance with the legislation of Kazakhstan, nor has its actual governing body (place of actual management) in, nor maintains a permanent establishment in, Kazakhstan or otherwise has no taxable presence in Kazakhstan (together, "**Non-Kazakhstan Holders**"); (ii) individuals who are tax residents of Kazakhstan, legal entities which are tax residents of Kazakhstan and legal entities which are non-residents and which maintain a permanent establishment in Kazakhstan (together, "**Kazakhstan Holders**") will not be subject to taxation in Kazakhstan, and no withholding of any Kazakhstan tax will be required on any such payments.

Interest on the Notes payable by the Company to Kazakhstan Holders and Non-Kazakhstan Holders is not subject to Kazakhstan withholding tax, provided that the Notes are listed, as at the date of accrual of interest, on the official list of a stock exchange operating in the territory of Kazakhstan.

Interest on the Notes that are not listed, as at the date of accrual of interest, on the official list of a stock exchange operating in the territory of Kazakhstan, payable to Kazakhstan Holders and Non-Kazakhstan Holders, is subject to taxation at the rates established by Kazakhstan laws. Withholding tax rates established by Kazakhstan laws in respect of the interest payable to Non-Kazakhstan Holders can be reduced by an applicable double taxation treaty or may be increased if such Non-Kazakhstan Holders are registered in countries with a favourable tax regime which appear in a list published from time to time by the Kazakhstan Government. The Company will pay additional amounts in respect of any such withholding tax applicable to interest payments. See "*Terms and Conditions of the Notes – Taxation*".

In addition, gains derived by Kazakhstan Holders in relation to the Notes which are listed as at the date of sale on the official list of a stock exchange operating in the territory of Kazakhstan and sold through open trades on such stock exchange are not subject to Kazakhstan income tax. Gains derived by Non-Kazakhstan Holders in relation to Notes which are listed as at the date of sale on the official list of a stock exchange operating in or outside of the territory of Kazakhstan and sold through open trades on such stock exchange are not subject to Kazakhstan withholding tax.

Gains derived by Kazakhstan Holders and Non-Kazakhstan Holders as a result of any other disposal of the Notes are taxable in Kazakhstan at the rates established by Kazakhstan laws as at the date of such disposal. Withholding tax rates established by Kazakhstan laws in respect of the gains derived by Non-Kazakhstan Holders can be reduced or eliminated by an applicable double taxation treaty or may be increased if Non-Kazakhstan Holders are registered in countries with a favourable tax regime which appear in a list published from time to time by the Kazakhstan Government.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, member states of the European Union, including Belgium from 1 January 2010, are required to provide to the tax authorities of another member state details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident or to certain other persons in that other member state. However, for a transitional period, Luxembourg and Austria are instead required (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland) with effect from the same date as the EU Savings Directive.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Company nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax (see Condition 8 of the Terms and Conditions of the Notes). For so long as any Note is outstanding, the Company undertakes to maintain a Paying Agent in a Member State of the European Union that does not impose an obligation to withhold or deduct tax pursuant to this Directive (see Condition 7 of the Terms and Conditions of the Notes).

TRANSFER RESTRICTIONS

Rule 144A Notes

Each purchaser of Rule 144A Notes, by purchasing such Notes, will be deemed to have represented, agreed and acknowledged that it has received such information as it deems necessary to make an investment decision and that:

(a) It is (i) a QIB, (ii) acquiring the Notes for its own account or for the account of one or more QIBs, (iii) not acquiring the Notes with a view to further distribute such Notes, and (iv) aware, and each beneficial owner of such Notes has been advised, that the sale of such Notes to it is being made in reliance on Rule 144A.

(b) It understands that such Notes have not been and will not be registered under the U.S. Securities Act and may not be offered, sold, pledged or otherwise transferred except (i) pursuant to a registration statement that has been declared effective under the U.S. Securities Act; (ii) in reliance on Rule 144A to a person that the holder and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or the account of another QIB; (iii) in an offshore transaction in accordance with Regulation S; (iv) pursuant to Rule 144 under the U.S. Securities Act (if available); or (v) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state of the United States.

(c) It acknowledges that the Notes offered and sold hereby in the manner set forth in paragraph (a) are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, are being offered and sold in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act and that no representation is made as to the availability of the exemption provided by Rule 144 for resales of the Notes.

(d) It understands that any offer, sale, pledge or other transfer of the Notes made other than in compliance with the above-stated restrictions may not be recognised by the Company.

(e) It understands that such Notes, unless otherwise agreed between the Company and the Trustee in accordance with applicable law, will bear a legend to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A "**QIB**") PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT ("**REGULATIONS S**") OR (3) PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, AND IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THE NOTES IN RESPECT HEREOF OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THIS SECURITY.

BY ACCEPTANCE OF THIS NOTE BEARING THE ABOVE LEGEND, WHETHER UPON ORIGINAL ISSUANCE OR SUBSEQUENT TRANSFER, EACH HOLDER OF THIS NOTE

ACKNOWLEDGES THE RESTRICTIONS ON THE TRANSFER OF THIS NOTE SET FORTH ABOVE AND AGREES THAT IT SHALL TRANSFER THIS NOTE ONLY AS PROVIDED HEREIN AND IN THE TRUST DEED.

(a) If it is acquiring any Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make (and does make) the foregoing acknowledgments, representations and agreements on behalf of each such account. The Company, the Registrar, the Managers and their respective affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

(b) It understands that the Notes offered in reliance on Rule l44A will be represented by the Rule 144A Global Note. Before any interest in the Rule 144A Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

Prospective purchasers are hereby notified that the sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A.

Regulation S Notes

Each purchaser of Regulation S Notes, by purchasing such Notes, will be deemed to have represented, agreed and acknowledged that it has received such information as it deems necessary to make an investment decision and that:

(a) It understands that the Notes have not been and will not be registered under the U.S. Securities Act, and such Notes are being offered and sold in accordance with Regulation S.

(b) It or any person on whose behalf it is acting is, or at the time the Notes are purchased will be, the beneficial owner of such Notes and (i) it is purchasing the Notes in an offshore transaction (within the meaning of Regulation S) and (ii) it is not an affiliate of the Company or a person acting on behalf of such an affiliate.

(c) It will not offer, sell, pledge or otherwise transfer Notes, except in accordance with the U.S. Securities Act and any applicable securities laws of any state of the United States.

(d) The Company, the Registrar, the Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

SUBSCRIPTION AND SALE

BNP Paribas, J.P. Morgan Securities Ltd. (the "**Joint Lead Managers**") and JSC Halyk Finance (together with the Joint Lead Managers, the "**Managers**") have, pursuant to a Subscription Agreement dated 17 May 2010 (the "**Subscription Agreement**"), jointly and severally agreed with the Company, subject to the satisfaction of certain conditions, to subscribe for the Notes at 98.947% of their principal amount.

The Company has agreed to pay to the Joint Lead Managers a combined management, underwriting and selling commission in respect of the Notes and has separately agreed to pay JSC Halyk Finance a Kazakhstan financial advisory fee in respect of the Notes. The Subscription Agreement entitles the Joint Lead Managers on behalf of the Managers to terminate it in certain circumstances prior to payment being made to the Company. The Company has in the Subscription Agreement agreed to indemnify the Managers against certain liabilities incurred in connection with the issue of the Notes.

The Managers and their respective affiliates have performed and expect to perform in the future various financial advisory, investment banking and commercial banking services for, and may arrange loans and other non public market financing for, and enter into derivative transactions with, the Company and its affiliates (including its shareholders) and for which they will receive customary fees.

Each of the Managers and their respective affiliates may, from time to time, engage in further transactions with, and perform services for, the Company in the ordinary course of their respective businesses. As at 31 March 2010, Samruk-Kazyna, which is the sole shareholder of the Company, also owned 19.8% of the common shares of JSC Halyk Bank of Kazakhstan, which is the sole shareholder of JSC Halyk Finance.

No Securities and Exchange Commission Approval

The Notes have not been approved or disapproved by the SEC, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Notes or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

General

No action has been or will be taken in any jurisdiction by the Managers or the Company that would permit a public offering of the Notes, or possession or distribution of this Prospectus (in preliminary, proof or final form) or any amendment or supplement thereto or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required.

United States

The Notes have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except in certain transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Notes are being offered and sold by the Managers outside the United States in accordance with Regulation S.

The Subscription Agreement provides that the Managers may offer and sell the Notes within the United States to QIBs in reliance on Rule 144A. Any offers and sales by the Managers in the United States will be conducted by broker-dealers registered with the SEC.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in reliance on Rule 144A or another available exemption from registration under the U.S. Securities Act.

United Kingdom

Each Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Each Manager has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

(c) securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law; or

(4) as specified in Section 276(7) of the SFA.

Kazakhstan

Each Manager has agreed that it will offer for subscription the Notes in Kazakhstan in compliance with the applicable laws of Kazakhstan.

GENERAL INFORMATION

The Company

The Company is a Kazakhstan joint stock company which exists for an unlimited duration. The charter of the Company, approved by Samruk-Kazyna on 29 December 2009, provides that the purpose of the Company, among others, is to engage in the exploration, production and processing of uranium.

The registered office of the Company is located at 168 Bogenbay Batyr St. 050012, Almaty, Kazakhstan (which is also the business address for members of the Board of Directors of the Company), and its telephone number is +7 (727) 261 54 25. The Company registered with the Almaty City Department of Justice on 20 January 2010 and its reregistration number is 18975-1910-AO.

Authorisation and consent

The Company has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The issue of the Notes was authorised by a resolution of the Board of Directors of the Company on 9 April 2010.

Listing

The Prospectus has been approved by the UK Listing Authority, as competent authority under the Prospectus Directive. Application has been made to the UK Listing Authority for the Notes to be admitted to the Official List and to the Stock Exchange for the Notes to be admitted to trading on the Regulated Market. It is expected that the listing of the Notes on the Official List and the admission of the Notes to trading on the Regulated Market will take place on or about 21 May 2010, subject to the issuance of the Global Notes. The Notes have been included on the official KASE list with effect from 14 May 2010.

Yield and total expenses

The yield of the Notes is 6.50% on an annual basis. Total expenses related to the admission to trading of the Notes were £7,275.

Clearing systems

The Notes have been accepted for clearance through the facilities of DTC, Euroclear and Clearstream, Luxembourg. For the Regulation S Notes, the International Security Identification Number (ISIN) is XS0510820011 and the Common Code is 051082001. For the Rule 144A Notes, the ISIN is US63253RAA05 and the CUSIP is 63253RAA0. The address of DTC is 55 Water Street, New York, New York 10041-10099, United States of America. The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210, Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855, Luxembourg.

Regulation S ISIN:	XS0510820011
Regulation S Common Code:	051082001
Rule 144A ISIN:	US63253RAA05
Rule 144A CUSIP:	63253RAA0
Rule 144A Common Code:	051127641
KASE Trading Code:	KZAPe1

No significant or material adverse change

There has been no significant change in the financial or trading position of the Company or the group taken as a whole since 31 December 2009 and no material adverse change in the prospects of the Company since 31 December 2009.

Legal proceedings

Neither the Company nor any of its subsidiaries is or has been involved in any legal, governmental or arbitration proceedings (including any proceedings which are pending or threatened of which the Company is aware) which may have or have had, in the 12 months preceding the date of this Prospectus, a significant effect on the financial position or profitability of the Company or any of its subsidiaries or the consolidated group.

Documents available for inspection

Copies of the following documents may be inspected free of charge in hardcopy at the offices of the Principal Paying Agent during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted):

(a) the charter of the Company;

(b) this Prospectus;

(c) the latest audited annual financial statements of the Company;

(d) the Trust Deed; and

(e) the Agency Agreement.

Auditors

The Company's independent auditors are Deloitte LLP, acting as auditors under the licence No. 0000015 dated 13 September 2006 issued by the Ministry of Finance of Kazakhstan.

Deloitte LLP have audited the consolidated financial statements as at and for the years ended 31 December 2009, 2008 and 2007 in respect of which they have delivered an unqualified audit opinion.

Readers are advised that the financial information of the Company set forth herein should be read together with the Financial Statements, together with the notes thereto, contained in this Prospectus beginning on page F-1.

APPENDIX I – DEPOSIT GEOLOGY, LOCATION AND CERTAIN OTHER INFORMATION

This appendix provides the geology, location and certain other information for the following deposits:

- Akdala deposit;
- Budennovskoye deposit;
- Inkai deposit;
- Irkol deposit;
- Kanzhugan deposit
- Moinkum deposit;
- Mynkuduk deposit;
- Northern Kharassan deposit;
- Semizbay deposit;
- South Karamurun and North Karamurun deposits;
- Uvanas deposit; and
- Zarechnoye and South Zarechnoye deposits.

Akdala Deposit

Betpak Dala is entitled to produce uranium from the Akdala deposit.

Geology and Location

The Akdala deposit is located in the Chu-Sarysu uranium ore province in the Suzak area of the Southern Kazakhstan oblast, approximately 470 km north of Shymkent, Kazakhstan. See "*Business – Uranium Reserves and Resources – Uranium Deposits In Kazakhstan – Chu-Sarysu Uranium Ore Province*". The Akdala deposit has substantially similar geology to the Inkai deposit. See " *– Inkai Deposit*".

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Akdala deposit lies in the Betpak Dala Desert. The desert represents a gently sloping plain with a maximum relief of 150 to 200 m. The ground consists of extensive sand deposits, with vegetation limited to grasses and occasional low bushes. The climate is continental, with precipitation amounting to 120 to 190 mm per year, predominately in winter and spring, with snow accounting for 22% to 40% of this amount. Snow cover up to 100 mm deep is found between December and March, with the depth of freezing limited to the upper 500 to 600 mm. There are extreme temperature fluctuations, both daily and annually, reaching from -35°C in January to 40°C in July. The region is also characterised by strong and almost uninterrupted winds. The prevailing direction of the wind is northeast, averaging 3.8 to 4.6 m/sec. Dust storms are also common. Major hydrogeographic systems in the area include the Chu, Sarysu and Boktykaryn Rivers. The climatic conditions are such that the exploration, mining, and processing operations can continue year round.

The Akdala deposit has many of the same characteristics as the Inkai deposit. See " *– Inkai Deposit*".

The Akdala deposit can be accessed by an asphalt road from Kyzemshek and East Mynkuduk.

Budennovskoye Deposit

Karatau LLP is entitled to produce uranium from site 2 of the Budennovskoye deposit and Akbastau is entitled to produce uranium from sites 1, 3 and 4 of the Budennovskoye deposit.

Geology and Location

The Budennovskoye deposit is located in the Chu-Sarysu uranium ore province. See "*Business – Uranium Reserves and Resources – Uranium Deposits In Kazakhstan – Chu-Sarysu Uranium Ore Province*". Overlying the basement rocks are the Cretaceous sediments that host the uranium mineralisation. They are composed of lacustrine-alluvial fine-grained sands to gravels, and 10% to 20% clays as narrow beds. The late Cretaceous sedimentary rocks have been subdivided into the following three horizons:

- The lowest Mynkuduk horizon is located about 620 to 800 m below the surface and consists of coarse-grained grey alluvial sediments at the base where the uranium mineralisation is hosted, grading upwards to fine-grained sands. The total thickness of the Mynkuduk horizon is 40 to 90 m.
- The Inkuduk horizon is composed of basal coarse gravels grading upwards to fine- to medium-grained sands, with interbedded clays totalling 105 to 130 m thick, at depths between 530 and 670 m below the surface.
- Overlying the Inkuduk horizon at typical depths between 470 and 615 m below the surface, the Zhalpak horizon, which consists of medium-grained grey to green sands grading upwards to red and brown clays totalling 20 to 80 m thick.

The above three horizons vary in bands 27 to 67 km long, 50 to 1,500 m wide, and 0.5 to 20 m thick. The mineralised bands average 4 to 6 m thick.

The Inkuduk horizon hosts the bulk of the uranium mineralisation of site 2 of the Budennovskoye deposit. Thick waterpermeable sediments and relatively low reduction and high filtration properties characterise this horizon.

The Budennovskoye deposit is distinctive in its depth. It is one of the deepest ISL deposits in the world. The mineralised aquifer water has a typical water temperature of 32°C.

The Budennovskoye deposit, like many of the uranium deposits in Kazakhstan, is considered similar to roll front deposits but is of an exceptional size. The geology and genesis of roll front uranium deposits have been studied since the 1960s. These deposits are typically found in Cenozoic intermontaine basins where uranium occurs in the form of mineralised roll fronts emplaced at the redox interface in continental sandstones containing detrital carbonaceous material. Epigenetic deposits are formed by down-dip migrating oxidising solutions, with a concentration of uranium mineralisation occurring in the solution front. The highest grade portion of the front is in the main part of the "C" shape, with lesser grades found on the upper and lower limbs. The sandstone behind the front is altered but essentially barren.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Budennovskoye deposit is located approximately 10 km to the east of the Karatausky — Taikonur gravel road, approximately 40 km north of Aksumbe. The nearest town, approximately 50 km to the north, is Taikonur, the headquarters of the 7th Unit of Volkovgeology. The closest airports with scheduled local services are at Shymkent and Kyzylorda at a distance of approximately 400 km and 200 km, respectively.

Good gravel roads service the Budennovskoye deposit. Current infrastructure includes a staff compound (including accommodations, kitchen, social areas and stores) and the processing plant area (including pumps, processing plant, truck washing bays, laboratory, staff welfare centre and a settling pond).

Power is currently supplied by the national grid with power lines that were installed in 2006 and 2008. The majority of supplies are transported to site via a road from the rail head at Suzak, which is 120 km away.

Water is supplied from artesian wells (with lesser amounts of ground water), with water salinity at 1 g/L to 2 g/L. The accommodation camp is located close to the plant area and includes sleeping quarters, kitchen, mess hall and stores, among others. The majority of the workforce works a 15-day rotation. The plant and accommodation camps have been recently constructed and the accommodation camp is of a good standard for a fly-in/fly-out operation.

The Budennovskoye deposit lies in the Betpak Dala Desert. See " – *Akdala Deposit – Accessibility, Climate, Local Resources, Infrastructure and Physiography*".

Inkai Deposit

Inkai LLP is entitled to produce uranium from sites 1, 2 and 3 of the Inkai deposit and Betpak Dala is entitled to produce uranium from site 4 of the Inkai deposit.

Geology and Location

The Inkai deposit is hosted within the Inkuduk and Mynkuduk Formations, which comprise feldspathic sandstones or sub-arkoses, typically containing 50% to 60% quartz and 10% to 15% feldspar. The two productive horizons and three sub-horizons of this deposit consist of sands of varying grades of grain that are layered with clay. Clay content ranges from 5% to 10%. The redox boundary can be readily recognised in core by a distinct colour change from gray on the reduced side to yellowish stains on the oxidised side, stemming from the oxidation of pyrite to limonite. In cross-section, the redox boundary is often "C" shaped forming the classic "roll-front". The sands have a high horizontal permeability. See "*Business – Uranium Reserves and Resources – Uranium Deposits In Kazakhstan – Chu-Sarysu Uranium Ore Province*".

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Inkai operation is located in the Suzak area of the Southern Kazakhstan oblast, near the small town of Taikonur, approximately 370 km north of the city of Shymkent and approximately 125 km east of the city of Kyzylorda. The road to Taikonur is currently the primary access road for transportation of people, supplies and uranium product for the Inkai operation. The road is constructed of gravel and crosses the Karatau Mountains. Railroad transportation is available from Almaty to Shymkent then northwest to Shieli, Kyzylorda and beyond. A line also runs from the town of Dzhambul to the Company's Centralia facility to the south of Taikonur.

Inkai lies in the Betpak Dala Desert. See "*– Akdala Deposit – Accessibility, Climate, Local Resources, Infrastructure and Physiography*". Site operations are carried on throughout the year despite cold winters (lows of -35°C) and hot summers (highs of 40°C).

The surface elevation at Inkai ranges from 140 to 300 m above sea level. The Inkai deposit is sub-divided into two morphologically diverse regions: the Sandy-brackish intercontinental deltas of Chu and Sarysu rivers and the Betpak Dala Plateau.

Currently, Taikonur has a population of approximately 450 people who are mainly employed in uranium development and exploration. Whenever possible, Inkai LLP hires personnel from Taikonur and surrounding villages. The town has a school, medical clinic and small store. Most of the food is purchased in Shymkent or Shieli.

The Inkai deposit obtains its electrical supply from the national power grid. Operations at the Inkai deposit have access to water for industrial activities from groundwater wells. Potable water for use at camps is supplied from shallow wells on the worksite. Minor low-level radioactive waste and domestic landfills are also located on site.

Irkol Deposit

Semizbay-U LLP is entitled to produce uranium from the Irkol deposit.

Geology and Location

The Irkol is located in the Kyzylorda oblast. See "*Business – Uranium Reserves and Resources – Uranium Deposits In Kazakhstan – Syrdarya Uranium Ore Province*".

Ore is hosted in the deposits of Upper Turonian and Coniacian formation of Upper Cretaceous age, represented by inequigranular and fine-grained sands and gravel with cross and horizontal stratification, with interlayers of clay, siltstone and silty sandstone, and a total thickness of approximately 60 m. The bulk of uranium reserves (94%) are concentrated in the Coniacian horizon, mostly in gravel. Ore-bearing layers are located throughout the horizon, separated by green siltstone about 10 m thick and overlaid with red siltstone 10 to 25 m thick.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Irkol deposit is located 20 km away from the town of Shieli, which has a large rail station. There is a gravel road connecting the deposit with Shieli.

Climate in the area is extreme continental with hot and dry summers (highs of 45°C in July) and cold and windy winters (lows of -20°C). Prevailing wind direction is southwest and northeast. Precipitation occurs mostly in spring and autumn, and its annual level does not exceed 200 mm. Maximum precipitation occurs in December and April, with minimum precipitation occurring from June to September.

Kanzhugan Deposit

The Company, through its subsidiaries, is entitled to produce uranium from the Kanzhugan deposit.

Geology and Location

This deposit is located in the Suzak area of the Southern Kazakhstan oblast between the Big Karatau Ridge and the Moinkum Sands. See "*Business – Uranium Reserves and Resources – Uranium Deposits In Kazakhstan – Chu-Sarysu Uranium Ore Province*". The Kanzhugan deposit is located on a submontane depositional plain (35 to 40 km wide) that stretches across the south between Moinkum Massive and Bolshoi Karatau hills. In the north, the sands border the alluvial floodplain of the Chu River.

The Kanzhugan deposit is hosted by a system of hydrogenous deposits that are connected to regional stratal oxidation zones. Ores are found in the Paleogene sediments that are divided into five different horizons: "variegated", Kanzhugan, Kyzylchin, Uyuk and Ikan. The major ore-bearing horizons are Kanzhugan and Uyuk.

The Kanzhugan deposit, within the boundaries of the horizon, is represented by channel and grey coloured sediments of which 45% are fine- and medium-grained sands and 55% are siltstones and clays. Well-developed sands mainly occur in the middle and upper parts of the cross-section. The horizon depth is 128 to 390 m and its thickness is 30 to 45 m.

The Uyuk horizon is divided into two benches: the lower sand bench (productive) and siltstone and clay bench which is the upper confining bed for the ores of this horizon. The depth of the roof of this productive bench is 112 to 298 m. The total thickness is 30 to 50 m and the thickness of the arenaceous bench is 13 to 35 m. 1 to 10-metre thick siltstone and clay lenses are common in the sands of the productive bench.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The largest nearby populated areas are the towns of Chulak-Kurgan (the administrative centre of the Suzak area) and the town of Suzak.

The Kanzhugan deposit is accessible by highways running from the following cities: Shymkent – 230 km, Taraz – 260 km, Bishkek – 620 km, and Almaty – 840 km. The main base of the deposit is connected by railway with the Zhanatas railway station located within 110 km from the base.

The climate of the area is extreme continental with cold, low-snow winters (with temperatures reaching -30°C) and hot, dry summers (up to 40°C). Precipitation amounts vary from 120 to 350 mm per year. Winds with dust storms (from October to March) are frequent in the area. The prevailing wind direction is southwest and northeast.

The vegetation is scarce and is represented by sagebrushes and salt plants. There are no perennial rivers. Water is supplied from groundwaters, dams and springs.

Power supply of the deposit is through a 110 kilovolt double-circuit line that runs from a substation located within 35 km of the mining site in the town of Chulak-Kurgan through the main substation located within 11 km from the mining site.

Moinkum Deposit

The Company, through its subsidiaries, is entitled to produce uranium from site 1 (south) of the Moinkum deposit and KATCO is entitled to produce uranium from the Tortkuduk site and site 1 (north) of the Moinkum deposit.

Geology and Location

The Moinkum deposit is located in the Suzak area of the Southern Kazakhstan oblast in the Chu-Sarysu uranium ore province in the sandy surfaces of the Moinkum Massive. See "*Business – Uranium Reserves and Resources – Uranium Deposits In Kazakhstan – Chu-Sarysu Uranium Ore Province*".

Ore is hosted in three Paleocene horizons: Kanzhugan, Uyuk and Ikan, lying at the depth from 220 to 520 m.

- Kanzhugan horizon within the Moinkum deposit complex is represented by stream-bed and floodplain deposits. The upper, ore-bearing part is a river delta with a number of river arms and creeks, in which 45% are medium and fine-grained sands and 55% are argillaceous-silt rocks. Deposit thickness within the Souzak depression ranges from 60 to 80 m.

- Uyuk horizon is subdivided into two benches: power – sands (productive layer) and upper – argillaceous-silt (upper confining bed). Thickness of the productive layer of the horizon ranges from 13 to 50 m. The upper argillaceous layer of cross-section is 10 to 20 m thick.

- Ikan horizon occurs on the deposits of Uyuk horizon with erosion. Ikan horizon deposits are subdivided into two benches. The lower layer of the Ikan horizon is represented by medium and fine-grained sands. The upper layer is constituted by poorly graded inequigranular quartz sands with lenses of siltstone, clay, fragments of clay, fine carbonaceous detritus. Total thickness of the horizon is 50 to 55 m.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Moinkum deposit is approximately 250 km north of Shymkent, Kazakhstan and lies in the Betpak Dala Desert. See "*– Akdala Deposit – Accessibility, Climate, Local Resources, Infrastructure and Physiography*".

The climate is extreme continental with cold, snowless winters (lows of -30°C) and hot, dry summers (highs of 40 to 46°C). Within the boundaries of the sandy massive, annual precipitation does not exceed 120 to 190 mm. Prevailing wind direction is southwest and northeast. Flora and fauna are typical for deserts and semi-deserts.

The biggest settlements in the area are Chulak-Kurgan village (centre of the Souzak area) and Souzak village.

The Moinkum deposit can be accessed by a 34 km industrial asphalt road, owned by Taukent Mining and Chemical Plant LLP, from the road crossing Chulak-Korgan – Souzak to site 1 (South Moinkum), then by a 54 km industrial asphalt road owned by KATCO from site 1 (South Moinkum) to site 2 (Tortkuduk).

Water is supplied from Artesian wells with minor ground water supply. Water mineralisation does not exceed 0.5 to 1.0 gram per litre.

Mynkuduk Deposit

The Company, through its subsidiaries, is entitled to produce uranium from the eastern site of the Mynkuduk deposit and Appak LLP is entitled to produce uranium from the western site of the Mynkuduk deposit.

Geology and Location

This deposit is located in the Betpak Dala Plateau of the Chu-Sarysu uranium ore province, 80 km northwest of the Uvanas deposit. See "*Business – Uranium Reserves and Resources – Uranium Deposits In Kazakhstan – Chu-Sarysu Uranium Ore Province*".

The productive horizon is gravel to sand and surrounded by Paleozoic waterproof siltstone. Overlying the basement rocks are the Cretaceous sediments that host the uranium mineralisation. The late Cretaceous sedimentary rocks have been subdivided into the following three horizons:

- The lowest Mynkuduk horizon is the major productive horizon of Mynkuduk deposit. The productive horizon increases from northwest to southeast with thickness ranging from 20 to 40 m up to 70 to 100 m. The Mynkuduk horizon consists of grey-coloured and variegated alluvial deposits. The depth of the horizon ranges from 205 to 430 m.

- The Inkuduk horizon overlies the Mynkuduk horizon at typical depths between 250 and 450 metres below the surface. The Inkuduk horizon is composed of basal coarse gravels. The productive thickness ranges from 100 to 120 m and the depth of the horizon ranges from 175 to 240 m.

- The Zhalpak-Burtuskent horizon overlies the Inkuduk horizon at depths between 470 and 615 m and thickness ranging from 15 to 40 m.

In general, the Mynkuduk deposit is characterised by a simple morphology of ore shoots and continuity of their patterns in the strike, unlike other deposits located in the zones of active influence of young orogenic structures such as Kanzhugan and Moinkum deposits in the Chu-Sarysu uranium ore province and North and South Karamurun deposits in Syrdarya uranium ore province.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Mynkuduk deposit is approximately 220 km east of the Sholak-korgan village and approximately 380 km southeast of the city of Shymkent. The Mynkuduk deposit can be accessed by asphalt roads from Kyzemshek and East Mynkuduk. The closest railway stations are Zheskazgan (located 270 km north) and Zhanatas and Suzak (located 370 km and 250 km south, respectively). The closest airports with scheduled local services are at Shymkent (approximately 400 km from the deposit) and Kyzylorda (approximately 200 km from the deposit). Power is currently supplied by a 110 kW power line connected to the national power grid.

The climate at the Mynkuduk deposit is characterised as severe continental, with significant changes in annual and daily temperatures, severe winters, hot summers and low precipitation. Annual temperatures range from 50°C in the summer to -37°C in the winter. The average annual precipitation varies from 130 m to 160 m and average humidity ranges from 54% to 59%. The region has constant winds prevailing from the east and northeast at average wind speeds of 4.0 to 4.5 metres per second. The soil composition in the area is represented by brown desert-steppe soils with high sodium contents. Vegetation is sparse and is represented primarily by saksaul and wormwood.

Northern Kharassan Deposit

Kyzylkum is entitled to produce uranium from site 1 of the Northern Kharassan deposit and Baiken-U LLP is entitled to produce uranium from site 2 of the Northern Kharassan deposit.

Geology and Location

The Northern Kharassan deposit is located on the left bank of the Syrdarya River in the Kyzylorda oblast and is the biggest deposit of the Syrdarya uranium ore province. See "*Business – Uranium Reserves and Resources – Uranium Deposits In Kazakhstan – Syrdarya Uranium Ore Province*". The main productive horizons of the Northern Kharassan deposit are sand formations of Maastrichtian, Campanian and Santonian ages.

The width of the ore bearing zones of Maastricht horizon is 150 m and the average thickness is approximately three metres. Campanian horizon hosts approximately 18% of the uranium reserves in the Northern Kharassan deposit, with the average width of 100 m and total thickness ranging from 15 to 25 m. It is composed of sand and clay variations of alluvial-proluvial complex. The Santonian horizon, with a thickness ranging from 18 to 25 m, is composed of alluvial and proluvial sandy and clay rock.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Northern Kharassan deposit can be accessed by asphalt roads from the highway between Samara and Shymkent.

The climate of the area is extreme continental with cold, low-snow winters (with temperatures reaching -35°C) and hot dry summers (up to 46°C). Precipitation amounts vary from 150 to 170 mm per year. Winds with dust storms in spring, summer and autumn are frequent in the area. The prevailing wind direction is north and northeast reaching 3 to 5 m/sec.

Vegetation is scarce and is represented by sagebrushes and salt plants. There are no perennial rivers. Water is supplied from ground waters. Power supply of the deposit is through a 35 kV line and diesel power stations

The railway line is located on the right bank by Syrdayra river with Shieli and Zhanakorgan stations in 50 and 40 km from the Northern Kharassan deposit, respectively. Northern Kharassan site 1 is connected by an asphalt road with Zhanakorgan village. For the purposes of production at Northern Kharassan deposit, the transshipment facility, bridge over the Syrdayra river and a railway connection to the main railway line were constructed.

Semizbay Deposit

Semizbay-U LLP is entitled to produce uranium from the Semizbay deposit.

Geology and Location

The Semizbay deposit is located in the Northern Kazakhstan uranium ore province. See "*Business – Uranium Reserves and Resources – Uranium Deposits In Kazakhstan – Northern Kazakhstan Uranium Ore Province*".

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The landscape at the Semizbay deposit is typical for North Kazakhstan and includes steppe with sheep fescue and stipa grass, miscellaneous steppe herbs, and a few bushes and trees.

The climate is extreme continental, with severe, snowless and long winters and dry, hot summers. Coldest months are January and February, with an average monthly temperature of -17 to -20°C with the lowest recorded temperature reaching -35.4°C. The highest average monthly temperatures (18-22°C) occur in June and July, with the maximum temperature having reached 35.3°C.

Average annual precipitation is approximately 300 mm. Most precipitation (up to 50%) occurs in summer in the form of heavy rains.

The climate characterised as windy, with steady winds occurring throughout most (70%) of the year. The prevailing wind direction is southwest to northwest. Average annual wind speed is 3.0-7.4 m/sec with maximum wind speeds up to 18-20 m/sec. Winds often bring about drought and dust storms in spring and summer and strong snowstorms in winter.

The only transport link practically suitable for year-around operation, which passes through the deposit, is the gravel road that connects Kirovo village with Koitas village. In 1979, a 110 kilowatt power transmission line was connected to the deposit from Bestyube village.

South Karamurun and North Karamurun deposits

The Company, through its subsidiaries, is entitled to produce uranium from the South Karamurun and North Karamurun deposits.

Geology and Location

These deposits are located in the Shieli area of Kyzylorda oblast. See "*Business – Uranium Reserves and Resources – Uranium Deposits In Kazakhstan – Syrdarya Uranium Ore Province*".

The ore-bearing structure for the entire uranium ore area is the Upper Cretaceous formation of platform sediments of alluvial and alluvial-proluvial genesis. The productive horizon of Upper Cretaceous is composed of fine-grained sands watered with layers of clay and sandstones.

The uranium mineralisation of the North Karamurun and South Karamurun deposits is concentrated in the Maastricht horizon and Campanian sub-horizons. The main ore-bearing Maastricht sub-horizon is composed of varying grain size sands and is 6 to 37 m thick. The sands host well-developed irregular sandstone and siltstone interlayers and lenses. The Campanian sub-horizon is composed mainly of medium-grained sands. Its thickness varies from 2 to 34 m.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The mining sites and solution processing facilities are located 12 to 25 km from the central base. The sites and processing facilities can be accessed by highways and gravel roads.

The climate of the area is categorised as extreme continental, with highest and lowest temperatures ranging from 45°C in summers to -33°C in winters. The annual precipitation, most of which occurs in winter, spring and autumn, does not exceed 130 to 150 mm. Winds throughout the year are mostly north and northeast, reaching 8 to 12 m/sec.

Power supply to production facilities is through 35 kilovolt lines that are connected to the regional high voltage system of Southern Kazakhstan.

Uvanas Deposit

The Company, through its subsidiaries, is entitled to produce uranium from the Uvanas deposit.

Geology and Location

This deposit is located in the central part of the Betpak Dala Plateau, 80 km southeast of the Mynkuduk (eastern site) deposit. See "*Business – Uranium Reserves and Resources – Uranium Deposits In Kazakhstan – Chu-Sarysu Uranium Ore Province*".

The productive (Paleocene) horizons are represented by medium-grained sands layered by clay and varying grain sands, and is limited from above and below by argillaceous confining beds. The main productive horizon of the Uvanas deposit is the Uvanas horizon, whose productive horizon increases from west to east and from north to south. The Uvanas horizon is divided top to bottom, the bottom layer of which is composed of even grained, non-graded sands up to 15 m thick. The top portion of the horizon ranges from 15 to 20 m and is composed of green-coloured deposits primarily consisting of medium-grain sands layered with small and fine-grained sands and small lenses of clays and clay siltstone. The depth of the horizon varies from 80 to 100 m.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Uvanas deposit lies in the Betpak Dala Desert. See " – *Akdala Deposit – Accessibility, Climate, Local Resources, Infrastructure and Physiography*".

Zarechnoye and South Zarechnoye Deposits

JV ZARECHNOYE is entitled to produce uranium from the Zarechnoye and South Zarechnoye deposits.

Geology and Location

The Zarechnoye and South Zarechnoye deposits are located in the Syrdarya uranium ore province. See "*Business – Uranium Reserves and Resources – Uranium Deposits In Kazakhstan – Syrdarya Uranium Ore Province*".

The Zarechnoye deposit is located in the Otrar area of the South Kazakhstan oblast on the left bank of the Syrdarya river and the northern edge of Karatau mountains. The surface of the Zarechnoye deposit is a flat alluvial plain with slight northern incline, half of which is covered by cellular and ridgy sand dunes with the height of such ridges ranging from 2 to 10 m. The climate is extreme continental, with temperature fluctuations from 45°C during the summer to -40°C in the winter. Average annual precipitation does not exceed 200 mm. The area experiences frequent winds and dust storms, with wind speeds up to and exceeding 30 m/sec.

The South Zarechnoye deposit is located in the South Kazakhstan oblast of Kazakhstan on the left bank of the Syrdarya River and 160 km west of the city of Shimkent. The South Zarechnoye deposit is the southern extension of the previously discovered uranium deposit of Zarechnoye.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Zarechnoye and South Zarechnoye deposits can be accessed by a gravel roads from the Timur station or Shaulder and asphalt roads from Bozhbankuduk or Tabakbulak.

The Zarechnoye deposit is a part of Karatau uranium ore area of the Syrdarya province. It is of exogenous-epigenetic (sandstone) type formed on geochemical barrier of stratal oxidation zone in loose wet deposits of Mesozoic-Cenozoic sediments. Geological formations within the Zarechnoye deposit are represented by the rocks of Cretaceous, Paleogene, Neogene and Quaternary systems. At the Zarchenoye deposit, uranium mineralisation is found in permeable deposits of Santonian, Campanian and Maastricht ages of upper Cretaceous.

Depth of ore-bearing sediments increases from 250 m in the eastern flank of the deposit to 600 m and more in the western and north-western flank. Sub-ore and above-ore parts in the cross-section are mostly represented by impermeable rocks, such as clay and siltstone, with sandstone interlayers. Ore-hosting horizons are comprised of fine and medium-grained sands with relatively good grading. Thickness of ore-hosting sub-horizons ranges from 20 to 40 m.

The uranium mineralisation of the South Zarechnoye deposit is fully identical to the uranium ores of the adjacent Zarechnoye deposit. Ore-bearing deposits at the South Zarechnoye deposit are hosted by five horizons of irregular-grained sands of the Upper Santonian and Campanian formations of the Upper Cretaceous Age. The thickness of the more coarsely grained sands of the main ore-bearing Upper Santonian formation is 8 to 12 m and the more fine-grained sands of the Lower Campanian is approximately 30 m.

APPENDIX II – GLOSSARY OF CERTAIN DEFINED TERMS

The following terms are used in this Prospectus and are not defined in *"Terms and Conditions of the Notes"*:

"**Additional Protocol**" means a protocol executed by Kazakhstan and IAEA in February 2004, as ratified by Kazakhstan in February 2007;

"**Admission**" means the admission of the Notes to the official list of the UK Listing Authority and trading of the Notes on the London Stock Exchange's Regulated Market;

"**Akbastau**" means Akbastau JSC, a joint venture with RosAtom established in 2006;

"**Arbitration Law**" means the Law of International Commercial Arbitration adopted by Parliament;

"**AEC**" means the Atomic Energy Committee of the Republic of Kazakhstan;

"**AECC**" means the Angarsk Electrolysis Chemical Complex;

"**Beneficial Owner**" means the ownership interest of each actual purchaser of each such Note that will be recorded on the Direct and Indirect Participants' Records;

"**Betpak Dala**" means JV Betpak Dala LLP, a joint venture established in March 2004 between the Company and the Kazakhstan Investment Group Astana LLP, a wholly owned subsidiary of Uranium One;

"**BN-350 Reactor**" means the decommissioned fast-neutron BN-350 nuclear reactor in the city of Aktau, Kazakhstan;

"**Cameco**" means Cameco Corporation, a Canadian company;

"**Cameco MOU**" means the non-binding memorandum of understanding signed between the Company and Cameco on 29 May 2007;

"**Civil Code**" means the Kazakhstan Civil Code adopted in December 1994, as amended;

"**CGNPC**" means the China Guandong Nuclear Power Corporation;

"**Clearing System Business Day**" means (i) in respect of a Global Note held on behalf of Euroclear or Clearstream, Luxembourg, a day when Euroclear and Clearstream, Luxembourg is open for business, and (ii) in respect of a Global Note held on behalf of DTC, a day when DTC is open for business;

"**Clearstream, Luxembourg**" means the Clearstream Banking société anonyme;

"**CNNC**" means the China National Nuclear Corporation;

"**Code**" means the United States Internal Revenue Code of 1986, as amended;

"**Company**" means JSC National Atomic Company Kazatomprom;

"**Competent Authority**" means the Kazakhstan Ministry of Oil & Gas and the Ministry of Industry and New Technologies;

"**Convention**" means the 1958 New York Convention on Recognition and Enforcement of Arbitral Awards;

"**Definitive Notes**" means the Regulation S Definitive Notes and the Rule 144A Definitive Notes, collectively;

"**Direct Participants**" means those Investors who may hold their own interests in the Global Notes directly through Euroclear, or Clearstream, Luxembourg because they are accountholders;

"**DOL**" means the U.S. Department of Labor;

"**DTC**" means The Depository Trust Company;

"**Energy Asia Limited**" means Energy Asia Limited (B.V.I.);

"**Environmental Code**" means the Subsoil Law and the Environmental Code dated 9 January 2007 No. 212;

"**ERISA**" means the U.S. Employee Retirement Income Security Act of 1974, as amended;

"**ERISA Plans**" means employee benefit plans subject to fiduciary standards and certain other requirements of ERISA;

"**Euroclear**" means the Euroclear Bank S.A./N.V.;

"**Exchange Date**" means a day falling not later than 90 days after that on which the notice requiring exchange is given and on which banks are open for business in the city which the specified office of the Registrar or Transfer Agent is located;

"**Financial Statements**" means the Company's historical audited consolidated statement of financial position and statements comprehensive of income and cash flows as at and for the years ended 31 December 2009, 2008 and 2007, respectively, and the related notes thereto;

"**Front-end**" means the phases of the nuclear fuel cycle which constitute the steps up to and including the generation of nuclear energy, including production of U_3O_8, conversion, enrichment and fuel fabrication;

"**FSMA**" means the Financial Services and Markets Act 2000;

"**fuel assemblies**" means the bundle of fuel pellets;

"**fuel pellets**" means the cylindrical pellets derived from UO_2 powder;

"**fuel rods**" means the zirconium alloy pipes into which fuel pellets are packed;

"**Indirect Participants**" means those Investors who hold their interest in the Global Notes through organisations which are accountholders therein;

"**Geology Committee**" means the Committee of Geology of Ministry of Industry and New Technologies;

"**Global Notes**" means the Rule 144A Global Note together with the Regulation S Global Note;

"**Government**" means the government of the Republic of Kazakhstan;

"**IAEA**" means the International Atomic Energy Agency;

"**ICUE**" means the International Centre for Uranium Enrichment established in May 2007 by the Company and Techsnabexport;

"**IFASTAR**" means Integrated Fuel Asia Star, a joint venture established in October 2009 between the Company and NP SAS, a wholly owned subsidiary of AREVA;

"**Inkai LLP**" means JV Inkai LLP, a joint venture established in November 1998 between the Company and Cameco;

"**IRS**" means the U.S. Internal Revenue Service;

"**Joint Lead Managers**" means BNP Paribas and J.P Morgan Securities Ltd., collectively;

"**JV Zarechnoye**" means JV Zarechnoye JSC, a joint venture with RosAtom;

"**KASE**" means Kazakhstan Stock Exchange;

"**KATCO**" means JV KATCO LLP, a joint venture established in April 2004 by the Company and AREVA;

"**Kazakhstan**" means the Republic of Kazakhstan;

"**Kazakhstan Holders**" means individuals who are tax residents of Kazakhstan, legal entities which are tax residents of Kazakhstan and legal entities which are non-residents and which maintain a permanent establishment in Kazakhstan;

"**Kazakhstan Lead Manager**" means JSC Halyk Finance;

"**Kazakhstan Methodology**" means the use of terms in this Prospectus that comply with reporting standards for classification of reserves and resources originally developed by the former Soviet Union in 1960 and revised in 1981;

"**Kazatomprom-Demeu**" means Kazatomprom-Demeu LLP, a subsidiary of the Company;

"**Kyzylkum**" means Kyzylkum LLP, a joint venture established in May 2005 between the Company and UrAsia London Limited, a wholly owned subsidiary of Uranium One;

"**Local Content Requirements**" means the requirements established by the Government to regulate the use of imports by state bodies, national companies and subsoil users with respect to goods, work and services that can be supplied by local producers in Kazakhstan;

"**MAEK**" means MAEK-Kazatomprom LLP, a large multi-utility service provider plant located at Aktau;

"**Managers**" means the Kazakhstan Lead Manager and the Joint Lead Managers, collectively;

"**MEP**" means the Ministry of Environmental Protection of Kazakhstan;

"**Mining Company**" means Mining Company LLP, a wholly owned subsidiary of the Company;

"**NBK**" means the National Bank of Kazakhstan;

"**NEA**" means the Nuclear Energy Agency;

"**Non-Kazakhstan Holders**" means an individual who is a non-resident of Kazakhstan for tax purposes or to a legal entity that is neither established in accordance with the legislation of Kazakhstan, nor has its actual governing body (place of actual management) in, nor maintains a permanent establishment in, Kazakhstan or otherwise has no taxable presence in Kazakhstan and such Holders will not be subject to taxation in Kazakhstan, and no withholding of any Kazakhstan tax will be required on any such payments;

"**Notes**" means the notes described in this Prospectus;

"**NPCIL**" means the Nuclear Power Corporation of India Limited;

"**NPT Treaty**" means the Treaty on Non-Proliferation of Nuclear Weapons of 1968;

"**NRB-99**" means the Kazakhstan Norms on Radiational Safety;

"**NSA**" means the National Statistical Agency of Kazakhstan;

"**Nuclear Fuel Cycle**" means the activities, from extraction of uranium from underground reserves (or utlisation of aboveground stockpiles) to generation of electricity at a nuclear plant and the disposal of radioactive wastes;

"**Offering**" means the proposed offering of Notes of the Company;

"**Official List**" means the Official List of the UK Listing Authority;

"**Parliament**" means the Parliament of Kazakhstan;

"**Participant**" means Direct Participants and Indirect Participants, collectively;

"**Plans**" means the ERISA Plans together with employee benefit plans that are not subject to ERISA but which are subject to Section 4975 of the Code;

"**Plan Assets Regulation**" means 29 CFR Section 2510.3-101;

"**Pregnant Solution**" means the solution containing dissolved uranium which results from the acidification process under the ISL method;

"**Prospectus**" means the final prospectus in connection with the Admission of the Notes to the Official List of the UK Listing Authority and to the Stock Exchange's Regulated Market;

"**Prospectus Directive**" means the Directive 2003/71/EC;

"**Prospectus Regulations**" the Prospectus Directive and the Prospectus (Directive 2003/71/EC) Regulations 2005;

"**QIBs**" means qualified institutional buyers;

"**Red Book**" means the Organisation for Economic Cooperation and Development, Nuclear Energy Agency and the International Atomic Energy Agency, Uranium 2007: Resources, Production and Demand, 22nd Edition (2008);

"**Regulated Market**" means the Stock Exchange's Regulated Market, which is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC;

"**Regulation S**" means Regulation S under the Securities Act;

"**Regulation S Definitive Notes**" means the definitive notes in respect of the beneficial interests in the Regulation S Global Note;

"**Regulation S Global Note**" means the global representative Note for Notes that are being offered and sold in accordance with Regulation S;

"**Regulation S Notes**" means the Notes that are being offered and sold in accordance with Regulation S;

"**RosAtom**" means State Nuclear Corporation of Russia, the national atomic company of the Russian Federation;

"**RSA**" means the New Hampshire Revised Statutes;

"**Rule 144A**" means the Rule 144A under the Securities Act;

"**Rule 144A Definitive Notes**" means the definitive notes in respect of the beneficial interests in the Rule 144A Global Note;

"**Rule 144A Global Note**" means the global Note that represents the beneficial interest for the Notes that are offered and sold in reliance on Rule 144A;

"**Safeguards Agreement**" means an agreement between Kazakhstan and IAEA, executed in July 1994 and ratified in June 1995, regarding acceptance on safeguards in connection with the NPT Treaty;

"**Samruk-Kazyna**" means JSC Sovereign Wealth Fund Samruk-Kazyna;

"**Samruk-Kazyna Law**" means the Kazakhstan Law on the Natural Welfare Fund;

"**SEC**" means the U.S. Securities and Exchange Commission;

"**SFA**" means the Securities and Futures Act, Chapter 289, of Singapore;

"**SGChE**" means JSC Siberian Group of Chemical Enterprises;

"**Stabilising Manager**" means J.P. Morgan Securities Ltd.;

"**Subsoil Law**" means Article 71 of the Kazakhstan Law No. 2828 "On Subsoil and Subsoil Use" dated January 1996;

"**2009 Tax Code**" means the adopted Kazakhstan tax code effective 1 January 2009, as amended;

"**Techsnabexport**" means OJSC Techsnabexport, a Russian company wholly owned by a subsidiary of the state-owned corporation RosAtom;

"**Ulba Conversion**" means Ulba Conversion LLP, a joint venture established between the Company and Cameco;

"**Ulba Facility**" means the Ulba Metallurgical Plant located in the city of Ust-Kamenogorsk (East Kazakhstan);

"**Ulba JSC**" means Ulba Metallurgical Plant JSC;

"**Unified Rules**" means the special procurement rules adopted by Samruk-Kazyna;

"**Uranenergo**" means Uranenergo LLP, established in 2008 by Ken Dala.KZ JSC, Kyzylkum, Karatau LLP, Betpak Dala, Mining Company, Inkai LLP, Appak LLP, Baiken-U LLP and Akbastau;

"**UK Listing Authority**" means the Financial Services Authority in its capacity as competent authority under the FSMA;

"**Uranium One**" means Uranium One Inc., a Canadian company;

"**U.S. Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended;

"**Ux Consulting**" means The Ux Consulting Company, a uranium industry consulting firm;

"**Volkovgeology**" means Volkovgeology JSC, a subsidiary of the Company;

"**Westinghouse**" means, jointly, Westinghouse Electric Company, LLC and Westinghouse Electric UK Ltd; and

"**WNA**" means the World Nuclear Association.

APPENDIX III – GLOSSARY OF TECHNICAL TERMS AND UNITS OF MEASUREMENT

Certain Abbreviations and Related terms

°C	Degrees Centigrade
%	Percent
kgU	Kilogram of uranium
g/L	Gram per litre
km	Kilometre
kW	Kilowatt
kWh	Kilowatt hour
m	Metre
m/sec	Metre per second
mm	Millimetre
mSv	Millisievert
MW	Megawatt, which is a unit of power representing the rate at which energy is used or produced and is equivalent to 1,000 kilowatt

Certain Terminology

Conversion	The chemical process that converts U_3O_8 to UF_6 in preparation for enrichment.
Effective kilogram	A special unit used in the safeguarding of nuclear material, reflecting its strategic value. A quantity in 'effective kilograms' is obtained by taking: for uranium with an enrichment of 1% (0.01) and above, its weight in kilograms multiplied by the square of its enrichment; for uranium with an enrichment below 1% (0.01) and above 0.5% (0.005), its weight in kilograms multiplied by 0.0001; and for depleted uranium with an enrichment of 0.5% (0.005) or below, and for thorium, its weight in kilograms multiplied by 0.00005.
Enriched Uranium	Uranium in which the content of the isotope uranium-235 has been increased above its natural value of 0.7% by weight. Typical low-enriched uranium for commercial power reactors is enriched in uranium-235 to the range of 3% to 5%. In highly enriched uranium, the uranium-235 has been increased to 20% or more.
Desorption	The process whereby a substance is released from or through a surface.
Inferred Resources	Reserves that have been extrapolated from limited data, often only a single hole.
ISL	In situ leaching, which is a mining method that involves leaving the ore in the ground and recovering the minerals from the ore by dissolving the minerals in a solution and

	pumping the solution containing the dissolved minerals to the surface where the minerals can be recovered.
Material balance area	The area located outside of a nuclear facility where the quantity of nuclear material can be determined.
Mineral Reserves	The economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study.
Mineral Resources	A concentration or occurrence of natural solid inorganic material, or natural solid fossilized organic material, including base and precious metals and industrial minerals in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction.
Radiation	A naturally occurring type of energy that travels through space in the form of waves, or particles, which give up all or part of their energy on contact with matter. Radiation can take the form of alpha or beta particles, X-rays or gamma rays, or neutrons.
Reasonably Assured Resources	(i) The reserves in place are known in detail; or (ii) the reserves in place have been explored but are not known in substantial detail; or (iii) the reserves in place have been estimated by a sparse grid of trenches, drill holes or underground workings.
Rich elution solution	The chemical solution that results when ion exchange resin is stripped of its uranium. The resulting solution is precipitated to produce yellow cake.
Separative Work Unit	A unit used express the magnitude of the effort required to separate two isotopes of uranium. Separative Work Units are used to describe the capacity of separation plants (SWU's per annum) and the fuel requirements of nuclear power plants. It is the unit by which separative work is sold.
Sorbent	Material that is used to absorb liquid or gases. Sorbent material has a large internal surface area and good thermal conductivity.
Sorption	The chemical process in which ions enter a bulk phase, such as a gas, liquid, or solid material.
Source or special fissionable material	Material that is the most crucial and relevant to nuclear weapons manufacturing, including plutonium-239, uranium-233 and -235 and any material containing one or more of these.
Thorium	The naturally occurring, slightly radioactive chemical element with atomic number 90 and atomic symbol "Th".
UO_2	Uranium dioxide.
U_3O_8	Uranium oxide concentrate.
UF_6	Uranium hexafluoride.

Uranium	The chemical element with atomic number 92 and atomic symbol “U”, which includes three natural isotopes: U-234, U-235 and U-238. The only naturally occurring fissile nuclide is U235, a quality that is exploited as a source of energy. Natural uranium contains 0.7% of this isotope.

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Consolidated Financial Statements as at and for the years ended 31 December 2009, 2008 and 2007

JSC National Atomic Company "Kazatomprom"

Consolidated Financial Statements
as at and for the years ended 31 December 2009, 2008 and 2007

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES
FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED 31 DECEMBER 2009, 2008 AND 2007

The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the independent auditors' report set out on pages 2-3, is made with a view to distinguish the respective responsibilities of management and those of the independent auditor's in relation to the consolidated financial statements of JSC National Atomic Company "Kazatomprom" and its subsidiaries (hereinafter the "Group").

Management of the Group is responsible for the preparation of the consolidated financial statements that give a true and fair view of the consolidated financial position of the Group as at 31 December 2009, 2008 and 2007, the consolidated results of its operations, consolidated cash flows and changes in consolidated equity for the years then ended, in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

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

- selecting suitable accounting principles and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether IFRS have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- preparing the consolidated financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business for the foreseeable future.

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- maintaining proper accounting records that disclose, with reasonable accuracy at any time, the consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS;
- maintaining statutory accounting records in compliance with legislation and accounting standards of the Republic of Kazakhstan;
- taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- detecting and preventing fraud and other irregularities.

The consolidated financial statements for the years ended 31 December 2009, 2008 and 2007 were authorized for issue by the management of the Group on 20 April 2010.

On behalf of management of the Group:

Galymzhan O. Pirmatov	**Galina I.Okshina**
Vice-President	**Chief Accountant**
20 April 2010	20 April 2010
Almaty, Republic of Kazakhstan	Almaty, Republic of Kazakhstan

INDEPENDENT AUDITORS' REPORT

To the Shareholders of JSC National Atomic Company "Kazatomprom"

We have audited the accompanying consolidated financial statements of JSC National Atomic Company "Kazatomprom" and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at 31 December 2009, 2008 and 2007, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2009, 2008 and 2007, and its financial performance and its cash flows for each of the three years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

As described in Note 7, the consolidated financial statements as at and for the years ended 31 December 2008 and 2007 were restated.

Daniyar Tursunkulov
Engagement Partner
Licensed auditor
State of Maine, USA
license #CP3212
dated 16 September 2002

Nikolay Demidov
Auditor-performer
Qualified auditor, Kazakhstan
Qualification certificate #0000573
dated 20 December 2004

Deloitte, LLP

Deloitte, LLP
State license on auditing of the Republic of Kazakhstan
Number 0000015, type MFU-2, given by the Ministry of Finance
of the Republic of Kazakhstan dated 13 September 2006

Nurlan Bekenov
General Director
Deloitte, LLP

20 April 2010
Almaty, Republic of Kazakhstan

	Note	2009 000'KZT	2008 (restated) 000'KZT	2007 (restated) 000'KZT
Revenue	8	178,506,818	127,104,898	117,758,289
Cost of sales	9	(112,709,539)	(82,695,061)	(61,213,761)
Gross profit		**65,797,279**	**44,409,837**	**56,544,528**
Distribution expenses	10	(1,824,124)	(2,014,923)	(1,494,101)
Administrative expenses	11	(8,984,719)	(12,920,966)	(11,989,385)
Financial income	12	3,111,251	2,031,266	3,444,144
Financial expense	12	(7,834,292)	(4,099,430)	(2,552,941)
Foreign exchange losses		(9,653,705)	(239,961)	(1,708,676)
(Loss)/profit on disposal of investments	6	-	(2,796,207)	1,462,925
Share of results of associates	23	13,503,206	5,164,270	8,880,688
Share of results of jointly controlled entities	24	3,345,890	560,417	(70,304)
Other income	13	865,510	544,782	1,274,269
Other expense	14	(4,254,120)	(5,314,367)	(2,172,694)
Profit before income tax		**54,072,176**	**25,324,718**	**51,618,453**
Income tax expense	16	(12,612,443)	(14,279,460)	(15,615,271)
Profit for the year		**41,459,733**	**11,045,258**	**36,003,182**
Other comprehensive income:				
Exchange differences arising on translation of foreign operations		297,874	1,442,290	(1,824,315)
Other comprehensive income/(loss) for the year, net of tax		**297,874**	**1,442,290**	**(1,824,315)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**41,757,607**	**12,487,548**	**34,178,867**
Profit for the year attributable to:				
Owners of the Company		40,683,975	11,119,990	35,615,769
Non-controlling interests		775,758	(74,732)	387,413
		41,459,733	**11,045,258**	**36,003,182**
Total comprehensive income for the year attributable to:				
Owners of the Company		40,981,849	12,562,280	33,791,454
Non-controlling interests		775,758	(74,732)	387,413
		41,757,607	**12,487,548**	**34,178,867**
Earnings per share from continuing operations				
Basic and diluted (tenge)	17	1,109	303	1,595

The accompanying notes on pages 11-99 form an integral part of these financial statements.

These consolidated financial statements were approved by management on 20 April 2010 and were signed on its behalf by:

Galymzhan O. Pirmatov
Vice-President

Galina I.Okshina
Chief Accountant

	Note	31.12.2009 '000 KZT	31.12.2008 (restated) '000 KZT	31.12.2007 (restated) '000 KZT	01.01.2007 (restated) '000 KZT
ASSETS					
Non-current assets					
Property, plant and equipment	18	79,207,322	74,736,389	57,771,406	40,525,835
Mine development assets	19	17,455,372	13,305,121	7,170,185	6,215,893
Investment property		889,547	473,037	-	-
Intangible assets	20	191,547	184,540	166,123	85,483
Mineral rights	21	895,764	2,650,185	1,651,406	1,469,591
Exploration and evaluation assets	22	3,865,138	438,833	3,342,297	2,336,678
Investments in associates	23	35,745,953	18,731,370	14,647,023	2,523,415
Investments in jointly controlled entities	24	6,495,472	4,327,160	2,760,807	68,173
Other investments	25	66,045,671	66,045,647	65,313,083	439,192
Advances paid and other receivables	27	1,769,348	7,307,023	5,401,914	3,265,642
Inventories	28	7,077,867	9,148,251	9,968,853	9,655,040
Term deposits	30	1,040,154	875,112	386,527	424,532
Deferred tax assets	29	1,639,226	2,877,676	1,083,777	1,279,965
Total non-current assets		**222,318,381**	**201,100,344**	**169,663,401**	**68,289,439**
Current assets					
Inventories	28	52,103,354	34,447,267	21,700,500	17,757,559
Other investments	25	-	22,653,413	1,942,559	314,398
Prepaid income tax	3	3,876,978	1,974,202	5,026,689	326,448
Trade receivables	26	32,225,631	25,580,012	25,337,692	13,694,787
Advances paid and other receivables	27	22,240,603	21,738,691	10,998,864	72,652,549
Term deposits	30	22,742,735	15,201	3,092,484	4,419,603
Cash and cash equivalents	31	30,082,948	34,160,628	10,287,760	26,489,888
Restricted cash	32	1,662,066	-	-	-
Total current assets		**164,934,315**	**140,569,414**	**78,386,548**	**135,655,232**
Total assets		**387,252,696**	**341,669,758**	**248,049,949**	**203,944,671**

The accompanying notes on pages 11-99 form an integral part of these financial statements.

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	Note	31.12.2009 '000 KZT	31.12.2008 (restated) '000 KZT	31.12.2007 (restated) '000 KZT	01.01.2007 (restated) '000 KZT
EQUITY AND LIABILITIES					
Equity					
Share capital	33	36,692,362	36,692,362	36,692,362	7,980,715
Additional paid-in capital	33	5,330,324	5,573,807	4,187,732	2,736,191
Foreign currency translation reserve		(1,316,787)	(1,614,661)	(3,056,951)	(1,232,636)
Retained earnings		194,418,746	153,742,508	143,663,119	108,438,090
Total equity attributable to Owners of the Company		**235,124,645**	**194,394,016**	**181,486,262**	**117,922,360**
Non-controlling interest		9,109,619	8,372,715	5,349,122	4,678,258
Total equity		**244,234,264**	**202,766,731**	**186,835,384**	**122,600,618**
Non-current liabilities					
Loans and borrowings	34	34,974,316	35,671,281	20,265,040	14,428,555
Other financial liabilities	6	38,592,034	28,273,845	-	-
Provisions	35	4,667,555	4,437,811	3,620,988	4,564,682
Trade payables	36	255,706	208,153	207,343	218,891
Advances received and other payables	37	24,419	46,655	24,158	17,121
Preference shares	38	264,827	264,827	271,275	271,275
Grants	40	353,309	334,552	353,619	394,040
Deferred tax liabilities	29	1,200,547	584,485	1,353,187	886,970
Total non-current liabilities		**80,332,713**	**69,821,609**	**26,095,610**	**20,781,534**
Current liabilities					
Loans and borrowings	34	26,007,475	32,808,527	17,500,641	16,151,231
Provisions	35	285,906	450,016	237,571	272,189
Trade payables	36	16,454,593	6,452,330	9,754,855	11,211,907
Advances received and other payables	37	16,292,961	23,421,563	4,847,910	23,461,885
Accrued liabilities	39	3,621,286	5,873,045	2,667,068	9,407,042
Grants		23,498	75,937	110,910	58,265
Total current liabilities		**62,685,719**	**69,081,418**	**35,118,955**	**60,562,519**
Total liabilities		**143,018,432**	**138,903,027**	**61,214,565**	**81,344,053**
Total equity and liabilities		**387,252,696**	**341,669,758**	**248,049,949**	**203,944,671**

The accompanying notes on pages 11-99 form an integral part of these financial statements.

OPERATING ACTIVITIES	**2009 '000 KZT**	**2008 (restated) '000 KZT**	**2007 (restated) '000 KZT**
Receipts from customers	185,367,109	160,835,164	116,061,132
Payments to suppliers	(118,803,126)	(114,418,013)	(86,473,148)
Payments to employees	(20,302,940)	(18,984,760)	(15,299,606)
Cash from operations	**46,261,043**	**27,432,391**	**14,288,378**
Income tax paid	(13,388,287)	(12,873,943)	(47,383,159)
Interest paid	(2,877,385)	(2,254,689)	(1,841,347)
Cash flows from operating activities	**29,995,371**	**12,303,759**	**(34,936,128)**
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment	94,504	87,780	113,278
Proceeds from disposal of other non-current assets	771	-	25,040
Proceeds from disposal of investments (net of cash derecognized)	1,726	345,853	72,630,963
Maturity of bank deposits	456,892	3,227,375	6,509,074
Interest received	3,085,087	1,241,824	3,291,759
Proceeds from repayment of loans issued	320,000	310,930	25,438
Withdrawal of assets under trust management (Note 25)	20,192,008	-	-
Other proceeds	23,656	373,089	51,964
Loans issued to related parties	(320,000)	-	-
Placement of bank deposits	(23,349,468)	(638,700)	(5,143,950)
Acquisition of property, plant and equipment	(8,758,945)	(18,074,029)	(17,496,612)
Advances paid for property, plant and equipment	(67,296)	(4,104,887)	(4,818,181)
Acquisition of intangible assets	(56,958)	(77,202)	(106,126)
Acquisition of exploration and evaluation assets	(417,143)	(3,686,446)	(930,584)
Acquisition of mine development assets	(4,993,674)	(1,536,827)	(934,334)
Acquisition of other investments (Note 25)	-	(18,593,004)	(1,599,019)
Loans issued to other parties	(39,552)	(2,550,930)	(59,907)
Acquisition of investments in associates	(2,777,892)	(2,292,408)	(2,992,481)
Acquisition of investments in available-for-sale investments	-	-	(65,943,012)
Other payments	(132,875)	(610,291)	(493,391)
Cash flows used in investing activities	**(16,739,159)**	**(46,577,873)**	**(17,870,081)**
FINANCING ACTIVITIES			
Proceeds from other financial liabilities	-	28,297,280	-
Proceeds from issue of shares	-	-	28,686,193
Proceeds from contribution to capital by on-controlling interest	-	1,201,650	-
Proceeds from borrowings	30,195,058	96,246,967	43,600,732
Repayment of borrowings	(51,155,904)	(64,024,240)	(34,486,635)
Repayment of bonds	-	(2,000,000)	(1,367,657)
Payment of finance lease liabilities	(116,951)	(133,882)	(6,663)
Dividends paid	(1,260)	(1,431,462)	(177)
Cash flows from/(used in) financing activities	**(21,079,057)**	**58,156,313**	**36,425,793**
Net increase/(decrease) in cash and cash equivalents	**(7,822,845)**	**23,882,199**	**(16,380,416)**
Cash and cash equivalents at beginning of year (Note 31)	34,160,628	10,287,760	26,489,888
Effect of exchange rate fluctuations on cash and cash equivalents	3,745,165	(9,331)	178,288
Cash and cash equivalents at end of year (Note 31)	**30,082,948**	**34,160,628**	**10,287,760**

The accompanying notes on pages 11-99 form an integral part of these financial statements.

'000 KZT	Share capital	Foreign currency translation reserve	Retained earnings	Additional paid-in capital	Total equity attributable to the Owners of the Company	Non-controlling interests	Total equity
Balance at 1 January 2007 (issued financial statement)	**7,980,715**	**(1,230,315)**	**108,432,454**	**2,736,191**	**117,919,045**	**4,678,258**	**122,597,303**
Restatement (Note 7)	-	(2,321)	5,636	-	3,315	-	3,315
Balance at 1 January 2007 (restated)	**7,980,715**	**(1,232,636)**	**108,438,090**	**2,736,191**	**117,922,360**	**4,678,258**	**122,600,618**
Profit for the year	-	-	35,615,769	-	35,615,769	387,413	36,003,182
Foreign currency translation loss	-	(1,824,315)	-	-	(1,824,315)	-	(1,824,315)
Total comprehensive income for the year	-	(1,824,315)	35,615,769	-	33,791,454	387,413	34,178,867
Dividends to shareholders	-	-	(390,740)	-	(390,740)	-	(390,740)
Sale of non-controlling interest	-	-	-	-	-	283,451	283,451
Other	-	-	-	1,281,625	1,281,625	-	1,281,625
Change in equity of associates	-	-	-	169,916	169,916	-	169,916
Issue of shares	28,711,647	-	-	-	28,711,647	-	28,711,647
Balance at 31 December 2007 (restated)	**36,692,362**	**(3,056,951)**	**143,663,119**	**4,187,732**	**181,486,262**	**5,349,122**	**186,835,384**

The accompanying notes on pages 11-99 form an integral part of these financial statements.

’000 KZT	Share capital	Foreign currency translation reserve	Retained earnings	Additional paid-in capital	Total equity attributable to the Owners of the Company	Non-controlling interests	Total equity
Balance at 1 January 2008 (restated)	**36,692,362**	**(3,056,951)**	**143,663,119**	**4,187,732**	**181,486,262**	**5,349,122**	**186,835,384**
Profit for the year	-	-	11,119,990	-	11,119,990	(74,732)	11,045,258
Foreign currency translation gain	-	1,442,290	-	-	1,442,290	-	1,442,290
Total comprehensive income for the year	-	1,442,290	11,119,990	-	12,562,280	(74,732)	12,487,548
Dividends to shareholders	-	-	(1,040,601)	-	(1,040,601)	-	(1,040,601)
Sale of non-controlling interest	-	-	-	-	-	3,098,325	3,098,325
Other	-	-	-	1,204,589	1,204,589	-	1,204,589
Change in equity of associates	-	-	-	181,486	181,486	-	181,486
Balance at 31 December 2008 (restated)	**36,692,362**	**(1,614,661)**	**153,742,508**	**5,573,807**	**194,394,016**	**8,372,715**	**202,766,731**

The accompanying notes on pages 11-99 form an integral part of these financial statements.

'000 KZT	Share capital	Foreign currency translation reserve	Retained earnings	Additional paid-in capital	Total equity attributable to the Owners of the Company	Non-controlling interests	Total equity
Balance at 1 January 2009	**36,692,362**	**(1,614,661)**	**153,742,508**	**5,573,807**	**194,394,016**	**8,372,715**	**202,766,731**
Profit for the year	-	-	40,683,975	-	40,683,975	775,758	41,459,733
Foreign currency translation gain	-	297,874	-	-	297,874	-	297,874
Total comprehensive income for the year	-	297,874	40,683,975	-	40,981,849	775,758	41,757,607
Dividends to shareholders	-	-	(7,737)	-	(7,737)	-	(7,737)
Sale of non-controlling interest	-	-	-	-	-	(38,854)	(38,854)
Change in equity of associates	-	-	-	(243,483)	(243,483)	-	(243,483)
Balance at 31 December 2009	**36,692,362**	**(1,316,787)**	**194,418,746**	**5,330,324**	**235,124,645**	**9,109,619**	**244,234,264**

The accompanying notes on pages 11-99 form an integral part of these financial statements.

1 Background

(a) Organizational structure and operations

JSC National Atomic Company "Kazatomprom" JSC ("the Company") and its subsidiaries (together referred to as "the Group") comprise Kazakhstan joint stock and limited liability companies as defined in the Civil Code of the Republic of Kazakhstan. The Company was established pursuant to the Decree of the President of the Republic of Kazakhstan on the establishment of National Atomic Company Kazatomprom No. 3593, dated 14 July 1997, and the Decree of the Government of the Republic of Kazakhstan National Atomic Company Kazatomprom Issues No. 1148 dated 22 July 1997. The Company is wholly-owned by the Government of the Republic of Kazakhstan represented by the State Property and Privatization Committee under the Ministry of Finance of the Republic of Kazakhstan. In accordance with the Decree of the Government No. 659 dated 27 May 1999 the State's interest in the Company was transferred to the Ministry of Energy and Natural Resources of the Republic of Kazakhstan ("the Shareholder").

In accordance with the Order of the President of the Republic of Kazakhstan no. 669 dated 13 October 2008, on 19 January 2009 the National Welfare Fund Samruk-Kazyna became the sole owner of the Company.

The Company's registered office is 168, Bogenbay Batyr Street, Almaty, Republic of Kazakhstan.

The Group's principal activities are exploration, mining, processing and export of uranium, beryllium and tantalum: the generation, transmission and sale of electric power; the generation, distribution and sale of thermal energy; the production and sale of distilled, industrial, drinking and sea water; drilling and processing services; research and development services and providing social services to the Group's enterprises; and providing management services in accordance with a trust agreement to Stepnogorsk Mining and Chemical Plant LLC and its subsidiaries (Moliken LLC, KenDala.KZ JSC and Arman LLC). The Group's products are sold in Kazakhstan as well as exported outside of Kazakhstan.

As of 31 December 2009 the number of employees in the Group was 18,093 (2008: 18,676, 2007: 18,148).

(b) Kazakhstan business environment

The Group's operations are subject to country risk being the economic, political and social risks inherent in doing business in Kazakhstan. These risks include matters arising from the policies of the government, economic conditions, the imposition of, or changes to, taxes and regulations, foreign exchange fluctuations and the enforceability of contract rights.

The consolidated financial statements reflect management's assessment of the impact of the Kazakhstan business environment on the operations and the financial position of the Group. The future business environment may differ from management's current assessment.

(c) Ongoing global liquidity crisis

The global financial turmoil has significantly affected Kazakhstan's economy. It has resulted in a decrease in Kazakhstan's GDP, significant declines in debt and equity prices and a substantial outflow of capital. The Kazakhstan government initiated the adoption of a package of laws and regulations to restore investor confidence, provide liquidity and support medium-term growth of Kazakhstan's economy, however at this stage, there is no clarity with respect to efficiency of these measures.

The Group has not been significantly impacted by the global financial turmoil to date. The Group's business is largely dependent on demand for uranium and the global price of this commodity which is priced in US Dollars. During the turmoil, the Group's business has remained stable due to the strong global commodity prices for uranium. In addition, the significant depreciation of the Kazakhstan Tenge positively affected the Group's sales in 2008 and 2009 as they are primarily in US Dollar, however this is offset by the currency losses associated with the Group's US Dollar denominated debt. The depreciation of the Kazakhstan Tenge

1 Background, continued

(c) Ongoing global liquidity crisis, continued

has stabilized in the first few months of 2010. In addition, due to the nature of its customers, the Group's customers have continued to pay on a timely basis.

The Group continues to be exposed to the risk that the impacts of the global financial turmoil may have a direct and indirect impact on its business in the future. Specifically, the Group's cost of borrowings could increase if further borrowings were needed by the Group the cost of such borrowings may increase due to the fact there is less overall liquidity in the market. In addition, the Group may be impacted if the price of uranium decreases as a result of decreased global demand. Further economic turmoil could prevent or postpone purchases of uranium from the Group and a delay the building of new power plants by our customers would decrease the future demand for uranium.

2 Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

(b) Going concern

These financial statements have been prepared in accordance with IFRS on a going concern basis, which assumes the realization of assets and settlement of liabilities in the normal course of business within the foreseeable future.

(c) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except for financial instruments which are required to be stated at fair value; certain property, plant and equipment was revalued to determine deemed cost as part of the adoption of IFRSs as at 1 January 2005.

(d) Functional and presentation currency

The national currency of Kazakhstan is the Kazakhstan Tenge ("KZT").

Prior to 2008 the Company and its subsidiaries' functional currency was the United States Dollar ("USD"). In 2008 the Company determined that it is exposed to risks associated primarily with the economic environment in Kazakhstan and therefore determined that KZT should be its functional currency with effect from 1 January 2008. The functional currency of the subsidiaries and jointly-controlled entities is the KZT.

The accompanying financial statements are presented in KZT and all financial information has been rounded to the nearest thousand.

2 Basis of preparation, continued

(e) Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Below is an overall description of the accounting policies affected by such estimates or assumptions that are expected to have the most significant impact on the Group's reported profit and loss and financial position.

Income Taxes

The Group is subject to income taxes in the Republic of Kazakhstan. The taxation system in Kazakhstan is relatively new and is characterized by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines, penalties and interest charges. These circumstances may create tax risks in Kazakhstan that are more significant than in other countries. The Group recognises liabilities for anticipated additional tax based its interpretations of the current tax laws and the amount it believes that is probable to be paid upon any inspection by the tax authorities.

Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions in the period in which such determinations are made.

Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is not probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Various factors are considered in assessing the probability of the future utilisation of deferred tax assets, including past operating results, operational plans, expiration of tax losses carried forward, and tax planning strategies. If actual results differ from these estimates or if these estimates must be adjusted in future periods, the financial position, results of operations and cash flows may be negatively affected. As a result of changes in estimates, the Group has recognized income tax benefits in the years presented for assets created, but not recognized, in prior years.

Ore reserve

Ore reserves a critical component of the Group's projected cash flow estimates that are used to assess the recoverable values of assets and to determine depreciation and amortization expense. In estimating the amount of ore reserves, the Group obtains reports from geological experts who estimate the reserves based on the quantification methodology set out by the Kazakhstan State Commission on Mineral Reserves (GKZ) to interpret geological and exploration data and determine indicated resources (proven reserves) and an estimate of indicated resources (probable reserves). The estimation of reserves is based on expert knowledge and estimation. The quantification of the reserves involves a degree of uncertainty. The uncertainty is primarily related to completeness of reliable geological and technical information. In addition, the presence of reserves does not mean that all reserves will be able to be extracted of a cost effective basis. Ore reserves are analyzed and assessed on an annual basis. The quantity of reserves can be subject to revision as a result of changes in production capacities and changes in development strategy
.

2 Basis of preparation, continued

(e) Critical accounting judgments and key sources of estimation uncertainty, continued

Depreciation of mining assets

The Group's mining assets are depreciated over the respective life of the mine using the unit-of-production (UOP) method based on the ore reserves. Any changes to the ore reserves will have a direct impact on the depreciation rates and asset carrying values. Any change in the depreciation rate is applied on a prospective basis, which could result in higher depreciation in future periods.

Impairment of assets

The Group assesses its tangible fixed assets and definite lived intangible assets at the end of each reporting period to determine whether any indicators of impairment exist. If there are any such indicators, the recoverable amount of the assets is calculated and compared to the carrying amount. The excess of the carrying amount over the recoverable amount is recognised as impairment.

The recoverable amount is calculated as the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. The calculation of value in use requires the Group to make estimates regarding the Group's future cash flows. The estimation of future cash flows involves significant estimates and assumptions regarding the commodity prices, level of sales, profitability, natural gas prices and discount rates. Due to its subjective nature, these estimates could differ from future actual results of operations and cash flows; any such difference may result in impairment in future periods and would decrease the carrying value of the respective asset.

Environmental protection and reclamation of mine sites

The Group is subject to a number of environment laws and provision, and based on these established a provision for the cost of site restoration. The Groups estimates the site restoration costs based on the management's understand of the current legal and contractual requirements. The provision is based on management's estimate of the total cost of restoration and discounted to its net present value and is recorded as expense over the estimate life of the mine. The estimate of total costs requires management to make a number of assumptions including the level of effort and the discount rate. A change in these assumptions, or a change in the environmental laws, could result in a change in the provision in a future period. Any such change will be recorded at the time of the revision, and the amount of expense each period will be modified on a prospective basis.

3 Significant accounting policies

The significant accounting policies applied in the preparation of the consolidated financial statements are described in Notes 3(a) to 3(w). These accounting policies have been consistently applied except for those changes disclosed in Note 7.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(ii) Changes in non-controlling interests in subsidiaries

Gains or losses on the sale or purchase of an interest in a subsidiary without a change in control are recognized directly in the statement of comprehensive income.

3 Significant accounting policies, continued

(a) Basis of consolidation, continued

(iii) Jointly controlled entities

Jointly controlled entities are those entities over whose activities the Group has joint control. The consolidated financial statements include the Group's share of the income and expenses of jointly controlled entities on the equity method. When the Group's share of losses exceeds its interest in a jointly controlled entity, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued, except for the cases when the Group has an obligation or has made payments on behalf of the investee.

(iv) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method. The consolidated financial statements include the Group's share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued, except for the cases when the Group has an obligation or has made payments on behalf of the investee.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(vi) Sale of controlling interest in subsidiaries

Gains and losses on disposal of controlling interests in subsidiaries are recognized in the statement of comprehensive income.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign currency differences arising on translation are recognized in the statement of comprehensive income, except for differences arising on the translation of available-for-sale equity instruments recognized directly in other comprehensive income.

(c) Financial instruments

Financial assets and financial liabilities are recognized in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

(i) Cash and cash equivalents

Cash and cash equivalents comprise petty cash, bank accounts and demand deposits.

3 Significant accounting policies, continued

(c) Financial instruments, continued

(ii) Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss for the year, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" ("FVTPL"), "held-to-maturity" investments, "available-for-sale" ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:
- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in the statement of comprehensive income. The net gain or loss recognized in the statement of comprehensive income incorporates any dividend or interest earned on the financial asset and is included in financial income line item in the statement of comprehensive income. Fair value is determined in the manner described in note 4.

3 Significant accounting policies, continued

(c) Financial instruments, continued

(ii) Financial assets, continued

Available for sale financial assets

Listed shares and listed redeemable notes held by the Group that are traded in an active market are classified as being AFS and are stated at fair value that can be reliably measured. The Group also has investments in unlisted shares that are not traded in an active market but are also classified as AFS financial assets. The fair value of these investments cannot be reliably measured and therefore the instruments that are settled by delivery of such unquoted equity instruments are measured at cost. Fair value is determined in the manner described in note 4. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognized directly in the statement of comprehensive income for the year. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in the investments revaluation reserve is reclassified to profit or loss for the year.

Dividends on AFS equity instruments are recognized in the statement of comprehensive income when the Group's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the balance sheet date. The foreign exchange gains and losses that are recognized in the statement of comprehensive income are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all of the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all of the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(iii) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

3 Significant accounting policies, continued

(c) Financial instruments, continued

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

(iv) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in note 40.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognized in the statement of comprehensive income unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the statement of comprehensive income depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Derivatives are recognized initially at fair value. Attributable transaction costs are recognized in the statement of comprehensive income when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized immediately in the statement of comprehensive income.

(d) Share capital

Ordinary shares

Ordinary shares are classified as equity.

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognized as distributions (payments to shareholders) within equity.

3 Significant accounting policies, continued

(d) Share capital, continued

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in the statement of comprehensive income.

Dividends

Dividends are recognized as a liability and deducted from equity at the balance sheet date only if they are declared before or on the balance sheet date. Dividends are disclosed when they are proposed before the balance sheet date or proposed or declared after the balance sheet date but before the consolidated financial statements are authorized for issue.

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment at 1 January 2005, the date of transition to IFRS, was determined by reference to its fair value at that date.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of property, plant and equipment are recognized net in "other income/expense" in the statement of comprehensive income.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of comprehensive income as incurred.

(iii) Depreciation

Depreciation of property, plant and equipment used in the extraction of uranium and its preliminary processing is charged on a unit-of production method basis in respect of items for which this basis best reflects the pattern of consumption. Depreciation of other property, plant and equipment is recognized in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The following types of assets are depreciated using the unit-of-production method based on proved and probable reserves of a particular block which the assets are attributable to, over the license period:

- production buildings; and
- machinery and field equipment (which forms part of plant and equipment)

.

3 Significant accounting policies, continued

(e) Property, plant and equipment, continued

The estimated useful lives are as follows:

- non-production buildings 10 - 45 years
- plant and equipment (other than machinery and field equipment) 2 - 5 years
- vehicles 2 - 10 years
- other 3 - 20 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(f) Mine development assets

The Group uses the quantification methodology set out by FGU State Commission on Mineral Reserves (GKZ). This methodology has been consistently applied to all periods.

Mine development assets comprise the capitalized costs of pump-in and pump-out well drilling, main external binding of the well with surface communications and measurement instrumentation equipping. Mine development assets are measured at cost less accumulated depreciation and accumulated impairment losses. Mine development assets are charged to the cost of production using the units-of-production method based on estimates of proved and probable reserves commencing when uranium first starts to be extracted. The estimate of proved and probable reserves is based on reserve reports which are part of each subsoil use agreement. These reserve reports are incorporated into feasibility models which are approved by the Government of the Republic of Kazakhstan (the "Government") and detail the total proven reserves and estimated scheduled extraction by year.

Mine development assets are either transferred from exploration and evaluation assets upon demonstration of commercial viability of extracting uranium or capitalizable costs incurred subsequent to being transferred to mine development assets. Mine development assets include the costs of drilling production uranium mines, estimated site restoration costs, the cost of plant for the extraction and preliminary processing of uranium, and overheads associated with such costs.

Capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment losses.

(g) Mineral rights

Mineral rights are measured at cost less accumulated amortization and accumulated impairment losses.

Mineral rights are amortized using the units-of-production method based upon proved and probable reserves commencing when uranium first starts to be extracted.

The capitalized cost of acquisition of mineral rights comprise the subscription bonus, commercial discovery bonus, the cost of subsurface use rights and capitalized historical costs.

The Group is obligated to reimburse historical costs incurred by the Government in respect of licensing areas prior to licenses being issued. These historical costs are recognized as part of the acquisition cost with a corresponding liability equal to the present value of payments made during the license period.

The estimate of proven reserves is based on reserve reports which are part of each subsoil use contract. These reserve reports are incorporated into feasibility models which are approved by the Government and detail the total proven reserves and estimated scheduled extraction by year

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3 Significant accounting policies, continued

(h) Intangible assets

(i) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the statement of comprehensive income when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labor and overhead costs that are directly attributable to preparing the asset for its intended use.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in the statement of comprehensive income when incurred.

(iv) Amortization of intangible assets

Amortization is recognized in the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- licenses and patents 4 to 7 years;
- software 3 to 6 years;
- other 2 to 7 years.

(i) Exploration and evaluation assets

The Group follows the cost model.

Exploration and evaluation assets comprise the capitalized costs incurred after the Group has obtained the legal rights to explore a specific area and prior to proving that viable production is possible and include geological and geophysical costs, the costs of drilling of pits and directly attributable overheads associated with exploration activities.

Activities prior to the acquisition of the natural resource rights are pre-exploration. All pre-exploration costs are expensed as incurred and include such costs as design work on operations, technical and economical assessment of a project, and overheads associated with the pre-exploration activities.

A decision on termination of a sub-surface contract upon expiry of the exploration and evaluation period is subject to success of the exploration and evaluation of mineral resources and the Group's decision whether or not to progress to the production (development) stage.

Exploration and evaluation assets are classified as tangible or intangible based on their nature

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3 Significant accounting policies, continued

(i) Exploration and evaluation assets, continued

Exploration and evaluation assets are transferred to mine development assets upon demonstration of commercial viability of extracting uranium.

Exploration and evaluation assets are assessed for impairment, and any impairment loss recognized, before reclassification.

In addition, exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.

All general overhead costs not related directly to exploration and evaluation activities are expensed as incurred.

(j) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognized in the Group's statement of financial position.

Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the contingency no longer exists and the lease adjustment is known.

(k) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average costing principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(l) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains and losses arising from changes in the fair value of investment property are included in the statement of comprehensive income in the period in which they arise.

(m) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics

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3 Significant accounting policies, continued

(m) Impairment, continued

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the original effective interest rate. All impairment losses are recognized in the statement of comprehensive income for the year.

When an impairment loss in respect of an AFS financial asset is determined using objective evidence, the cumulative loss that had been recognized in other comprehensive income is reclassified from equity to the statement of comprehensive income for the year as a reclassification adjustment even though the financial asset is not derecognized. The impairment is calculated by reference to its current fair value.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and AFS financial assets that are debt securities, the reversal is recognized in the statement of comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is determined.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business acquisition, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive income.
In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the impairment loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Employee benefits

(i) Other long-term employee benefits

The Group's net obligation in respect of long-term service benefits relating to compensation for disablement, occupational diseases and loss of breadwinner, is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Estimated compensation is calculated based on current legislation. The discount rate is the risk-free interest rate on government bonds.

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably

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3 Significant accounting policies, continued

(o) Retirement benefit costs

The operating entities of the Group contribute to the state pension funds on behalf of all its current employees. Any related expenses are recognized in the consolidated statement of operations as incurred.

In accordance with the Law of the Republic of Kazakhstan "On pension provisioning in the Republic of Kazakhstan" effective from January 1, 1998, all employees have the right to receive guaranteed pension benefits in proportion to their accumulated working time record and if they had a working time record as at January 1, 1998. They also have the right to receive pension payments from accumulating pension funds from individual pension accumulating accounts provided by the 10% compulsory pension contributions from their salary but not exceeding 78,863 tenge per month per month for the first year half and not exceeding 90,188 tenge per month for the second year half (2007: 69,000 tenge per month for the first year half and not exceeding 73,140 tenge per month for the second year half). The plan is a defined contribution plan.

(p) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Site restoration

Activities of the Group are subject to compliance with a number of environmental laws and provisions. The Group estimates site restoration provisions based on the management's understanding of current legal requirements and terms of license agreements. The provision is determined by estimating future cash flows to be incurred for disturbance caused at the balance sheet date and these cash flows are discounted to their present value. Actual costs to be incurred may significantly differ from the provisional amount. Future amendments to environmental legislation, mine license terms, and discount rates may affect the carrying value of the provision. When such costs are identified, additional provisions would be prospectively calculated as new information, laws and estimates become known.

(q) Guarantees

Where the Group enters into contracts to guarantee the indebtedness of associates and jointly controlled entities and other related entities, the Group considers these to be contingent arrangements, and accounts for them as such. In this respect, the Group treats the guarantee contract as a contingent liability until such time as it becomes probable that the Group will be required to make a payment under the guarantee.

(r) Revenue

***(i)* Goods sold**

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale. For sales of uranium, tantalum, beryllium and other uranium products, transfer usually occurs under the following terms (INCOTERMS): Delivered at Frontier (DAF), Delivered Duty Unpaid (DDU), Free-On-Board (FOB), and Cost, Insurance and Freight (CIF).

Revenue from the sale of energy and water (hereinafter refer to as "utilities") is measured at the fair value of the consideration received or receivable, net of allowances. Such revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable and the amount of revenue can be measured reliably, which is upon delivery of utilities to the customer.

3 Significant accounting policies, continued

(r) Revenue, continued

Evidence of the quantity of utilities delivered is determined on the basis of meter data. Meter data is monitored on a monthly basis by the Group's sales department.

(ii) Services

Revenue from services rendered, including drilling of pump-in and pump-out wells and research and development, is recognized in the statement of comprehensive income in proportion to the stage of completion of the transaction at the reporting date. Under the contract terms the stage of completion is assessed by reference to surveys of work performed as established by the contracts.

Revenue from processing and transportation services are recognized as delivered.

(s) Other income and expense

(i) Grants

Grants are recognized initially as deferred income (recorded as deferred grants on the statement of financial position) when they are received and the Group has reasonable assurance it will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognized in the statement of comprehensive income on a systematic basis in the same periods in which the expenses are recognized. Grants that compensate the Group for the cost of an asset are offset against the asset on a systematic basis over the useful life of the asset.

***(ii)* Social expenditure**

To the extent that the Group's contributions to social programs benefit the community at large and are not intended for the Group's employees only, they are recognized in the statement of comprehensive income as incurred.

(t) Financial income and expenses

Financial income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, changes in the fair value of financial assets at fair value through profit or loss, and foreign currency gains. Interest income is recognized as it accrues in the statement of comprehensive income, using the effective interest method. Dividend income is recognized in the statement of comprehensive income on the date that the Group's right to receive payment is established.

Financial expenses comprise interest expense on borrowings, unwinding of the discount on provisions, dividends on preference shares classified as liabilities, foreign currency losses, changes in the fair value of financial liabilities at fair value through profit or loss and impairment losses recognized on financial assets. Borrowing costs comprise exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. All borrowing costs are recognized in the statement of comprehensive income using the effective interest method, except for borrowing costs related to qualifying assets which are recognized as part of the cost of such assets.

Foreign currency gains and losses are reported on a net basis

. Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend is recognized

3 Significant accounting policies, continued

(u) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity, accordingly.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base used in the computation of taxable profit. Deferred tax is not recognized for temporary differences in connection with the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis.

In Kazakhstan, the corporate income tax regime requires the advance payments of estimated income tax based on the prior year’s actual corporate income taxes. Advances are required to be made three times a year. The tax return is filed 31 March and when the actual tax is calculated, the resulting underpayment is made or overpayment is received.

(v) Standards and interpretations adopted during the year

The following new and revised standards and interpretations have been adopted during the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements.

IFRS 8 *Operating Segments*	IFRS 8 is a disclosure Standard that has resulted in a redesignation of the Group’s reportable segments (see note 5)
IAS 1 (revised 2007) *Presentation of Financial Statements*	IAS 1 (2007) has introduced a number of changes in the format and content of the financial statements. In addition, the revised Standard has required the presentation of a fourth balance sheet at 1 January 2007 because the entity has applied certain changes in accounting policies retrospectively.
IAS 23 (revised 2007) *Borrowing Costs*	The principal change to the Standard was to eliminate the option to expense all borrowing costs when incurred. This change has had no impact on these financial statements.

In addition the Group has early adopted the *Improvement to IFRSs 2009.*

3 Significant accounting policies, continued

(w) Standards and interpretations in issue not yet adopted

At the date of authorization of these unconsolidated financial statements the following interpretations and standards were in issue but not yet effective:

- IFRS 1 (as revised in 2008) *First-time Adoption of International Financial Reporting Standards* (effective for reporting periods beginning on or after 1 July 2009);
- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* additional exemptions for first-time relating to oil and gas assets and arrangements containing leases (effective for reporting periods beginning on or after 1 January 2010);
- Amendments to IFRS 2 *Share-based Payments* relating to group cash-settled share-based payment transactions (effective for reporting periods beginning on or after 1 January 2010);
- IFRS 3 (as revised in 2008) *Business Combinations* (effective for reporting periods beginning on or after July 1, 2009);
- Amendments to IFRS 5: *Non-current Assets Held for Sale and Discontinued Operations* (effective for reporting periods beginning on or after 1 January 2010);
- IFRS 9 *Financial Instruments* (effective for reporting periods beginning on or after 1 January 2013);
- Amendments to IAS 7 *Statement of Cash Flows* (effective for reporting periods beginning on or after 1 January 2010);
- IAS 24 (revised) *Related Party Disclosures* (effective for reporting periods beginning on or after 1 January 2011);
- IAS 27 (as revised in 2008) *Consolidated and Separate Financial Statements* as a result of revision of IFRS 3 (effective for reporting periods beginning on or after 1 July 2009);
- IAS 28 (as revised in 2008) *Investments in Associates* as a result of revision of IFRS 3 (effective for reporting periods beginning on or after 1 July 2009);
- IAS 31 *Interests in Joint Ventures* as a result of revision of IFRS 3 (effective for reporting periods beginning on or after 1 July 2009);
- Amendment to IAS 32 *Financial Instruments: Presentation* relating to classification of rights issues (effective for reporting periods beginning on or after 1 February 2010);
- Amendments to IFRIC 14 IAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction relating to voluntary prepaid contributions* (effective for reporting periods beginning on or after 1 February 2011)
- IFRIC 17 *Distributions of Non-cash Assets to Owners* (effective for reporting periods beginning on or after 1 July 2009);
- IFRIC 18 *Transfers of Assets from Customers* (effective for reporting periods beginning on or after 1 July 2009); and
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* (effective for reporting periods beginning on or after 1 July 2010).

3 Significant accounting policies, continued

(w) Standards and interpretations in issue not yet adopted, continued

Improvements to IFRSs (April 2009) – in April 2009, within the annual initiative aimed at the general improvement of the effective International Financial Reporting Standards, the IFRS Committee issued amendments to 12 existing standards. These improvements are intended to deal with non-urgent, minor amendments to standards. The new version of the above standards and interpretations is effective for reporting periods starting on or after 1 July 2009 and 1 January 2010.

Management of the Group anticipates that all of the above standards and interpretations will be adopted in the Group's consolidated financial statements for the period commencing 1 January 2010 and that the adoption of those standards and interpretations will not have a material impact on the consolidated financial statements of the Group in the period of initial application.

4 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Investments in equity and debt securities

The best evidence of fair value of equity instruments is quoted prices in an active market. If the market for a financial instrument is not active, the Group establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the Group calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on any available observable market data.

(b) Trade and other receivables and payables

The fair value of non-current trade and other receivables and payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

The current trade and other receivables are carried at cost less impairment.

(c) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

5 Segment information

Adoption of IFRS 8 Operating Segments

The Group has adopted IFRS 8 Operating Segments with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, which we have determined is our chief executive, in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 Segment Reporting) required the Group to identify two sets of segments (business and geographical), using a risks and returns approach, with the Group's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. As a result, following the adoption of IFRS 8, the identification of the Group's reportable segments has changed.

Products and services from which reportable segments derive their revenues

The Group's reportable segments under IFRS 8 are therefore as follows:

Uranium oxide production	-	The production of uranium ore, processing and sales of uranium oxide.
Enriched uranium production	-	The manufacture and sale of enriched uranium products as well as research and development activities.
Beryllium production	-	The manufacture and sale of beryllium products as well as research and development activities.
Tantalum production	-	The manufacture and sale of tantalum products as well as research and development activities.
Utilities	-	The generation and sale of electricity, heating and purification of water.
Other operations	-	The generation and sale of other products and rendering of services for the main production.

Information regarding the Group's reportable segments is presented below.

Included in revenues arising from sale of uranium oxide are revenues of approximately KZT 25,786,234 thousand (2008: KZT 17,355,196 thousand; 2007: KZT 23,483,531 thousand) which arose from sales to the Group's largest customer.

Inter-segment sales are charged at prevailing market prices.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment profit is the factor that management uses to manage its business and represents gross profit earned by each segment This is the measure reported to the chief executive for the purposes of resource allocation and assessment of segment performance.

5 Segment information, continued

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment in 2007:

Year ended 31 December 2007	Uranium oxide '000 KZT	Enriched uranium '000 KZT	Beryllium '000 KZT	Tantalum '000 KZT	Utilities '000 KZT	Other '000 KZT	Eliminations '000 KZT	Consolidated '000 KZT
Revenue								
External sales	69,987,323	8,679,377	4,854,094	2,731,279	17,970,577	13,535,639	-	117,758,289
Inter-segment sales	-	1,077,294	-	-	-	10,557,297	(11,634,591)	-
Total revenue	69,987,323	9,756,671	4,854,094	2,731,279	17,970,577	24,092,936	(11,634,591)	117,758,289
Result								
Segment result	44,304,549	6,292,806	821,134	378,619	3,609,101	4,056,915	(2,918,596)	56,544,528
Distribution expenses								(1,494,101)
Administrative expenses								(11,989,385)
Financial income								3,444,144
Financial expense								(4,261,617)
Profit on disposal of investments								1,462,925
Share of profit from associates and jointly controlled entities								8,810,384
Other income								1,274,269
Other expense								(2,172,694)
Profit before income tax								51,618,453

5 Segment information, continued

Segment revenues and results, continued

The following is an analysis of the Group's revenue and results by reportable segment in 2008:

Year ended 31 December 2008	Uranium oxide '000 KZT	Enriched uranium '000 KZT	Beryllium '000 KZT	Tantalum '000 KZT	Utilities '000 KZT	Other '000 KZT	Eliminations '000 KZT	Consolidated '000 KZT
Revenue								
External sales	70,688,423	3,096,727	5,032,396	5,072,023	20,044,753	23,170,576	-	127,104,898
Inter-segment sales	-	1,685,221	-	-	-	11,834,922	(13,520,143)	-
Total revenue	70,688,423	4,781,948	5,032,396	5,072,023	20,044,753	35,005,498	(13,520,143)	127,104,898
Result								
Segment result	37,096,829	1,831,848	944,844	439,588	1,851,597	6,389,946	(4,144,815)	44,409,837
Distribution expenses								(2,014,923)
Administrative expenses								(12,920,966)
Financial income								2,031,266
Financial expense								(4,339,391)
Loss on disposal of investments								(2,796,207)
Share of profit from associates and jointly controlled entities								5,724,687
Other income								544,782
Other expense								(5,314,367)
Profit before income tax								25,324,718

5 Segment information, continued

Segment revenues and results, continued

The following is an analysis of the Group’s revenue and results by reportable segment in 2009:

Year ended 31 December 2009	Uranium oxide ‘000 KZT	Enriched uranium ‘000 KZT	Beryllium ‘000 KZT	Tantalum ‘000 KZT	Utilities ‘000 KZT	Other ‘000 KZT	Eliminations ‘000 KZT	Consolidated ‘000 KZT
Revenue								
External sales	113,305,789	3,337,567	2,951,628	4,811,288	24,717,000	29,383,546	-	178,506,818
Inter-segment sales	-	2,283,195	-	-	-	14,202,980	(16,486,175)	-
Total revenue	113,305,789	5,620,762	2,951,628	4,811,288	24,717,000	43,586,526	(16,486,175)	178,506,818
Result								
Segment result	53,017,642	3,221,450	665,785	853,299	3,043,927	9,051,799	(4,056,623)	65,797,279
Distribution expenses								(1,824,124)
Administrative expenses								(8,984,719)
Financial income								3,111,251
Financial expense								(17,487,997)
Share of profit from associates and jointly controlled entities								16,849,096
Other income								865,510
Other expense								(4,254,120)
Profit before income tax								54,072,176

5 Segment information, continued

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than investments in associates and jointly controlled entities, financial assets and tax assets; and
- all liabilities are allocated to reportable segments other than financial liabilities, current and deferred tax liabilities, and other liabilities.

Segment assets

	2009 000'KZT	2008 000'KZT	2007 000'KZT
Uranium oxide	177,354,452	139,776,475	90,533,946
Enriched uranium	26,731,511	20,558,196	32,318,589
Beryllium	5,524,667	10,603,657	4,217,180
Tantalum	7,080,654	4,933,344	1,944,511
Utilities	20,147,353	19,004,945	17,549,505
Other	18,046,070	20,902,726	11,260,395
Eliminations	(37,189,229)	(25,906,429)	(14,586,121)
Total segment assets	217,695,478	189,872,914	143,238,005
Unallocated assets	169,557,218	151,796,844	104,811,944
Consolidated assets	**387,252,696**	**341,669,758**	**248,049,949**

Segment liabilities

	2009 000'KZT	2008 000'KZT	2007 000'KZT
Uranium oxide	102,418,002	73,594,222	23,909,645
Enriched uranium	1,077,898	1,098,668	2,237,519
Beryllium	222,772	566,679	291,969
Tantalum	285,514	263,647	134,625
Utilities	6,035,793	5,445,515	2,329,517
Other	1,731,497	2,333,048	1,886,821
Eliminations	(31,718,885)	(14,315,710)	(9,380,232)
Total segment liabilities	80,052,591	68,986,069	21,409,864
Unallocated liabilities	62,965,841	69,916,958	39,804,701
Consolidated liabilities	**143,018,432**	**138,903,027**	**61,214,565**

5 Segment information, continued

Geographical information

The Group’s revenue from external customers by geographical location is detailed below:

	Revenue from external customers		
	2009	**2008**	**2007**
	000'KZT	**000'KZT**	**000'KZT**
Kazakhstan	50,385,786	42,815,397	31,025,834
China	67,905,075	18,921,711	13,484,458
Japan	19,538,652	22,592,092	13,934,395
USA	18,296,373	22,874,700	28,394,619
South Korea	8,734,249	10,509,894	13,041,654
France	4,348,183	1,610,208	1,760,096
Argentina	3,050,750	-	-
Russia	3,045,570	3,383,874	3,459,338
Austria	1,302,867	-	-
Belgium	1,161,849	1,275,244	1,997,654
Germany	706,828	1,802,847	5,025,430
UK	-	-	5,183,072
Switzerland	-	1,118,428	-
Other	30,636	200,503	451,739
	178,506,818	**127,104,898**	**117,758,289**

The Group’s segment assets (non-current assets excluding investments in associates and jointly controlled entities, financial assets and tax assets) are located in Kazakhstan.

Other segment information

Depreciation and amortization of mine development assets, exploration and evaluation assets, and property, plant and equipment, and amortization of mineral rights and intangible assets accrued for the period is detailed below:

	Depreciation and amortization		
	2009	**2008**	**2007**
	000'KZT	**000'KZT**	**000'KZT**
Uranium oxide	6,184,352	4,618,608	3,992,461
Enriched uranium	788,096	565,180	810,448
Beryllium	162,878	291,512	105,753
Tantalum	208,751	135,626	48,762
Electricity and heating	1,801,224	1,495,722	1,201,069
Other	948,151	944,995	519,994
	10,093,452	**8,051,643**	**6,678,487**

5 Segment information, continued

The portion of the above reported depreciation and amortization through cost of sales is detailed below:

	Depreciation and amortization		
	2009	**2008**	**2007**
	000'KZT	**000'KZT**	**000'KZT**
Uranium oxide	5,013,318	4,127,084	3,441,107
Enriched uranium	448,811	313,239	420,860
Beryllium	92,757	161,565	54,917
Tantalum	118,881	75,168	25,322
Electricity and heating	1,009,916	869,025	821,395
Other	751,438	698,280	415,386
Eliminations	(1,158,046)	(368,132)	(599,119)
	6,277,075	**5,876,229**	**4,579,868**

	Additions to non-current assets		
	2009	**2008**	**2007**
	000'KZT	**000'KZT**	**000'KZT**
Uranium oxide	17,249,627	19,489,219	19,449,525
Enriched uranium	2,554,200	3,242,855	3,607,993
Beryllium	527,883	1,672,624	470,799
Tantalum	676,558	778,187	217,082
Electricity and heating	2,507,395	2,852,657	3,764,670
Other	1,513,414	3,751,901	3,532,916
	25,029,077	**31,787,443**	**31,042,985**

In addition to the depreciation and amortisation reported above, impairment losses of KZT 223,436 thousand (2008: KZT 45,907 thousand; 2007: KZT 289,895 thousand) were recognised in respect of property, plant and equipment, mine development assets, intangible assets, mineral rights, and exploration and evaluation assets. These impairment losses were attributable to the following reportable segments:

	Impairment		
	2009	**2008**	**2007**
	000'KZT	**000'KZT**	**000'KZT**
Uranium oxide	45,624	17,217	267,030
Enriched uranium	61	12,982	40,450
Beryllium	13	6,696	5,278
Tantalum	16	3,115	2,434
Electricity and heating	-	-	(27,722)
Other	177,722	5,897	2,425
	223,436	**45,907**	**289,895**

6 Disposal of investments and non-controlling interest

(a) Change in ownership interests

Disposal of 50% investment in Karatau LLP

On 22 June 2007, the Group disposed of 50% of its 100% investment in Karatau LLP. The subsidiary contributed KZT 1,427,818 thousand to the net profit for the year 2007, including a gain on disposal of KZT 1,462,925 thousand. The gain on disposal is net of non-recoverable VAT in the amount of KZT 264,532 thousand that arose upon disposal of Karatau as the Group applies the proportional method for VAT recovery as required by the Tax Code of the Republic of Kazakhstan.

The disposal of the subsidiary had the following effect on the Group’s assets and liabilities at the date of disposal:

	22 June 2007 '000 KZT
Net assets previously controlled	3,191,598
Net assets sold	(1,595,779)
Consideration received in cash and cash equivalents	3,059,000
Write off non-recoverable VAT of Karatu	(264,532)
Cash and cash equivalents disposed	(162,669)
Equity interest retained	1,595,779
Gain on disposal	**2,631,799**

At 31 December 2007, the receivable due from the disposal of the investment in the amount of KZT 3,059,000 thousand was paid in full.

The remaining 50% interest in the carrying amounts of Karatau LLP is accounted for as an investment in jointly-controlled entities.

Reduced interest in SKZ-U LLC

At 31 December 2008, the Group’s share in SKZ-U Limited Liability Company (SKZ-U LLC) was 97.72%. On 20 February 2009, the shareholders agreed to increase the charter capital of SKZ-U LLC which led to a decrease in the Group’s share in SKZ-U LLC to 49% as the Group did not contribute further amounts of capital. Thus, effective 20 February 2009 the method of accounting for SKZ-U LLC was changed from the full consolidation method to the equity method.

The book values of SKZ-U LLC assets and liabilities as at 20 February 2009 were as follows:

	20 February 2009 '000 KZT
97.72% share of net assets prior to disposal	1,376,653
Non-controlling interest	41,600
Total net assets	**1,418,253**

6 Disposal of investments and non-controlling interest, continued

(a) Change in ownership interests, continued

The disposal of the subsidiary had the following effect on the Group's assets and liabilities at the date of disposal:

Increase of the Group's share of net assets resulting from increase of charter capital of the former subsidiary	1,559,500
Net assets previously controlled	(1,376,653)
Gain on disposal of investment	182,847

In addition cash and cash equivalents of KZT 132,875 thousand were derecognized as part of this transaction.

Reduced interest in "JV SKZ Kazatomprom" LLP

On 20 November 2009, charter capital of "JV SKZ Kazatomprom" LLP was increased but the Group did not contribute further amounts of capital which led to a decrease in the Group's share in "JV SKZ Kazatomprom" LLP from 50% to 24.5%.

Disposal of 49% investment in "Semizbay-U" LLC

In 2008, the Group entered into an Agreement (the "Agreement") to dispose of 49% of its interest in "Semizbay-U" LLC ("Semizbay") to Beijing Sino-Kaz Uranium Resources Investment Company Limited ("Sino-Kaz Company") for a cash consideration of US$ 234 million (or KZT 28,274 million), being the present value of future cash outflows. The Group retains a 51% ownership interest in Semizbay.

The Agreement entitles Sino-Kaz Company to a minimum distribution of annual net income of Semizbay in the period 2010 until 2033 representing the repayment of the financial liability recorded in this transaction. The distribution is required to be a minimum payment based on contractually agreed amounts. The payments of these distributions are guaranteed by JSC National Atomic Company Kazatomprom. This represents a financial liability of the Group which has been measured at fair value on the date of its initial recognition.

In addition, the terms of the Agreement commit Sino-Kaz Company to purchase all uranium produced by Semizbay which will be processed to uranium dioxide pellets and powder by Ulba Metallurgical Plant JSC (a subsidiary company in the Group), for use in Chinese atomic power plants. China Guandong Nuclear Power Corporation, the parent company of Sino-Kaz Company, has committed to certify the technologies used at Ulba Metallurgical Plant JSC for production of uranium dioxide pellets and powder for use on Chinese atomic power plants, within two years from the date of the Agreement.

The Group has also entered into call option agreement which provides it with the right to demand that "Sino-Kaz Company" sells its 49% interest in Semizbay to the Group if this certification is not provided. The call option can be exercised at a price equal to the consideration paid by Sino-Kaz Company for its 49% share, less the present value of net income distributed to "Sino-Kaz Company".

The Group has also entered into a put option agreement which provides Sino-Kaz Company with the option to sell its 49% interest in Semizbay to the Group at a price equal to the consideration paid by Sino-Kaz Company, less the present value of net income distributed to Sino-Kaz Company. This put option is contingent upon the following events: (a) The Government of Kazakhstan terminates subsoil use agreement of any uranium deposits that belong to Semizbay; (b) Export of uranium by Semizbay is either prohibited or/and under embargo; (c) any other reasons, arising from the Company's fault in respect of other relevant agreements as agreed between the counterparties.

Under Kazakhstan tax law this transaction is treated as a sale of an interest in a subsidiary with consideration received of KZT 28,274 million and a cost of disposal of 2,964 million tenge. The gain on disposal for tax purposes amounted to KZT 25,310 million.

6 Disposal of investments and non-controlling interest

(b) Disposal of subsidiaries

In 2008 the Group disposed of its investment in Taukent-Energoservice LLC, Shieli-Energoservice LLC and MSCh-2 LLC, and accordingly, those entities are no longer classified as subsidiaries.

At disposal dates, the net assets of Taukent-Energoservice LLC, Shieli-Energoservice LLC and MSCh-2 LLC were KZT 309,749, KZT (31,230) and KZT 2,504, respectively. The disposal of these subsidiaries did not have a significant effect on the Group's assets and liabilities or the net profit for the year.

7 Changes in previously issued financial statements

(a) Prior year error

As disclosed in Note 6, in 2008 the Group partially disposed of its interest in Semizbay. In the previously issued 2008 financial statements, a gain on disposal of this investment of KZT 25,309,617 thousand was recognized.

The gain was recognized in error and the Group did not record a financial liability of KZT 28,273,845 resulting from that transaction. As a consequence of recording the financial liability the gain was reversed and a loss was recorded instead.

In accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the correction of the above errors was applied retrospectively.

(b) Reclassification

In 2009, the Group reclassified certain current assets from trade receivables to advances paid and other receivables in the consolidated statement of financial position for consistency with other periods and separated foreign exchange losses from financial expenses in the consolidated statement of comprehensive income as it is believed that these changes better reflects the nature of these assets and provides better information about the Group's financial performance.

In addition, during the period reserve capital was aggregated with retained earnings. Reserve capital represented minimum required fund for the purpose of unexpected losses settlements but is no longer required by law. Reserve capital comprised at least 15% of the share capital of a company as stipulated by the Law on joint stock companies.

(c) Change in accounting policy and error correction

The method of accounting for jointly controlled entities was changed in 2009 from the proportional consolidation method to the equity method due to change in accounting policy by the sole shareholder who consolidates the Group. Therefore, 2008 and 2007 figures have been amended retrospectively in the consolidated financial statements for the year ended 31 December 2009. In addition, the Group determined that it had not properly eliminated unrealized profit in previous periods. The correction of this error had an effect on profit for the year of KZT 118,295 thousand for 2008 and KZT 162,666 thousand for 2007. The correction of this error is included in the joint venture accounting column.

7 Changes in previously issued financial statements, continued

(d) Effect of changes

These amendments had the following effects on the prior years' financial statements (all stated in '000 KZT):

	01.01.2007 (as previously reported) '000 KZT	Joint venture accounting '000 KZT	Reclassification '000 KZT	01.01.2007 (as restated) '000 KZT
Adjustments to the consolidated statement of financial position				
ASSETS				
Non-current assets				
Property, plant and equipment	40,535,484	(9,649)	-	40,525,835
Mine development assets	6,215,893	-	-	6,215,893
Intangible assets	85,484	(1)	-	85,483
Mineral rights	1,469,591	-	-	1,469,591
Exploration and evaluation assets	2,497,472	(160,794)	-	2,336,678
Investments in associates	2,523,415	-	-	2,523,415
Investments in jointly controlled entities	-	68,173	-	68,173
Other investments	439,192	-	-	439,192
Advances paid and other receivables	3,692,074	(426,432)	-	3,265,642
Inventories	9,655,040	-	-	9,655,040
Term deposits	-	424,532	-	424,532
Deferred tax assets	1,280,513	(548)	-	1,279,965
Total non-current assets	**68,394,158**	**(104,719)**	**-**	**68,289,439**
Current assets				
Inventories	17,760,381	(2,822)	-	17,757,559
Other investments	314,398	-	-	314,398
Prepaid income tax	326,448	-	-	326,448
Trade receivables	86,356,837	(4,082,050)	(68,580,000)	13,694,787
Advances paid and other receivables	-	4,072,549	68,580,000	72,652,549
Term deposits	4,419,603	-	-	4,419,603
Cash and cash equivalents	26,522,490	(32,602)	-	26,489,888
Total current assets	**135,700,157**	**(44,925)**	**-**	**135,655,232**
Total assets	**204,094,315**	**(149,644)**	**-**	**203,944,671**

7 Changes in previously issued financial statements, continued

(d) Effect of changes, continued

	01.01.2007 (as previously reported) '000 KZT	Joint venture accounting '000 KZT	Reclassification '000 KZT	01.01.2007 (as restated) '000 KZT
Adjustments to the consolidated statement of financial position				
EQUITY AND LIABILITIES				
Equity				
Share capital	7,980,715	-	-	7,980,715
Additional paid-in capital	2,736,191	-	-	2,736,191
Foreign currency translation reserve	(1,230,315)	(2,321)	-	(1,232,636)
Retained earnings	107,926,454	5,636	506,000	108,438,090
Reserve capital	506,000	-	(506,000)	-
Total equity attributable to the Owner of the Company	117,919,045	3,315	-	117,922,360
Non-controlling interest	4,678,258	-	-	4,678,258
Total equity	122,597,303	3,315	-	122,600,618
Non-current liabilities				
Loans and borrowings	14,700,600	(272,045)	-	14,428,555
Provisions	4,574,334	(9,652)	-	4,564,682
Trade payables	235,242	(16,351)	-	218,891
Advances received and other payables	-	17,121	-	17,121
Preference shares	-	271,275	-	271,275
Grants	394,040	-	-	394,040
Deferred tax liabilities	886,970	-	-	886,970
Total non-current liabilities	**20,791,186**	**(9,652)**	**-**	**20,781,534**
Current liabilities				
Loans and borrowings	16,204,274	(53,043)	-	16,151,231
Provisions	280,135	(7,946)	-	272,189
Trade payables	14,932,654	(3,720,747)	-	11,211,907
Advances received and other payables	19,878,236	3,583,649	-	23,461,885
Accrued liabilities	9,410,527	(3,485)	-	9,407,042
Grants	-	58,265	-	58,265
Total current liabilities	**60,705,826**	**(143,307)**	**-**	**60,562,519**
Total liabilities	**81,497,012**	**(152,959)**	**-**	**81,344,053**
Total equity and liabilities	**204,094,315**	**(149,644)**	**-**	**203,944,671**

7 Changes in previously issued financial statements, continued

(d) Effect of changes, continued

	2007 (as previously reported) '000 KZT	Joint venture accounting '000 KZT	Reclassification '000 KZT	2007 (as restated) '000 KZT
Adjustments to the consolidated statement of comprehensive income				
Revenue	118,050,459	(292,170)	-	117,758,289
Cost of sales	(61,632,604)	418,843	-	(61,213,761)
Gross profit	**56,417,855**	**126,673**	**-**	**56,544,528**
Distribution expenses	(1,494,101)	-	-	(1,494,101)
Administrative expenses	(12,079,435)	90,050	-	(11,989,385)
Financial income	3,444,935	(791)	-	3,444,144
Financial expense	(4,267,608)	5,991	1,708,676	(2,552,941)
Foreign exchange losses	-	-	(1,708,676)	(1,708,676)
Gain on disposal of investments	1,462,925	-	-	1,462,925
Share of results of associates	8,880,688	-	-	8,880,688
Share of results of jointly controlled entities	-	(70,304)	-	(70,304)
Other income	1,274,224	45	-	1,274,269
Other expense	(2,176,669)	3,975	-	(2,172,694)
Profit before income tax	**51,462,814**	**155,639**	**-**	**51,618,453**
Income tax expense	(15,622,298)	7,027	-	(15,615,271)
Profit for the year	**35,840,516**	**162,666**	**-**	**36,003,182**
Other comprehensive income:				
Exchange differences arising on translation of foreign operations	(1,823,169)	(1,146)	-	(1,824,315)
Other comprehensive income/(loss) for the year, net of tax	**(1,823,169)**	**(1,146)**	**-**	**(1,824,315)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**34,017,347**	**161,520**	**-**	**34,178,867**
Profit for the year attributable to:				
Owners of the Company	35,453,103	162,666	-	35,615,769
Non-controlling interests	387,413	-	-	387,413
	35,840,516	**162,666**	**-**	**36,003,182**
Total comprehensive income for the year attributable to:				
Owners of the Company	33,629,934	161,520	-	33,791,454
Non-controlling interests	387,413	-	-	387,413
	34,017,347	**161,520**	**-**	**34,178,867**

7 Changes in previously issued financial statements, continued

(d) Effect of changes, continued

	31.12.2007 (as previously reported) '000 KZT	Joint venture accounting '000 KZT	Reclassification '000 KZT	31.12.2007 (as restated) '000 KZT
Adjustments to the consolidated statement of financial position				
ASSETS				
Non-current assets				
Property, plant and equipment	58,959,450	(1,188,044)	-	57,771,406
Mine development assets	7,007,521	162,664	-	7,170,185
Intangible assets	167,325	(1,202)	-	166,123
Mineral rights	1,651,406	-	-	1,651,406
Exploration and evaluation assets	6,065,121	(2,722,824)	-	3,342,297
Investments in associates	14,859,979	(212,956)	-	14,647,023
Investments in jointly controlled entities	-	2,760,807	-	2,760,807
Other investments	65,313,083	-	-	65,313,083
Advances paid and other receivables	5,637,096	(235,182)	-	5,401,914
Inventories	9,968,853	-	-	9,968,853
Term deposits	400,217	(13,690)	-	386,527
Deferred tax assets	1,135,884	(52,107)	-	1,083,777
Total non-current assets	**171,165,935**	**(1,502,534)**	**-**	**169,663,401**
Current assets				
Inventories	21,820,071	(119,571)	-	21,700,500
Other investments	1,942,559	-	-	1,942,559
Prepaid income tax	5,055,735	(29,046)	-	5,026,689
Trade receivables	25,355,947	(18,255)	-	25,337,692
Advances paid and other receivables	11,247,477	(248,613)	-	10,998,864
Term deposits	3,092,484	-	-	3,092,484
Cash and cash equivalents	10,833,236	(545,476)	-	10,287,760
Total current assets	79,347,509	(960,961)	-	78,386,548
Total assets	**250,513,444**	**(2,463,495)**	**-**	**248,049,949**

7 Changes in previously issued financial statements, continued

(d) Effect of changes, continued

	31.12.2007 (as previously reported) '000 KZT	Joint venture accounting '000 KZT	Reclassification '000 KZT	31.12.2007 (as restated) '000 KZT
Adjustments to the consolidated statement of financial position				
EQUITY AND LIABILITIES				
Equity				
Share capital	36,692,362	-	-	36,692,362
Additional paid-in capital	4,187,732	-	-	4,187,732
Foreign currency translation reserve	(3,053,484)	(3,467)	-	(3,056,951)
Retained earnings	142,988,817	168,302	506,000	143,663,119
Reserve capital	506,000	-	(506,000)	-
Total equity attributable to the Owner of the Company	**181,321,427**	**164,835**	**-**	**181,486,262**
Non-controlling interest	5,349,122	-	-	5,349,122
Total equity	**186,670,549**	**164,835**	**-**	**186,835,384**
Non-current liabilities				
Loans and borrowings	20,265,040	-	-	20,265,040
Provisions	3,708,989	(88,001)	-	3,620,988
Trade payables	207,343	-	-	207,343
Advances received and other payables	24,158	-	-	24,158
Preference shares	271,275	-	-	271,275
Grants	353,619	-	-	353,619
Deferred tax liabilities	1,353,187	-	-	1,353,187
Total non-current liabilities	**26,183,611**	**(88,001)**	**-**	**26,095,610**
Current liabilities				
Loans and borrowings	17,500,641	-	-	17,500,641
Provisions	269,806	(32,235)	-	237,571
Trade payables	12,585,972	(2,831,117)	-	9,754,855
Advances received and other payables	4,499,570	348,340	-	4,847,910
Accrued liabilities	2,692,385	(25,317)	-	2,667,068
Grants	110,910	-	-	110,910
Total current liabilities	**37,659,284**	**(2,540,329)**	**-**	**35,118,955**
Total liabilities	**63,842,895**	**(2,628,330)**	**-**	**61,214,565**
Total equity and liabilities	**250,513,444**	**(2,463,495)**	**-**	**248,049,949**

7 Changes in previously issued financial statements, continued

(d) Effect of changes, continued

	2008 (as previously reported) '000 KZT	Joint venture accounting '000 KZT	Reclassification '000 KZT	Restatement '000 KZT	2008 (as restated) '000 KZT
Adjustments to the consolidated statement of comprehensive income					
Revenue	126,176,451	928,447	-	-	127,104,898
Cost of sales	(80,486,891)	(2,208,170)	-	-	(82,695,061)
Gross profit	**45,689,560**	**(1,279,723)**	**-**	**-**	**44,409,837**
Distribution expenses	(2,018,745)	3,822	-	-	(2,014,923)
Administrative expenses	(13,329,472)	408,506	-	-	(12,920,966)
Financial income	2,035,845	(4,579)	-	-	2,031,266
Financial expense	(4,421,420)	82,029	239,961	-	(4,099,430)
Foreign exchange losses	-	-	(239,961)	-	(239,961)
Profit / (loss) on disposal of investments	25,477,638	-	-	(28,273,845)	(2,796,207)
Share of results of associates	5,164,270	-	-	-	5,164,270
Share of results of jointly controlled entities	-	560,417	-	-	560,417
Other income	546,608	(1,826)	-	-	544,782
Other expense	(5,344,729)	30,362	-	-	(5,314,367)
Profit before income tax	**53,799,555**	**(200,992)**	**-**	**(28,273,845)**	**25,324,718**
Income tax expense	(14,598,747)	319,287	-	-	(14,279,460)
Profit for the year	**39,200,808**	**118,295**	**-**	**(28,273,845)**	**11,045,258**
Other comprehensive income:					
Exchange differences arising on translation of foreign operations	1,311,200	131,090	-	-	1,442,290
Other comprehensive income/(loss) for the year, net of tax	**1,311,200**	**131,090**	**-**	**-**	**1,442,290**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**40,512,008**	**249,385**	**-**	**(28,273,845)**	**12,487,548**
Profit for the year attributable to:					
Owners of the Company	39,275,540	118,295	-	(28,273,845)	11,119,990
Non-controlling interests	(74,732)	-	-	-	(74,732)
	39,200,808	**118,295**	**-**	**(28,273,845)**	**11,045,258**
Total comprehensive income for the year attributable to:					
Owners of the Company	40,586,740	249,385	-	(28,273,845)	12,562,280
Non-controlling interests	(74,732)	-	-	-	(74,732)
	40,512,008	**249,385**	**-**	**(28,273,845)**	**12,487,548**

7 Changes in previously issued financial statements, continued

(d) Effect of changes, continued

	31.12.2008 (as previously reported) '000 KZT	Joint venture accounting '000 KZT	Reclassification '000 KZT	Restatement '000 KZT	31.12.2008 (as restated) '000 KZT
Adjustments to the consolidated statement of financial position					
ASSETS					
Non-current assets					
Property, plant and equipment	77,563,291	(2,826,902)	-	-	74,736,389
Mine development assets	15,444,981	(2,139,860)	-	-	13,305,121
Investment property	473,037	-	-	-	473,037
Intangible assets	191,363	(6,823)	-	-	184,540
Mineral rights	2,728,068	(77,883)	-	-	2,650,185
Exploration and evaluation assets	1,488,624	(1,049,791)	-	-	438,833
Investments in associates	18,943,910	(212,540)	-	-	18,731,370
Investments in jointly controlled entities	-	4,327,160	-	-	4,327,160
Other investments	66,045,647	-	-	-	66,045,647
Advances paid and other receivables	8,292,448	(985,425)	-	-	7,307,023
Inventories	9,148,251	-	-	-	9,148,251
Term deposits	904,871	(29,759)	-	-	875,112
Deferred tax assets	2,913,033	(35,357)	-	-	2,877,676
Total non-current assets	**204,137,524**	**(3,037,180)**	**-**	**-**	**201,100,344**
Current assets					
Inventories	35,399,699	(952,432)	-	-	34,447,267
Other investments	23,040,294	(386,881)	-	-	22,653,413
Prepaid income tax	2,185,177	(210,975)	-	-	1,974,202
Trade receivables	30,655,823	(132,836)	(4,942,975)	-	25,580,012
Advances paid and other receivables	14,009,920	2,785,796	4,942,975	-	21,738,691
Term deposits	15,201	-	-	-	15,201
Cash and cash equivalents	34,446,490	(285,862)	-	-	34,160,628
Total current assets	**139,752,604**	**816,810**	**-**	**-**	**140,569,414**
Total assets	**343,890,128**	**(2,220,370)**	**-**	**-**	**341,669,758**

7 Changes in previously issued financial statements, continued

(d) Effect of changes, continued

	31.12.2008 (as previously reported '000 KZT	Joint venture accounting '000 KZT	Reclassification '000 KZT	Restatement '000 KZT	31.12.2008 (as restated) '000 KZT
Adjustments to the consolidated statement of financial position					
EQUITY AND LIABILITIES					
Equity					
Share capital	36,692,362	-	-	-	36,692,362
Additional paid-in capital	5,645,881	(72,074)	-	-	5,573,807
Reserve capital	506,000	-	(506,000)	-	-
Foreign currency translation reserve	(1,742,284)	127,623	-	-	(1,614,661)
Retained earnings	181,223,756	286,597	506,000	(28,273,845)	153,742,508
Total equity attributable to Owners of the Company	**222,325,715**	**342,146**	**-**	**(28,273,845)**	**194,394,016**
Non-controlling interest	8,372,300	415	-	-	8,372,715
Total equity	**230,698,015**	**342,561**	**-**	**(28,273,845)**	**202,766,731**
Non-current liabilities					
Loans and borrowings	35,671,281	-	-	-	35,671,281
Other financial liabilities	-	-	-	28,273,845	28,273,845
Provisions	4,539,371	(101,560)	-	-	4,437,811
Trade payables	208,153	-	-	-	208,153
Advances received and other payables	47,539	(884)	-	-	46,655
Preference shares	264,827	-	-	-	264,827
Grants	334,552	-	-	-	334,552
Deferred tax liabilities	584,485	-	-	-	584,485
Total non-current liabilities	**41,650,208**	**(102,444)**	**-**	**28,273,845**	**69,821,609**
Current liabilities					
Loans and borrowings	34,839,881	(2,031,354)	-	-	32,808,527
Provisions	471,279	(21,263)	-	-	450,016
Trade payables	6,795,321	(342,991)	-	-	6,452,330
Advances received and other payables	23,455,460	(33,897)	-	-	23,421,563
Accrued liabilities	5,904,027	(30,982)	-	-	5,873,045
Grants	75,937	-	-	-	75,937
Total current liabilities	**71,541,905**	**(2,460,487)**	**-**	**-**	**69,081,418**
Total liabilities	**113,192,113**	**(2,562,931)**	**-**	**28,273,845**	**138,903,027**
Total equity and liabilities	**343,890,128**	**(2,220,370)**	**-**	**-**	**341,669,758**

8 Revenue

	2009 '000 KZT	2008 '000 KZT	2007 '000 KZT
Revenue from sale of uranium products	116,643,356	73,785,150	78,666,700
Revenue from sale of utilities	24,717,000	20,044,753	17,970,577
Revenue from processing services provided	6,415,459	7,938,959	5,176,087
Revenue from drilling of wells	8,718,343	6,709,380	3,697,271
Revenue from sale of purchased goods	9,604,652	6,309,727	3,068,092
Revenue from sale of tantalum products	4,811,288	5,072,023	2,731,279
Revenue from sale of beryllium products	2,951,628	5,032,396	4,854,094
Revenue from transportation services	3,033,515	1,501,390	865,873
Revenue from research and development	210,532	345,969	389,993
Other	1,401,045	365,151	338,323
	178,506,818	**127,104,898**	**117,758,289**

9 Cost of sales

	2009 '000 KZT	2008 '000 KZT	2007 '000 KZT
Materials and supplies	72,677,910	53,046,671	39,034,149
Wages and salaries	10,846,994	10,872,621	7,663,865
Depreciation and amortization	6,277,075	5,876,229	4,579,868
Processing and other services	7,952,290	3,538,055	2,377,590
Maintenance and repairs	4,567,376	3,424,506	3,549,308
Taxes other than on income	5,217,999	1,557,067	1,333,414
Utilities	1,630,933	1,463,157	605,017
Transportation expenses	337,654	450,783	397,292
Rent expenses	493,705	367,652	405,253
Research and development	75,472	30,096	25,525
Other	2,632,131	2,068,224	1,242,480
	112,709,539	**82,695,061**	**61,213,761**

10 Distribution expenses

	2009 '000 KZT	2008 '000 KZT	2007 '000 KZT
Shipping, transportation and storage	642,279	860,855	549,013
Wages and salaries	363,239	323,413	253,904
Commissions	238,286	260,902	83,572
Materials and supplies	174,240	163,128	161,114
Cargo insurance	43,697	70,031	38,968
Advertising and marketing expenses	42,025	77,360	90,612
Depreciation	54,749	52,242	23,440
Rent	62,105	43,859	26,804
Taxes other than on income	34,685	30,359	33,030
Travel	22,867	19,812	12,371
Custom duties	36,062	5,048	6,001
Other	109,890	107,914	215,272
	1,824,124	**2,014,923**	**1,494,101**

11 Administrative expenses

	2009 '000 KZT	2008 '000 KZT	2007 '000 KZT
Wages and salaries	6,614,293	7,432,540	5,699,455
Taxes other than on income	1,003,186	1,002,788	1,104,467
Bonus pay (reversal) / accrual	(2,125,965)	755,860	1,554,072
Depreciation	491,494	507,383	363,544
Consulting, auditing and information services	408,605	483,533	312,065
Maintenance and repairs	387,287	421,911	291,968
Travel	224,760	343,336	313,573
Materials and supplies	241,123	331,403	212,531
Rent	306,936	247,468	190,527
Training expenses	219,850	272,715	197,067
Corporate events	96,706	232,528	120,164
Bank charges	165,348	160,569	154,655
Communication	110,721	113,707	87,294
Research expenses	244,475	109,884	100,241
Entertainment expenses	55,132	91,781	80,788
Stationery	78,780	85,957	64,739
Utilities	77,745	62,430	42,996
Insurance	24,926	36,029	70,751
Security	27,152	21,267	81,769
Other	332,165	207,877	946,719
	8,984,719	**12,920,966**	**11,989,385**

12 Financial income and expense

	2009 '000 KZT	2008 '000 KZT	2007 '000 KZT
Financial income			
Interest income on investment portfolio	258,743	833,088	65,160
Dividend income	-	721,433	-
Interest income on term deposits and deposits on demand, and current accounts	2,830,326	426,994	3,326,331
Other financial income	22,182	49,751	52,653
	3,111,251	**2,031,266**	**3,444,144**
Financial expense			
Interest expense	6,652,427	3,244,861	1,723,452
Unwinding of discounts on provisions	330,218	545,111	383,919
Bank expenses	276,208	69,089	-
Loss on sale of foreign currency	149,214	95,171	187,358
Preference shares dividend expense	52,965	52,965	52,965
Commission on investment portfolio management	4,291	39,139	5,191
Other financial expenses	368,969	53,094	200,056
	7,834,292	**4,099,430**	**2,552,941**
Net financial expense recognized in the statement of comprehensive income	**4,723,041**	**2,068,164**	**(891,203)**

13 Other income

	2009 '000 KZT	2008 '000 KZT	2007 '000 KZT
Management fee	-	153,557	-
Gain on sale of non-current assets	192,991	117,944	16,278
Interest on trade receivables	400,854	-	29,901
Write-off of liabilities	3,003	42,745	8,047
Reversal of provision	-	-	779,379
Assessed value of assets contributed to the charter capital	-	-	159,361
Other	268,662	230,536	281,303
	865,510	**544,782**	**1,274,269**

14 Other expense

	2009 '000 KZT	2008 '000 KZT	2007 '000 KZT
Unrecoverable value added tax ("VAT")	301,483	1,749,413	501,725
Sponsorship and charity	1,234,125	1,537,652	701,174
Social sphere expenses	1,421,856	1,278,466	199,474
Bad debt expense	95,346	244,816	145,088
Loss on disposal and impairment of non-current assets	247,791	253,431	289,971
Loss on suspension of production	414,611	38,636	43,460
Other	538,908	211,953	291,802
	4,254,120	**5,314,367**	**2,172,694**

15 Personnel costs

	2009 '000 KZT	2008 '000 KZT	2007 '000 KZT
Wages and salaries	25,441,152	24,490,142	19,694,169
Social tax and social payments	2,309,530	2,085,565	2,400,409
	27,750,682	**26,575,707**	**22,094,578**

16 Income tax expense

	2009 '000 KZT	2008 '000 KZT	2007 '000 KZT
Current tax expense			
Current year	10,606,342	16,681,229	14,919,981
Under provided in prior years	152,118	46,777	16,971
Excess profit tax	-	34,309	21,521
	10,758,460	**16,762,315**	**14,958,473**
Deferred tax expense/(benefit)			
Origination and reversal of temporary differences	1,853,983	(2,482,855)	656,798
	12,612,443	**14,279,460**	**15,615,271**

In December 2008, an amendment to the Tax Code was enacted to reduce the corporate income tax rate from 30% to 20% effective from January 1, 2009, to 17.5% effective from January 1, 2010 and to 15% effective from January 1, 2011. In November 2009, an amendment to the corporate income tax rate reducing schedule was enacted to apply the corporate income tax rate to 17.5% effective from January 1, 2013 and 15% effective from January 1, 2014. These changes reduced the Group's income tax expense by KZT 238,192 thousand in 2009 and KZT 762,778 thousand in 2008. The Group's applicable tax rate is the income tax rate of 20% for Kazakhstan companies (2008: 30%, 2007: 30%). These rates have been used in the calculation of deferred tax assets and liabilities depending on future periods when the respective temporary differences are estimated to be deductible or taxable.

Reconciliation of effective tax rate:

	2009 '000 KZT	%	2008 '000 KZT	%	2007 '000 KZT	%
Profit before income tax	**54,072,176**	**100**	**25,324,718**	**100**	**51,618,453**	**100**
Income tax at applicable tax rate	10,814,435	20.00	7,597,415	30.00	15,485,536	30.00
Tax effects of:						
Change in tax rate	(238,192)	(0.44)	(762,778)	(3.01)	-	-
Non-taxable income	(697,167)	(1.29)	(1,543,137)	(6.09)	(160,043)	(0.31)
Non-deductible expenses	4,270,837	7.90	9,691,127	38.27	1,243,539	2.41
Transfer pricing adjustments	1,955,949	3.62	-	-	-	-
Elimination of margin in finished goods	(780,446)	(1.44)	(125,878)	(0.50)	1,776,643	3.44
Share of results of associates	(2,700,641)	(4.99)	(917,032)	(3.62)	(2,664,206)	(5.16)
Share of results of jointly controlled entities	(669,178)	(1.24)	(109,826)	(0.43)	21,091	0.04
Utilization of tax losses not recognized in prior periods	(302,737)	(0.56)	(84,585)	0.69	(174,260)	(0.34)
Current year losses for which no deferred tax asset is recognized	807,465	1.49	453,068	0.76	48,479	0.09
Excess profit tax	-	-	34,309	0.14	21,521	0.04
Under provided in prior years	152,118	0.28	46,777	0.18	16,971	0.03
	12,612,443	**23.33**	**14,279,460**	**56.39**	**15,615,271**	**30.25**

A new transfer pricing law was enacted and took effect on 1 January 2009. As before, the new law primarily applies to cross-border transactions involving sales of goods and services. In addition, the transfer pricing law applies to in-country sales and purchases of goods and services, if these transactions are determined to be effected not at arm's length.

16 Income tax expense, continued

Also, the new law eliminated the 10% price safe harbor that existed under the previous transfer price law (except for sales of agricultural production). Accordingly, the tax authorities are now entitled to review prices charged in any transaction, where the contractual price deviates from the arm's length price by any percentage. Based on this change in tax law we believe a review of our transfer pricing is likely and based on the elimination of the safe harbor provision it is probable that the tax authorities will assess further taxes. As a result, additional taxes have been paid.

17 Earnings per share

Basic and diluted earnings per share

	2009 KZT	2008 KZT	2007 KZT
Basic and diluted earnings per share	1,109	303	1,595

The Group has not issued dilutive potential ordinary shares.

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows.

	2009 ’000 KZT	2008 ’000 KZT	2007 ’000 KZT
Profit for the year attributable to owners of the Company	40,683,975	11,119,990	35,615,769
Earnings used in the calculation of the total basic and diluted earnings per share	**40,683,975**	**11,119,990**	**35,615,769**

	2009 ’000 KZT	2008 ’000 KZT	2007 ’000 KZT
Weighted average number of ordinary shares for the purpose of basic earnings per share	36,692,361	36,692,361	22,336,538

Impact of changes in accounting policies and correction of an error
Changes in the Group’s accounting policies during the year and the correction of an error in previously issued financial statements are described in Note 7. To the extent that those changes have had an impact on results reported for 2008 and 2007, they have had an impact on the amounts reported for earnings per share. The following table summarizes that effect on both basic and diluted earnings per share.

	Effect on profit for the year		Effect on basic and diluted earnings per share	
	2008 **KZT’000**	**2007** **KZT’000**	**2008** **KZT per share**	**2007** **KZT per share**
Changes in accounting policies relating to:				
- changes in accounting for interests in jointly controlled entities	118,295	162,666	3	7
Correction of an error relating to:				
- Recognition of financial liability	(28,273,845)	-	(771)	-
	(28,155,550)	162,666	(768)	7

18 Property, plant and equipment

'000 KZT	Land	Buildings	Plant and equipment	Vehicles	Other	Construction in progress	Total
Cost							
At 1 January 2007	59,272	16,178,923	19,386,534	3,555,700	1,014,725	6,088,727	46,283,881
Additions	18,720	356,452	2,005,750	1,382,268	503,444	20,912,745	25,179,379
Transfers		5,465,795	2,574,976	95,720	236,463	(8,372,954)	-
Disposals	(1,640)	(372,619)	(894,194)	(68,324)	(85,198)	(2,083,614)	(3,505,589)
Foreign currency translation difference	(62)	(122,848)	(37,962)	(10,508)	(6,739)	(37,929)	(216,048)
At 31 December 2007	76,290	21,505,703	23,035,104	4,954,856	1,662,695	16,506,975	67,741,623
At 1 January 2008	76,290	21,505,703	23,035,104	4,954,856	1,662,695	16,506,975	67,741,623
Additions	49,106	681,282	3,228,193	1,238,927	365,485	19,141,478	24,704,471
Transfers	(3)	14,039,138	7,913,193	(969,239)	134,797	(21,117,886)	-
Disposals	(12,366)	(1,107,194)	(1,978,009)	(254,056)	(79,580)	(547,526)	(3,978,731)
Foreign currency translation difference	62	155,991	36,658	10,630	8,522	(36,600)	175,263
At 31 December 2008	113,089	35,274,920	32,235,139	4,981,118	2,091,919	13,946,441	88,642,626
At 1 January 2009	113,089	35,274,920	32,235,139	4,981,118	2,091,919	13,946,441	88,642,626
Additions	3,317	93,119	1,672,860	895,783	274,029	10,854,813	13,793,921
Transfers	-	13,232,276	4,027,987	10,910	324,747	(17,595,920)	-
Disposals	(22,455)	(1,812,566)	(139,519)	(96,122)	(31,301)	(905,947)	(3,007,910)
Foreign currency translation difference	-	-	177	-	2,912	-	3,089
At 31 December 2009	**93,951**	**46,787,749**	**37,796,644**	**5,791,689**	**2,662,306**	**6,299,387**	**99,431,726**

18 Property, plant and equipment, continued

'000 KZT	Land	Buildings	Plant and equipment	Vehicles	Other	Construction in progress	Total
Accumulated depreciation and impairment losses							
At 1 January 2007	-	1,214,637	3,726,207	542,420	199,793	74,989	5,758,046
Depreciation charge	-	1,191,897	2,685,896	425,727	143,068	-	4,446,588
Disposals	-	(66,262)	(345,988)	(42,193)	(34,284)	-	(488,727)
Impairment loss/(reversal)	-	(5,084)	35,440	7,137	830	251,572	289,895
Foreign currency translation difference	-	(26,528)	(6,232)	(1,807)	(1,018)	-	(35,585)
At 31 December 2007	-	2,308,660	6,095,323	931,284	308,389	326,561	9,970,217
At 1 January 2008	-	2,308,660	6,095,323	931,284	308,389	326,561	9,970,217
Depreciation charge	-	1,493,457	3,041,971	521,515	207,627	-	5,264,570
Disposals	-	(293,889)	(806,205)	(270,052)	(39,896)	-	(1,410,042)
Impairment loss/(reversal)	-	(69)	(506)	(84)	2,845	43,721	45,907
Foreign currency translation difference	-	19,366	11,130	3,148	1,941	-	35,585
At 31 December 2008	-	3,527,525	8,341,713	1,185,811	480,906	370,282	13,906,237
At 1 January 2009	-	3,527,525	8,341,713	1,185,811	480,906	370,282	13,906,237
Depreciation charge	-	2,227,590	3,272,276	639,334	267,485	-	6,406,685
Disposals	-	(99,959)	(131,220)	(38,767)	(13,896)	-	(283,842)
Impairment loss/(reversal)	-	88	223	(552)	(1)	194,654	194,412
Foreign currency translation difference	-	-	188	-	724	-	912
At 31 December 2009	**-**	**5,655,244**	**11,483,180**	**1,785,826**	**735,218**	**564,936**	**20,224,404**
Net Book Value							
As at 1 January 2007	59,272	14,964,286	15,660,327	3,013,280	814,932	6,013,738	40,525,835
As at 31 December 2007	76,290	19,197,043	16,939,781	4,023,572	1,354,306	16,180,414	57,771,406
As at 31 December 2008	113,089	31,747,395	23,893,426	3,795,307	1,611,013	13,576,159	74,736,389
As at 31 December 2009	**93,951**	**41,132,505**	**26,313,464**	**4,005,863**	**1,927,088**	**5,734,451**	**79,207,322**

18 Property, plant and equipment, continued

Depreciation expense has been charged to cost of sales in the amount of KZT 5,860,442 thousand (2008: KZT 4,704,945 thousand; 2007: KZT 4,059,604 thousand), to distribution expenses in the amount of KZT 54,749 thousand (2008: KZT 52,242 thousand; 2007: KZT 23,440 thousand), and in administrative expenses in the amount of KZT 491,494 thousand (2008: KZT 507,383 thousand; 2007: 363,544 thousand).

Borrowing costs

(a) Borrowing costs capitalized during reporting periods were as follows:

	2009	2008	2007
	'000 KZT	'000 KZT	'000 KZT
Capitalized borrowing costs	27,723	400,709	549,789

(b) Construction in progress

Construction in progress comprises capital repairs of the existing property, plant and equipment that extends the life of the assets.

(b) Rented equipment

The Group has acquired assets under finance lease arrangements. At the end of the lease period, ownership of the assets will automatically transfer to the Group. The Group makes monthly payments based on the terms of these agreements. As at 31 December 2009 the book value of such assets was KZT 279,088 thousand (2008: KZT 722,014 thousand; 2007: KZT 457,816 thousand; 2006: KZT 6,609 thousand).

(c) Collateral

Property, plant and equipment with a carrying amount of KZT 3,932,999 thousand (2008: KZT 5,442,593 thousand; 2007: KZT 3,308,818 thousand; 2006: KZT 1,867,177 thousand) have been pledged to secure bank loans (Note 34).

(d) Fully depreciated property plant and equipment

As at 31 December 2009, the gross carrying value of fully depreciated property, plant and equipment still being used was KZT 886,082 thousand (2008: KZT 657,386 thousand; 2007: KZT 1,294,315 thousand; 2006: KZT 499,981 thousand).

(e) Idle property, plant and equipment

As at 31 December 2009, the carrying value of temporary idle property, plant and equipment was KZT 21,751 thousand (2008: KZT 47,744 thousand; 2007: KZT 42,247 thousand; 2006: nil).

(f) Commitments

As at 31 December 2009, the commitment to acquire property, plant and equipment was KZT 121,380 thousand (2008: KZT 147,352 thousand and 2007: nil; 2006: nil).

19 Mine development assets

'000 KZT	Field preparation	Site restoration asset	Ion-exchange resin	Total
Cost				
At 1 January 2007	8,008,234	370,530	1,089,412	9,468,176
Additions	2,470,447	42,596	484,286	2,997,329
Transfer to mineral rights	(22,075)	-	-	(22,075)
Transfer from exploration and evaluation assets	78,979	-	-	78,979
Disposal of subsidiaries	40,672	-	-	40,672
Balance at 31 December 2007	10,576,257	413,126	1,573,698	12,563,081
At 1 January 2008	10,576,257	413,126	1,573,698	12,563,081
Additions	3,515,776	71,118	227,437	3,814,331
Transfer from exploration and evaluation assets	4,730,619	76,347	163,674	4,970,640
Balance at 31 December 2008	18,822,652	560,591	1,964,809	21,348,052
At 1 January 2009	18,822,652	560,591	1,964,809	21,348,052
Additions	7,137,372	1,402,014	477,809	9,017,195
Transfer to mineral rights	(385)	-	-	(385)
Transfer to exploration and evaluation assets	(1,582,753)	(26,966)	(77,319)	(1,687,038)
Balance at 31 December 2009	**24,376,886**	**1,935,639**	**2,365,299**	**28,677,824**
Accumulated depreciation and impairment loss				
Balance at 1 January 2007	3,130,211	30,661	91,411	3,252,283
Depreciation charged	2,017,626	15,579	107,408	2,140,613
Balance at 31 December 2007	5,147,837	46,240	198,819	5,392,896
Balance at 1 January 2008	5,147,837	46,240	198,819	5,392,896
Depreciation charged	2,518,990	15,892	115,153	2,650,035
Balance at 31 December 2008	7,666,827	62,132	313,972	8,042,931
Balance at 1 January 2009	7,666,827	62,132	313,972	8,042,931
Depreciation charged	3,071,093	18,088	119,190	3,208,371
Impairment	15,475	153		15,628
Transfer to exploration and evaluation assets	(42,341)	-	(2,137)	(44,478)
Balance at 31 December 2009	**10,711,054**	**80,373**	**431,025**	**11,222,452**
Net Book Value				
At 1 January 2007	4,878,023	339,869	998,001	6,215,893
At 31 December 2007	5,428,420	366,886	1,374,879	7,170,185
At 31 December 2008	11,155,825	498,459	1,650,837	13,305,121
At 31 December 2009	**13,665,832**	**1,855,266**	**1,934,274**	**17,455,372**

20 Intangible assets

'000 KZT	Licenses and patents	Software	Other	Total
Cost				
At 1 January 2007	6,864	95,841	34,122	136,827
Additions	29,955	51,157	33,442	114,554
Disposals	(1,314)	(7,933)	(12,741)	(21,988)
At 31 December 2007	35,505	139,065	54,823	229,393
At 1 January 2008	35,506	139,064	54,823	229,393
Additions	9,190	55,195	32,741	97,126
Disposals	(118)	(19,969)	(4,046)	(24,133)
At 31 December 2008	44,578	174,290	83,518	302,386
At 1 January 2009	44,578	174,290	83,518	302,386
Additions	14,573	102,680	17,236	134,489
Disposals	(27,619)	(8,380)	(588)	(36,587)
At 31 December 2009	**31,532**	**268,590**	**100,166**	**400,288**
Accumulated amortization and impairment				
At 1 January 2007	2,393	38,990	9,961	51,344
Amortization charge	2,413	21,392	3,142	26,947
Disposals	(1,304)	(5,347)	(8,370)	(15,021)
At 31 December 2007	3,502	55,035	4,733	63,270
At 1 January 2008	3,502	55,035	4,733	63,270
Amortization charge	12,589	37,056	21,990	71,635
Disposals	(9)	(15,917)	(1,133)	(17,059)
At 31 December 2008	16,082	76,174	25,590	117,846

At 1 January 2009	16,082	76,174	25,590	117,846
Amortization charge	5,735	61,230	37,053	104,018
Disposals	(9,977)	(2,558)	(588)	(13,123)
At 31 December 2009	**11,840**	**134,846**	**62,055**	**208,741**
Net book value				
At 1 January 2007	4,471	56,851	24,161	85,483
At 31 December 2007	32,003	84,030	50,090	166,123
At 31 December 2008	28,496	98,116	57,928	184,540
At 31 December 2009	**19,692**	**133,744**	**38,111**	**191,547**

21 Mineral rights

'000 KZT	Total
Cost	
Balance at 1 January 2007	1,539,800
Additions	17,722
Transfer from mine development assets	22,075
Transfer from exploration and evaluation assets	206,357
Balance at 31 December 2007	1,785,954
Balance at 1 January 2008	1,785,954
Additions	611,993
Transfer from exploration and evaluation assets	452,189
Balance at 31 December 2008	2,850,136
Balance at 1 January 2009	2,850,136
Additions	55,232
Change in estimate (Note 35)	(1,767,919)
Transfer from mine development assets	385
Transfer to exploration and evaluation assets	(159,713)
Balance at 31 December 2009	**978,121**
Amortization and impairment losses	
Balance at 1 January 2007	70,209
Depreciation charged	64,339
Balance at 31 December 2007	134,548
Balance at 1 January 2008	134,548
Depreciation charged	65,403
Balance at 31 December 2008	199,951
Balance at 1 January 2009	199,951
Depreciation charged	38,761
Impairment loss	426
Change in estimate	(156,781)
Balance at 31 December 2009	**82,357**
Net Book Value	
Balance at 1 January 2007	1,469,591
Balance at 31 December 2007	1,651,406
Balance at 31 December 2008	2,650,185
Balance at 31 December 2009	**895,764**

Subsoil use agreements for uranium mines held by the Group require it to make contributions to social development and education programs. Through 31 December 2008 the Group recorded a provision for the discounted present value of amounts set forth in the subsoil use agreements and a corresponding asset within mineral rights, which was amortized oer the term of the subsoil use agreements. In 2009, it became apparent that amounts demanded by local authorities for these social development programs were significantly in excess of the amount prescribed in the subsoil use agreement. Furthermore, it is anticipated that the amount

21 Mineral rights, continued

for each subsequent year will need to be agreed annually with the relevant authority. Accordingly, the Group can no longer make a reliable estimate of the cumulative future amounts due under each subsoil agreement. Therefore, it has reversed the accumulated provision as at 1 January 2009 and reversed the asset included in mineral rights. Commencing 1 January 2009 the costs of social development and education programs are expensed as incurred.

22 Exploration and evaluation assets

'000 KZT	Tangible assets	Intangible assets	Total
Balance at 1 January 2007	1,757,994	578,684	2,336,678
Additions	2,659,940	-	2,659,940
Disposal of subsidiaries (Note 6)	(1,229,909)	(139,076)	(1,368,985)
Transfer to mine development assets	(78,979)	-	(78,979)
Transfer to mineral rights	-	(206,357)	(206,357)
Balance at 31 December 2007	3,109,046	233,251	3,342,297
Balance at 1 January 2008	3,109,046	233,251	3,342,297
Additions	2,300,364	219,435	2,519,799
Transfer to other accounts (reclassification)	(434)	-	(434)
Transfer to mine development assets	(4,970,640)	-	(4,970,640)
Transfer to mineral rights	-	(452,189)	(452,189)
Balance at 31 December 2008	438,336	497	438,833
Balance at 1 January 2009	438,336	497	438,833
Additions	2,028,240	-	2,028,240
Transfer from mine development assets	1,642,560	-	1,642,560
Transfer from mineral rights	-	159,713	159,713
Depreciation of exploration works charged to cost of sales	(319,260)	(16,357)	(335,617)
Impairment	(12,970)	-	(12,970)
Change in estimate	-	(55,621)	(55,621)
Balance at 31 December 2009	**3,776,906**	**88,232**	**3,865,138**

23 Investments in associates

The Group has the following investments in associates:

		31.12.2009		31.12.2008		31.12.2007		01.01.2007	
	Country	**Ownership / Voting**	**’000 KZT**	**Ownership / Voting**	**’000 KZT**	**Ownership / Voting**	**’000 KZT**	**Ownership / Voting**	**’000 KZT**
JV Betpak Dala LLP	Kazakhstan	30%	10,227,910	30%	7,175,769	30%	6,006,460	30%	1,837,000
JV KATCO LLP	Kazakhstan	49%	14,206,000	49%	5,149,496	49%	2,980,301	-	-
Uranenergo LLP	Kazakhstan	36.55%	4,091,954	36.55%	3,968,325	37.08%	3,152,221	-	-
JV «SKZ Kazatomprom» LLP	Kazakhstan	24.5%	727,828	-	-	-	-	-	-
JV Inkai LLP	Kazakhstan	40%	2,038,539	40%	1,831,018	40%	1,796,571	40%	376,793
JV Zarechnoe LLP	Kazakhstan	49.67%	-	49.67%	551,735	49.67%	660,447	49,33%	191,768
JV Rosburmash LLP	Kazakhstan	49%	111,663	49%	22,936	49%	2,629	-	-
JV Akbastau LLP	Kazakhstan	50%	430,715	50%	14,346	50%	34,274	50%	105,000
Kazakhstan Nuclear Institution LLP	Kazakhstan	40%	7,980	40%	10,875	40%	11,795	40%	9,693
Demeu –Clothes LLP	Kazakhstan	49%	3,369	49%	3,912	49%	2,325	49%	3,134
Kyzylkum LLP	Kazakhstan	30%	-	30%	-	30%	-	30%	-
NPK Ulba	Kazakhstan	33%	3,273	33%	2,958	-	-	-	-
SKZ –U LLP	Kazakhstan	49%	3,724,495	-	-	-	-	-	-
JV IFASTAR	France	49%	161,773	-	-	-	-	-	-
PKF Ulba Electro	Казахстан	30%	10,454	-	-	-	-	30%	27
			35,745,953		**18,731,370**		**14,647,023**		**2,523,415**

As at 31 December 2009 the Group did not recognize its share of the accumulated losses of associated companies which exceeded the cost of investment, amounting to KZT 2,118,949 thousand, because it had no obligation to fund these losses.

	2009	**2008**	**2007**
Accumulated losses:	**’000 KZT**	**’000 KZT**	**’000 KZT**
At the beginning of the year	130,158	-	1,052,130
Movement in:			
JV KATCO LLP		-	(1,05
Kyzylkum LLP	1,966,076	130,158	
JV Zarechnoe LLP	22,715	-	
At the end of the year	2,118,949	130,158	

The following is summarized financial information, in aggregate, in respect of associates:

	31.12.2009	**31.12.2008**	**31.12.2007**	**01.01.2007**
	’000 KZT	**’000 KZT**	**’000 KZT**	**’000 KZT**
Total assets	255,812,913	165,188,238	106,380,557	62,977,163
Total liabilities	172,331,726	117,011,851	76,681,101	57,432,257
Net assets	83,481,187	48,176,387	29,699,456	5,544,906
Group’s share of net assets of associates	35,745,953	18,731,370	14,647,023	2,523,415

	2009	**2008**	**2007**
	’000 KZT	**’000 KZT**	**’000 KZT**
Total revenue	106,978,455	52,025,585	52,115,409
Total profit for the year	26,415,400	15,280,051	18,965,065
Group’s share of profit of associates	13,503,206	5,164,270	8,880,688

24 Investments in jointly controlled entities

The Group has the following investments in jointly controlled entities:

	Country	31.12.2009 Ownership/ voting	31.12.2009 '000 KZT	31.12.2008 Ownership/ voting	31.12.2008 '000 KZT	31.12.2007 Ownership/ voting	31.12.2007 '000 KZT	01.01.2007 Ownership/ voting	01.01.2007 '000 KZT
Karatau LLP	Kazakhstan	50%	5,105,915	50%	2,183,427	50%	1,565,488	-	-
CJSC COU	Kazakhstan	50%	639,351	50%	668,639	50%	380,348	-	-
JSC «Yingtan Ulba Shine Metal Materials Co., Ltd»	Kazakhstan	50%	360,480	50%	375,889	50%	375,100	-	-
Kyzyltu LLP	Kazakhstan	50%	352,868	50%	396,754	50%	397,917	50%	24,816
Ulba Conversion LLP	Kazakhstan	50%	27,027	50%	26,511	-	-		
JV UKR TVS CJSC	Ukraine	33.33%	7,947	33.33%	12,775	33.33%	12,667	33.33%	12,813
Geotechnologia KKRUMTs	Kyrgyzstan	50%	1,884	50%	1,311	50%	4,085	50%	3,244
JV «SKZ Kazatomprom» LLP	Kazakhstan	-	-	50%	632,319	-	-	-	-
JSC Atomic Power Stations Kazakhstan-Russian Company	Kazakhstan	50%	-	50%	29,535	50%	25,202	50%	27,300
			6,495,472		**4,327,160**		**2,760,807**		**68,173**

As at December 31, 2009 the Group did not recognize its share of the accumulated losses of jointly controlled company JSC Atomic Power Stations Kazakhstan-Russian Company which exceeded the cost of investment amounting to KZT 53,599 thousand (2008: nil; 2007: nil; 2006: nil).

The following is summarized financial information, in aggregate, in respect of jointly controlled entities:

	31.12.2009 '000 KZT	31.12.2008 '000 KZT	31.12.2007 '000 KZT	01.01.2007 '000 KZT
Total assets	24,485,376	21,393,402	11,538,241	450,173
Total liabilities	11,512,083	12,726,302	6,003,948	301,283
Net assets	12,973,293	8,667,100	5,534,293	148,890
Group's share of net assets of jointly controlled entities	6,495,472	4,327,160	2,760,807	68,173

	2009 '000 KZT	2008 '000 KZT	2007 '000 KZT
Total revenue	18,972,707	5,642,547	531,514
Total profit for the year	6,657,874	1,133,293	(140,252)
Group's share of profit of jointly controlled entities	3,345,890	560,417	(70,304)

25 Other investments

	31.12.2009 '000 KZT	31.12.2008 '000 KZT	31.12.2007 '000 KZT	01.01.2007 '000 KZT
Non-current				
AFS Investments				
Toshiba Nuclear Energy Holdings (US) Inc.	48,892,455	48,892,455	48,359,180	-
Toshiba Nuclear Energy Holdings (UK) Ltd.	17,112,425	17,112,425	16,925,712	-
Uranenergo LLP	-	-	-	425,081
Other investments available for sale	40,791	40,767	28,191	14,111
	66,045,671	**66,045,647**	**65,313,083**	**439,192**
Current				
Investment portfolio	-	20,433,413	1,942,559	314,398
Loans receivable	-	2,220,000	-	-
	-	**22,653,413**	**1,942,559**	**314,398**

(a) Purchase of shares issued by Toshiba Nuclear Energy Holdings (US) Inc. and Toshiba Nuclear Energy Holdings (UK) Ltd.

Under a purchase agreement in late 2007 the Group purchased 400 Class A ordinary shares of Toshiba Nuclear Energy Holdings US, Inc. ("TNEH-US") for USD 400,000 thousand from Toshiba Nuclear Energy Investments US Inc.. In addition, the Group purchased 140 Class A ordinary shares of Toshiba Nuclear Energy Holdings UK, Ltd ("TNEH-UK") for USD 140,000 thousand from and Toshiba Nuclear Energy Investments UK Ltd. Through the purchase of 400 Class A ordinary shares of TNEH-US and 140 Class A ordinary shares of TNEH-UK the Group acquired a 10% interest in these entities. TNEH-US and TNEH-UK, own 100% interest in Westinghouse Group (referred to as "Westinghouse").

In connection and simultaneously with the acquisition of the interest in TNEH-US and TNEH-UK, the Group entered into a put option agreement (the "Put Option"). The Put Option provides the Group with an option to sell its shares to Toshiba Corporation for 100% of the original purchase price of USD 540,000 thousand for the first 67% of shares and 90% of the original purchase price for the remaining 33% of shares resulting in a total estimated exercise price of USD 522,180 thousand if certification is not received from Westinghouse of fuel assembly production by Ulba Metallurgical Plant (a Group subsidiary). If the certification is not provided, the Group may exercise the Put Option during the period between 31 March 2010 and 29 February 2013.

In connection and simultaneously with the acquisition of the interest in TNEH-US and TNEH-UK, the Group entered into a call option agreement (the "Call Option"). The Call Option provides Toshiba Corporation with the right to demand from the Group the sale of its TNEH-US and TNEH-UK shares if the Committee on Foreign Investment in the United States (CFIUS) a US government entity decides that the Group is no longer a strategic partner. In such case, the fair value of the Group's shares will be determined by an independent international appraiser.

The Group has classified this investment as available for sale as this best reflects the intention of the Group with regard to its ability and intention to hold the investment for the long term. Investments in TNEH-US and TNEH-UK are carried at cost because these investments are equity in a private company for which fair value cannot be reliably measured.

25 Other investments, continued

(b) Investment portfolio management agreement

The Group and Alan Securities JSC and BTA Securities JSC (jointly named "Trustee") entered into investment portfolio management agreements. Under these agreements, the Group transferred funds into a special account. The Group vested the Trustee with the right to manage the investment portfolio on behalf of the Group and granted full access to the special account. The Group and the Trustee agreed that the target return on the portfolio should be minimum 10.5 % - 11% per annum for the benefit of the Group
and that the Trustee is obliged to return the whole amount transferred to the Group's account including accrued interest. The Group had no exposure to losses on these investments. This investment was treated as a loan. This agreement was concluded for one year and the Group had the right to withdraw cash from the special account. In 2009, the Group redeemed these investments in the amount of KZT 20,192,008 thousand.

Funds transferred to the special account can be invested in class A bonds of Kazakhstani companies and securities.

Note 40 discloses the information on the Group's exposure to credit, currency and interest rate risks in relation to other investments.

26 Trade receivables

	31.12.2009 '000 KZT	31.12.2008 '000 KZT	31.12.2007 '000 KZT	01.01.2007 '000 KZT
Trade accounts receivable	28,635,328	23,825,683	21,668,536	13,704,565
Accounts receivable from related parties (Note 42)	4,139,947	2,243,831	4,083,272	609,392
	32,775,275	26,069,514	25,751,808	14,313,957
Provision for doubtful debts	(549,644)	(489,502)	(414,116)	(619,170)
	32,225,631	**25,580,012**	**25,337,692**	**13,694,787**

Note 40 discloses the information on the Group's exposure to credit and currency risks and the impairment loss on trade accounts receivable.

27 Advances paid and other receivables

	31.12.2009 '000 KZT	31.12.2008 '000 KZT	31.12.2007 '000 KZT	01.01.2007 '000 KZT
Non- current				
Advances paid for long term assets	1,238,013	6,154,956	4,902,375	2,807,468
Loans given to employees	491,027	559,965	462,475	407,258
Other	40,308	592,102	37,064	50,916
	1,769,348	**7,307,023**	**5,401,914**	**3,265,642**
Current				
VAT receivable	13,598,672	8,192,663	8,164,420	1,994,478
Advances paid for goods and services	7,375,140	11,153,352	1,386,502	1,388,113
Receivables from subsoil users	397,085	673,371	492,540	12,031
Prepaid expenses	43,926	126,172	129,610	170,004
Prepaid taxes other than income	101,090	77,495	90,795	104,586
Insurance prepayment	112,619	148,380	108,671	50,815
Receivables from disposal of subsidiaries	-	-	-	68,580,000
Other	612,071	1,367,258	626,326	352,522
	22,240,603	**21,738,691**	**10,998,864**	**72,652,549**

28 Inventories

	31.12.2009 '000 KZT	31.12.2008 '000 KZT	31.12.2007 '000 KZT	01.01.2007 '000 KZT
Current				
Finished goods and goods for resale	34,038,251	18,565,399	9,584,220	6,229,037
Work in progress	11,058,524	9,069,093	7,197,902	7,602,144
Raw materials	4,234,302	3,896,990	2,939,366	2,441,535
Materials in process	519,687	891,792	522,770	589,206
Fuel	666,662	858,472	747,472	410,566
Spare parts	757,720	637,750	539,789	382,269
Other materials	1,136,964	855,733	594,054	432,905
	52,412,110	**34,775,229**	**22,125,573**	**18,087,662**
Provision for obsolete inventories	(308,756)	(327,962)	(425,073)	(330,103)
Current	**52,103,354**	**34,447,267**	**21,700,500**	**17,757,559**
Non- current	**7,077,867**	**9,148,251**	**9,968,853**	**9,655,040**
	59,181,221	**43,595,518**	**31,669,353**	**27,412,599**

Non-current inventories include stocks of enriched uranium which have been held by the Group since inception and are intended for use upon commissioning of new uranium pellets production workshops. The key areas of judgment applied to the assessment of the net realizable value depend upon determination of the level of contamination, enrichment and natural uranium and separate work units' contents.

Collateral

Inventory in the amount of KZT 1,159,572 thousand (2008: KZT 1,159,572 thousand; 2007: KZT 1,159,572 thousand; 2006: KZT 1,159,572 thousand) has been pledged as collateral for loans and borrowings (Note 34).

29 Deferred tax assets and liabilities

(a) Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities relate to the following:

	Assets				Liabilities				Net amount		
	31.12.2009	**31.12.2008**	**31.12.2007**	**01.01.2007**	**31.12.2009**	**31.12.2008**	**31.12.2007**	**01.01.2007**	**31.12.2009**	**31.12.2008**	**31.12.2007**
Property, plant and equipment	324,501	243,781	293,421	135,017	(1,951,383)	(1,315,679)	(2,090,002)	(1,009,823)	(1,626,882)	(1,071,898)	(1,796,581)
Intangible assets	14,473	13,214	20,096	21,140	(698)	(476)	(3,401)	(1,841)	13,775	12,738	16,695
Investment property	-	-	-	-	(10,504)	(9,804)	-	-	(10,504)	(9,804)	-
Mineral rights	47,015	298,175	438,475	439,728	(43,354)	(253,097)	(488,976)	(549,325)	3,661	45,078	(50,501)
Exploration and evaluation assets	5,805	-	-	-	(114,889)	(14,486)	(14,139)	(14,677)	(109,084)	(14,486)	(14,139)
Site restoration	13,899	16,784	21,349	40,794	(286,065)	(105,792)	(123,781)	(101,962)	(272,166)	(89,008)	(102,432)
Advances paid and other receivables	35,542	-	-	-	-	-	-	-	35,542	-	-
Inventory	756,254	2,034,448	186,381	132,779	(14,006)	(50,003)	-	-	742,248	1,984,445	186,381
Trade receivable	810,792	1,115,555	657,014	874,205	(541,048)	(1,162,802)	(79,108)	(78,979)	269,744	(47,247)	577,906
Grants	60,721	63,086	120,018	127,636	-	-	-	-	60,721	63,086	120,018
Mine development assets	-	-	27,760	-	(20,868)	(12,349)	(33,421)	(20,002)	(20,868)	(12,349)	(5,661)
Accrued liabilities	238,478	661,513	744,115	213,486	(123)	-	-	-	238,355	661,513	744,115
Taxes	326,027	26,563	53,143	36,251	-	-	-	-	326,027	26,563	53,143
Provisions	764,295	783,584	104,013	251,921	(1,049)	-	-	-	763,246	783,584	104,013

29 Deferred tax assets and liabilities, continued

(a) Recognized deferred tax assets and liabilities, continued

	Assets				Liabilities				Net amount		
	31.12.2009	31.12.2008	31.12.2007	01.01.2007	31.12.2009	31.12.2008	31.12.2007	01.01.2007	31.12.2009	31.12.2008	31.12.2007
Trade and other payables	16,906	9,610	13,223	13,160	-	(43,303)	(98,519)	(104,039)	16,906	(33,693)	(85,296)
Loans and borrowings	-	-	-	-	(69,939)	(72,106)	(126,084)	(128,920)	(69,939)	(72,106)	(126,084)
Other	67,008	66,821	109,045	115,446	(1,609)	(46)	(68)	(550)	65,399	66,775	108,977
Tax loss carried forward	12,498	-	36	1,550	-	-	-	-	12,498	-	36
Total	3,494,214	5,333,134	2,788,089	2,403,113	(3,055,535)	(3,039,943)	(3,057,499)	(2,010,118)	438,679	2,293,191	(269,410)
Offset of deferred tax assets and liabilities	(1,854,988)	(2,455,458)	(1,704,312)	(1,123,148)	1,854,988	2,455,458	1,704,312	1,123,148	-	-	-
Total	1,639,226	2,877,676	1,083,777	1,279,965	(1,200,547)	(584,485)	(1,353,187)	(886,970)	438,679	2,293,191	(269,410)

29 Deferred tax assets and liabilities, continued

(b) Movement in temporary differences

'000 KZT	1 January 2007	Change for the year	31 December 2007
Property, plant and equipment	(874,806)	(921,775)	(1,796,581)
Site restoration	(61,168)	(41,264)	(102,432)
Inventory	132,779	53,602	186,381
Unused vacation reserve	213,486	530,629	744,115
Provisions	251,921	(147,908)	104,013
Other	730,783	(135,689)	595,094
	392,995	**(662,405)**	**(269,410)**

'000 KZT	1 January 2008	Change for the year	31 December 2008
Property, plant and equipment	(1,796,581)	724,683	(1,071,898)
Site restoration	(102,432)	13,424	(89,008)
Inventory	186,381	1,798,064	1,984,445
Unused vacation reserve	744,115	(82,602)	661,513
Provisions	104,013	679,571	783,584
Other	595,094	(570,539)	24,555
	(269,410)	**2,562,601**	**2,293,191**

'000 KZT	1 January 2009	Change for the year	31 December 2009
Property, plant and equipment	(1,071,898)	(554,984)	(1,626,882)
Site restoration	(89,008)	(183,158)	(272,166)
Inventory	1,984,445	(1,242,197)	742,248
Unused vacation reserve	661,513	(423,158)	238,355
Provisions	783,584	(20,338)	763,246
Other	24,555	569,323	593,878
	2,293,191	**(1,854,512)**	**438,679**

(c) Unrecognized deferred tax assets

Deferred tax assets have not been recognized regarding the following items:

Tax effect	31.12.2009 '000 KZT	31.12.2008 '000 KZT	31.12.2007 '000 KZT	01.01.2007 '000 KZT
Deductible temporary differences	-	71,986	-	-
Tax losses carried forward	1,397,640	590,175	152,788	45,560
	1,397,640	**662,161**	**152,788**	**45,560**

The unrecognized tax losses arising from subsidiaries that are loss making where it is not probable that future profits will be sufficient to utilize these tax losses. they expire as follows:

	'000 KZT
2010-2012	-
2013-2016	590,175
2017-2019	807,465
	1,397,640

30 Term deposits

	Currency	31.12.2009 '000 KZT	31.12.2008 '000 KZT	31.12.2007 '000 KZT	01.01.2007 '000 KZT
Non-current					
JSC Kazinvestbank	Tenge	-	473,246	272,892	-
JSC Alliance Bank	Tenge	110	204,312	32,795	224,118
JSC Alliance Bank	USD	148	12,802	-	-
JSC Bank CenterCredit	USD	766,942	-	-	-
JSC BTA Bank	Tenge	96,675	184,752	80,840	402
JSC Halyk Bank of Kazakhstan	USD	807	-	-	-
JSC Halyk Bank of Kazakhstan	Tenge	-	-	-	12
JSC DB RBS Kazakhstan	Tenge	3,383	-	-	-
JSC Eurasian Bank	Tenge	172,089	-	-	-
JSC Bank Caspian	Tenge	-	-	-	200,000
		1,040,154	**875,112**	**386,527**	**424,532**

In accordance with the terms of the subsurface use agreements the Group invests cash in long-term bank deposits to finance future site restoration activities. As at 31 December 2009 transfers to special deposit accounts amount to KZT 1,026,587 thousand (2008: KZT 650,013 thousand; 2007: 386,527 thousand, 2006: KZT 224,532 thousand).

Current	Currency	31.12.2009 '000 KZT	31.12.2008 '000 KZT	31.12.2007 '000 KZT	01.01.2007 '000 KZT
JSC Tsesna Bank	Tenge	-	15,000	-	-
JSC BTA Bank	Tenge	241	201	2,092,484	9,030
JSC BTA Bank	USD	-	-	-	1,005,500
JSC Kazkommertsbank	Tenge	-	-	1,000,000	1,000,000
JSC Citibank	Tenge	420	-	-	-
JSC DB Sberbank	Tenge	2,055,200	-	-	-
JSC Bank CenterCredit	USD	8,044,399	-	-	-
JSC Bank CenterCredit	Tenge	154,123	-	-	-
JSC Halyk Bank of Kazakhstan	USD	3,735,324	-	-	-
JSC Nurbank	USD	1,514,706	-	-	-
JSC ATF bank	USD	7,238,322	-	-	-
JSC Alliance Bank	Tenge	-	-	-	2,105,071
JSC Bank Caspian	Tenge	-	-	-	300,000
JSC ValyutTransitBank	Tenge	-	-	-	2
		22,742,735	**15,201**	**3,092,484**	**4,419,603**

Interest on deposits presented held as at December 31, 2009 vary from 0.01% to 13% per annum (2008: from 0.01% to 12.3%; 2007: from 1% to 11.7%; 2006: 0.01% to 11%).

Note 40 discloses information on the Group's exposure to interest rate risk and provides sensitivity analysis in respect of financial assets and liabilities.

31 Cash and cash equivalents

	31.12.2009 '000 KZT	31.12.2008 '000 KZT	31.12.2007 '000 KZT	01.01.2007 '000 KZT
Bank accounts	25,412,410	33,640,584	7,289,905	24,111,248
Demand deposits	4,608,518	435,856	2,954,171	2,317,565
Petty cash	62,020	84,188	43,684	61,075
	30,082,948	**34,160,628**	**10,287,760**	**26,489,888**

32 Restricted cash

	31.12.2009 '000 KZT	31.12.2008 '000 KZT	31.12.2007 '000 KZT	01.01.2007 '000 KZT
Restricted cash	1,662,066	-	-	-

Following a governmental investigation into one of the Group's suppliers, the Company has acted as a depository at the Government of Kazakhstan's request for the cash balances of a supplier which have been arrested. This is reflected as restricted cash in the statement of financial position and not reflected in the Group's cash flows as it is not part of the Group's operations.

Note 40 discloses information on the Group's exposure to interest rate risk and sensitivity analysis of financial assets and liabilities.

33 Equity

(a) Share capital

Number of authorized and issued shares unless otherwise stated	Common Shares 2009	Common Shares 2008	Common Shares 2007
Par value	1,000 tenge	1,000 tenge	1,000 tenge
Beginning of the year	36,692,361	36,692,361	7,980,715
Issued for cash	-	-	28,686,193
Issued in exchange for property, plant and equipment	-	-	25,453
End of the year, fully paid	**36,692,361**	**36,692,361**	**36,692,361**

All shares of the Company are owned by the National Welfare Fund Samruk-Kazyna which ultimately decides on dividend distribution.

(b) Dividends

In accordance with the legislation of the Republic of Kazakhstan, the amount of distributable reserves is limited to the amount of cumulative retained earnings as reflected in the Company's IFRS consolidated financial statements. At 31 December 2009 the Company had cumulative retained earnings, including the profit for the current year, of KZT 194,418,746 thousand (2008: KZT 153,742,508 thousand; 2007: KZT 143,663,119 thousand; 2006: KZT 108,438,090 thousand).

(c) Additional paid-in capital

Additional paid-in capital comprises amounts of discount of zero or low interest loans due provided to our associates by other owners and the Group's share of changes in equity, other than profits or losses of associates and gain received on disposal of subsidiary in excess of its nominal value

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33 Equity, continued

(d) Translation reserve

Exchange differences relating to the translation of the net assets of the Group's foreign operations, which relate to subsidiaries only, from their functional currency into the parent's functional currency, are recognised directly in the translation reserve. Also translation reserve includes effect of translated of Company books into the presentation currency before change in functional currency (Not 2 (d)).

34 Loans and borrowings

	31.12.2009 '000 KZT	31.12.2008 '000 KZT	31.12.2007 '000 KZT	01.01.2007 '000 KZT
Non current liabilities				
Secured bank loans	30,555,118	31,687,007	16,829,479	12,027,747
Secured non bank loans	4,313,036	3,847,078	3,298,276	394,199
Finance lease obligations	85,912	137,196	137,285	6,609
Note payable	20,250	-	-	-
Unsecured bonds	-	-	-	2,000,000
	34,974,316	**35,671,281**	**20,265,040**	**14,428,555**
Current liabilities				
Secured bank loans	25,465,276	31,742,303	15,377,006	14,727,349
Secured non-bank loans	476,623	964,687	3,161	401
Finance lease obligations	65,576	101,537	120,474	4,928
Unsecured bonds	-	-	2,000,000	-
Unsecured bonds issued by Company	-	-	-	1,418,553
	26,007,475	**32,808,527**	**17,500,641**	**16,151,231**

Finance lease obligations are subject to payment in the following order:

	31.12.2009			**31.12.2008**		
'000 KZT	**Minimum lease payments**	**Less future finance charges**	**Present value of minimum lease payments**	**Minimum lease payments**	**Less future finance charges**	**Present value of minimum lease payments**
Not later than one year	76,687	(11,111)	65,576	127,262	(25,725)	101,537
Later than one year and not later than five year	92,243	(6,331)	85,912	162,010	(24,814)	137,196
	168,930	**(17,442)**	**151,488**	**289,272**	**(50,539)**	**238,733**

34 Loans and borrowings, continued

	31.12.2007			01.01.2007		
'000 KZT	**Minimum lease payments**	**Less future finance charges**	**Present value of minimum lease payments**	**Minimum lease payments**	**Less future finance charges**	**Present value of minimum lease payments**
Not later than one year	129,389	(8,915)	120,474	6,728	(1,800)	4,928
Later than one year and not later than five year	139,602	(2,317)	137,285	7,379	(770)	6,609
	268,991	**(11,232)**	**257,759**	**14,107**	**(2,570)**	**11,537**

The Group enters into finance leasing arrangements for drilling equipment. The average term of finance leases entered into is 5 years.

Unsecured bonds

As at 31 December 2007 and 2006 the number of bonds issued was as follows:

	2007		2006	
	Number of bonds issued	Par value	Number of bonds issued	Par value
Company	-	-	1,690,000	KZT 100
JSC UMZ	2,000,000	KZT 1,000	2,000,000	KZT 1,000

The bonds issued by JSC "UMZ", a subsidiary entity, matured in December 2008.

In 2006 KZT 271,447 thousand of the Company's bonds were redeemed, with the remainder redeemed in 2007.

34 Loans and borrowings, continued

'000 KZT	Currency	Nominal Interest Rate	Year of maturity	31.12.2009	31.12.2008	31.12.2007	01.01.2007
Secured Bank Loans							
Syndicated bank loan Citibank International Plc, London as an agent	USD	3 m LIBOR+ 1.75%	2010	19,143,718	36,464,759	-	-
Mizuho Corporate Bank Ltd.	USD	3 m LIBOR+1.7%	2015	6,398,718	6,115,057	7,349,393	7,625,277
Japan Bank of International Cooperation	USD	LIBOR + 0.275%	2014	6,210,669	5,056,295	4,478,522	656,531
ING bank Japan	Euro	3 m LIBOR + 2.25%	2012	6,023,756	-	-	-
Industrial and Commercial Bank of China	USD	6 m LIBOR + 2%	2013	4,451,100	-	-	-
ABN AMRO Bank Kazakhstan JSC	USD	LIBOR + 2.5%	2009	-	2,417,395	-	-
Natixis Bank	USD	1 m LIBOR +2.15%	2010	557,050	2,267,805	3,612,479	-
Citibank, Tokyo	USD	LIBOR + 0.35%	2013	2,512,735	1,988,605	1,747,663	131,409
Halyk Bank of Kazakhstan JSC	Tenge	14%	2009	-	2,064,028	1,602,625	1,523,800
ABN AMRO Bank N.V.	USD	6.67%	2013	5,962,163	1,818,263	-	-
Citibank Kazakhstan JSC	USD	LIBOR + 6%	2010	1,566,682	1,613,487	-	-
ABN AMRO Bank N.V.	USD	LIBOR + 1.65%	2013	1,462,557	1,532,716	1,886,205	261
Alfa-bank JSC	Tenge	16%	2011	528,763	1,202,560	1,036,629	-
Alfa-bank JSC	Tenge	14%	2010	164,270	-	-	-
BTA Bank JSC	Tenge	16%	2010	25,011	308,964	229,664	486,131
Amsterdam Trade Bank N.V.	USD	9%	2009	-	266,792	797,261	-
BTA Bank JSC	Tenge	13%	2013	948,525	134,600	-	-
Citibank Kazakhstan JSC	USD	LIBOR + 2.5%	2009	-	102,655	-	200,000
Citibank Kazakhstan JSC	Tenge	LIBOR + 2.5%	2009	-	55,329	-	-
Citibank Kazakhstan JSC	Tenge	17.5%	2010	64,677	20,000	20,000	15,000
Citibank Kazakhstan JSC	USD	LIBOR + 2.5%	2008	-	-	1,059,303	-
Halyk Bank of Kazakhstan JSC	Tenge	13%	2008	-	-	2,012,278	-
ABN AMRO Bank Kazakhstan JSC	USD	1 m LIBOR +1.65%	2008	-	-	2,409,046	-
Natixis Bank	USD	1 m LIBOR +1.95%	2008	-	-	3,009,774	9,531,817
Citibank Kazakhstan JSC	USD	LIBOR + 2.5%	2008	-	-	955,643	3,259,000
BTA Bank JSC	Tenge	7,65%	2007	-	-	-	1,101,205
BTA Bank JSC	Tenge	11%	2007	-	-	-	480,000
Halyk Bank of Kazakhstan JSC	Tenge	11,25%	2007	-	-	-	540,000
Bank Caspian JSC	Tenge	2,5%	2007	-	-	-	59,284
BTA Bank JSC	Tenge	9%	2007	-	-	-	1,145,381
				56,020,394	**63,429,310**	**32,206,485**	**26,755,096**

34 Loans and borrowings, continued

'000 KZT	Currency	Nominal Interest Rate	Year of maturity	31.12.2009	31.12.2008	31.12.2007	01.01.2007
Secured non bank loans							
Sumitomo Corporation	USD	3-m. LIBOR + 0.35%	2013	3,298,415	2,636,506	2,289,268	220,512
Kansai Electric Power Inc.	USD	3-m. LIBOR + 0.35%	2013	1,316,809	1,051,171	911,739	83,820
Uranium One Inc.	USD	Interest free	2009	-	688,389	-	-
Baiken - U LLP	Tenge	Interest free	2009	-	275,000	-	-
Kozhema- Katco- Demeu	Tenge	Interest free	2024	174,435	159,989	99,720	90,268
Zhunusov	Tenge	Interest free	2009	-	710	710	-
				4,789,659	**4,811,765**	**3,301,437**	**394,600**
Finance lease obligations							
Centr Leasing JSC	Tenge	12%	2012	54,072	73,293	33,210	-
JV Betpak Dala LLP	Tenge	14%	2013	42,103	50,243	-	-
TAISC, Inc. DBA GlobaLease Solutions, Inc.	USD	6%	2009	-	44,116	128,029	-
Virazh Leasing LLP	Tenge	19.24%	2011	25,641	41,724	16,630	11,537
Temirleasing LLP	Tenge	21%	2011	11,462	16,656	-	-
Alliance Bank JSC	USD	10%	2011	9,307	12,701	79,890	-
JV Akbastau LLP	Tenge	5%	2013	8,903	-	-	-
				151,488	**238,733**	**257,759**	**11,537**
Unsecured bonds issues							
Unsecured bonds	Tenge	8.25%	2008	-	-	2,000,000	3,418,553
				-	**-**	**2,000,000**	**3,418,553**
Note payable	Tenge		2011	**20,250**	**-**	**-**	-
				60,981,791	**68,479,808**	**37,765,681**	**30,579,786**

34 Loans and borrowings, continued

Loan covenants

The Group's various loan agreements include covenants with banks, pursuant to which the Group must comply in all respects with laws to which it is subjected, must not create or permit any security over any of its assets or dispose assets and must obtain the lenders' approval on acquisitions, mergers and disposals if any. It must also solely sell uranium to customers with non-military purposes residing solely in countries which have signed the Nuclear Non-Proliferation Treaty, and are members of International Atomic Energy Agency.

Additionally, the Group must maintain certain key financial indicators, based on the Group's consolidated financial information, such as debt to equity, debt to earnings before interest, taxes, depreciation and amortization, earnings before interest and taxes to net interest expense and cash on saving's account to debt costs ratios at specified levels.

The management of the Group believes that it was in compliance with the covenants as at 31 December 2009, 2008 and 2007.

Collateral

Bank loans are secured by the following assets:

- Contracts on delivery of goods (uranium concentrate);
- Real estate property with carrying value of KZT 3,932,999 thousand (2008: KZT 5,442,593 thousand; 2007: KZT 3,308,818 thousand, 2006: KZT 1,867,177 thousand) (Note 18);
- Inventory in the amount of KZT 1,159,572 thousand (2008: KZT 1,159,572 thousand; 2007: KZT 1,159,572 thousand; 2006: KZT 1,159,572 thousand) (Note 28).

More information on interest rate and currency risk is presented in Note 40.

35 Provisions

'000 KZT	Provision for historical costs	Financing of social sphere	Education of employees	Provision for compensation for occupational diseases	Provision for environmental protection	Provision for reclamation of mine-sites	Other	Total
Balance at 1 January 2007	**401,572**	**1,365,668**	**295,867**	**361,376**	**855,327**	**1,552,483**	**4,578**	**4,836,871**
Allocated as:								
Non-current	381,813	1,212,633	269,996	302,409	855,327	1,537,926	4,578	4,564,682
Current	19,759	153,035	25,871	58,967	-	14,557	-	272,189
Total	**401,572**	**1,365,668**	**295,867**	**361,376**	**855,327**	**1,552,483**	**4,578**	**4,836,871**
Provision created within year	-	-	-	13,054	(779,379)	43,393	534	(722,398)
Unwinding of discount	38,832	131,197	24,843	21,301	11,772	155,974	-	383,919
Provision used within year	(17,644)	(147,002)	(18,061)	(56,696)	(27,254)	(52,660)	-	(319,317)
Disposal of subsidiaries (Note 6)	(2,908)	(72,794)	(71,310)	-	-	(68,055)	-	(215,067)
Foreign exchange	(21,599)	(66,272)	(11,682)	-	-	(5,896)	-	(105,449)
Balance at 31 December 2007	**398,253**	**1,210,797**	**219,657**	**339,035**	**60,466**	**1,625,239**	**5,112**	**3,858,559**
Allocated as:								
Non-current	378,529	1,062,828	207,393	281,421	60,466	1,625,239	5,112	3,620,988
Current	19,724	147,969	12,264	57,614				237,571
Total	**398,253**	**1,210,797**	**219,657**	**339,035**	**60,466**	**1,625,239**	**5,112**	**3,858,559**
Provision created within year	586,616	200,293	12,994	45,427	-	88,308	656	934,294
Unwinding of discount	44,577	178,455	22,279	106,566	25,039	168,195	-	545,111
Provision used within year	(23,781)	(170,436)	(20,586)	(55,610)	(12,208)	(159,728)	-	(442,349)
Foreign exchange	2,253	(9,407)	1,142	-	-	(1,776)	-	(7,788)
Balance at 31 December 2008	**1,007,918**	**1,409,702**	**235,486**	**435,418**	**73,297**	**1,720,238**	**5,768**	**4,887,827**
Allocated as:								
Non-current	824,785	1,224,924	212,767	376,032	73,297	1,720,238	5,768	4,437,811
Current	183,133	184,778	22,719	59,386	-	-	-	450,016
Total	**1,007,918**	**1,409,702**	**235,486**	**435,418**	**73,297**	**1,720,238**	**5,768**	**4,887,827**
Provision created within year	55,232	-	-	45,011	-	1,423,830	9,118	1,533,191
Change in the accounting estimate	-	(1,409,702)	(235,486)	-	-	-	-	(1,645,188)
Unwinding of discount	108,335	-	-	14,833	16,166	190,231	653	330,218
Provision used within year	(158,630)	-	-	(58,588)	-	(148,759)	-	(365,977)
Foreign exchange	213,390	-	-	-	-	-	-	213,390
Balance at 31 December 2009	**1,226,245**	**-**	**-**	**436,674**	**89,463**	**3,185,540**	**15,539**	**4,953,461**
Allocated as:								
Non-current	1,001,274	-	-	375,739	89,463	3,185,540	15,539	4,667,555
Current	224,971	-	-	60,935	-	-	-	285,906
Total	**1,226,245**	**-**	**-**	**436,674**	**89,463**	**3,185,540**	**15,539**	**4,953,461**

35 Provisions, continued

(a) Provision for historical costs

Subsoil use agreements for uranium fields held by the Group require it to reimburse the Government of the Republic of Kazakhstan (the "Government") for historical geological exploration and evaluation costs incurred. The amount of such liabilities at 31 December 2009 was KZT 1,804,773 thousand tenge (2008: 1,465,217 thousand tenge and 2007: KZT 1,497,179 thousand; 2006: KZT 1,615,567 thousand).

Following changes to tax legislation effective from 1 January 2009, the method of the reimbursement of historical costs changed and they are now payable via quarterly payments over a 10 year period, beginning from the date of commercial extraction of uranium. The liability represents the discounted cash flow of estimated future payments. The discount rate applied is 8.4% (2008: 8.4% and 2007: 10%-15.5%; 2006: 10%-11%). This is a risk free nominal rate and the future cash outflows reflect risk specific to the liability.

(b) Financing of the social sphere and education of employees

Subsoil use agreements for uranium mines held by the Group require it to make contributions to social development and education programs. Through 31 December 2008 the Group recorded a provision for the discounted present value of amounts set forth in the subsoil use agreements and a corresponding asset within mineral rights, which was amortized over the term of the subsoil use agreements. In 2009, it became apparent that amounts demanded by local authorities for these social development programs were significantly in excess of the amount prescribed in the subsoil use agreement. Furthermore, it is anticipated that the amount for each subsequent year will need to be agreed annually with the relevant authority. Accordingly, the Group can no longer make a reliable estimate of the cumulative future amounts due under each subsoil agreement. Therefore, it has reversed the accumulated provision as at 1 January 2009 and reversed the asset included in mineral rights. Commencing 1 January 2009 the costs of social development and education programs are expensed as incurred.

(c) Provision for compensation for occupational diseases

In accordance with Articles 939, 943 and 944 of the Civil Code of the Republic of Kazakhstan, the Group is required to pay compensation for occupational diseases and disability arising during the period of employment, or during retirement as a result of disease or disability occurring due to former work conditions.

In determining the amount of the provision, the Group's management based their estimates on the number of persons currently entitled to the compensation, the estimated duration of payments and the average annual payments to various categories of employees based on their relative salaries extrapolated for the estimated future rates of disease and disability during the expected lifetime of current and former employees. At 31 December 2009 the undiscounted amount of the estimate is KZT 598,467 thousand (2008: KZT 553,456 thousand; 2007: KZT 565,411 thousand; 2006: KZT 607,700 thousand).

This estimate has been recognized at a discounted value using a discount rate of 8.4% (2008: 8.4%; 2007: 15%; 2006: 14.3%), which reflects the time value of money and risks specific to the liability.

(d) Provision for environmental protection

The Group, pursuant to the legislation of the Republic of Kazakhstan on environmental protection, is required to dispose of radioactive waste and to decommission and dispose of polluted property, plant and equipment. At 31 December 2009 the undiscounted amount of the estimate of such costs is KZT 1,526,210 thousand (2008: KZT 1,526,210 thousand; 2007: KZT 1,538,419 thousand; 2006: KZT 1,552,483 thousand). The substantial part of environmental protection expenses pertains to years 2068-2072

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35 Provisions, continued

(d) Provision for environmental protection, continued

This estimate has been recognized at a discounted value using a discount rate of 8.4% (2008: 8.4%; 2007: 15.5%; 2006:14.3%). This is a risk free nominal rate and the future cash outflows reflect risk specific to the liability.

When determining the amount of the environmental provision, the Group's management used assumptions and assessments based on the experience of decommissioning and clean up work of a similar nature carried out in 2000-2007. The estimated assumptions and assessments have been provided by both in-house engineers and professional advisors based on their best interpretation of the current environmental legislation.

(e) Provision for reclamation of mine sites

Management estimates site restoration costs for each mine operated by the Group. The estimated cost of reclamation activities is KZT 6,750,136 thousand and the present value of the costs has been estimated using a discount rate of 8.4 % (2008: 8.4%; 2007: 10%-15.5%; 2006: 10%-11%). These rates reflect the risks specific to the liability.

In view of the long-term nature of reclamation liabilities, there is uncertainty concerning the actual amount of expenses that will be incurred in performing site restoration activities for each field.

Management's estimates of the costs of closure, reclamation and decommissioning are based on reclamation standards that meet existing regulatory requirements, while environmental legislation in Kazakhstan continues to evolve. The provision is the discounted value of estimated costs to close, reclaim and decommission the mine sites at the end of the mine life. Elements of uncertainty in estimating these amounts include potential changes in regulatory requirements and decommissioning and reclamation alternatives.

In accordance with the terms of the subsurface use agreements the Group invests cash in long-term bank deposits to finance future site restoration activities. As at 31 December 2009 transfers to special deposit accounts amount to KZT 1,026,587 thousand (2008: KZT 650,013 thousand; 2007: 386,527 thousand, 2006: KZT 224,532 thousand).

Assumptions and critical judgments

The following is a list of key assumptions which serve as the basis for the carrying value of provisions:

- The obligation for repayment of historical costs is set out by Kazakhstan legislation and, therefore, is accounted for as provision rather than a financial liability;
- There is a high probability that the Group will proceed to development and production stages for its fields which are currently under exploration. The Group has publicly announced its plans for increase in uranium mines as part of its long-term business plan. The business plan has been approved by the Government. These facts set out a constructive obligation for the Group to recognize the site restoration provision under all mining and exploration licenses;
- The expected term for future cash outflows for the mine sites is based on the life of the mines. A substantial part of expenditures is expected to occur in 2011 - 2056, at the end of life of the mine;
- Inflation rate - 7% per annum;

36 Trade payables

	31.12.2009 '000 KZT	31.12.2008 '000 KZT	31.12.2007 '000 KZT	01.01.2007 '000 KZT
Non-current				
Trade accounts payable	**255,706**	**208,153**	**207,343**	**218,891**
Current				
Trade accounts payable	8,519,784	4,705,609	4,090,030	2,076,288
Accounts payable to related parties (Note 42)	7,934,809	1,746,721	5,664,825	9,135,619
	16,454,593	**6,452,330**	**9,754,855**	**11,211,907**
	16,710,299	**6,660,483**	**9,962,198**	**11,430,798**

Trade payables principally comprise amounts outstanding for trade purchases for inventories and services and ongoing costs. The average credit period taken for trade purchases is 60 days.
The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 40.

37 Advances received and other payables

	31.12.2009 '000 KZT	31.12.2008 '000 KZT	31.12.2007 '000 KZT	01.01.2007 '000 KZT
Non-current				
Other accounts payable	**24,419**	**46,655**	**24,158**	**17,121**
Current				
Advances received	3,551,056	20,267,881	1,129,854	1,215,396
Salaries payable	1,576,743	1,632,356	1,359,115	901,361
Taxes payable other than on income	4,486,235	879,903	871,706	20,311,087
Social contributions payable	364,004	297,364	285,059	186,825
Dividends payable	57,155	56,545	446,854	55,761
Interest payable	52,203	38,021	13,711	114,913
Bill of credit payables	-	28,700	565,240	472,000
Deferred income	4,168,723	-	-	2,992
Other current liabilities	1,662,066	-	-	-
Other accounts payable	374,776	220,793	176,371	201,550
	16,292,961	**23,421,563**	**4,847,910**	**23,461,885**
	16,317,380	**23,468,218**	**4,872,068**	**23,479,006**

38 Preference shares

Non-participating cumulative preference shares are shares of JSC Ulba Metallurgical Plant (264,827 shares) and JSC Volkovgeology (75,857 shares), which have par value of 1,000 and 170 tenge per share, respectively.

The holders of JSC Ulba Metallurgical Plant are entitled to receive an annual dividend of KZT 52,965 thousand (20% of par value) and the holders of JSC Volkovgeology are entitled to receive an annual dividend of KZT 644 thousand (5% of par value) before dividends are declared to the ordinary shareholders. This dividend is based on statutory requirements. Non-participating preference shares have no rights to share in any surplus assets and no voting rights. These preference shares are classified as liabilities because they contain a mandatory dividend payment
.

39 Accrued liabilities

	31.12.2009 '000 KZT	31.12.2008 '000 KZT	31.12.2007 '000 KZT	01.01.2007 '000 KZT
Bonus accruals	171,402	2,473,993	1,827,937	623,384
Accrual for change in tariffs	2,292,782	2,292,782	-	
Vacation pay accrual	1,021,062	925,490	715,573	502,370
CIT penalties	-	-	-	8,015,712
Services accrual	125,578	175,541	121,388	251,789
Other	10,462	5,239	2,170	13,787
	3,621,286	**5,873,045**	**2,667,068**	**9,407,042**

The Agency for Regulation of Natural Monopolies (the "Agency") provides the utility tariffs to the Group. In 2008 the Group supplied electricity at the tariffs rate supplied by the Agency which was increased in 2008. The Group appealed the rate increase to the court and a ruling was issued in favor of the Group.

The Agency appealed the case and the Mangistau Oblast Court confirmed that electricity tariff increase was illegal. This court decision was confirmed by the Supreme Court. As a result, the Group must return a certain part of its revenue from electricity sales received in 2008.

The provision of KZT 2,292,782 thousand was calculated as the difference between the tariff approved in 2007 and the actual tariff applied by the Group in 2008.

40 Financial risk management

(a) Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established a Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

40 Financial risk management, continued

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, cash and cash equivalents, term deposits and investment securities.

The credit risk on cash and cash equivalents and term deposits is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

(i) Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. Approximately 35% of the Group's revenue is attributable to sales transactions with three main customers. The Group defines counterparties as having similar characteristics if they are related entities.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

Most of the Group's customers have been transacting with the Group for over ten years.

The Group does not require collateral in respect of trade and other receivables.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

		Carrying amount	
'000 KZT	**31.12.2009**	**31.12.2008**	**31.12.2007**
Available-for-sale investments	66,045,671	66,045,647	65,313,083
Other investments	-	20,433,413	1,942,559
Loans to employees	491,027	559,965	462,475
Other loans receivable	-	2,220,000	-
Receivables from subsoil users	397,085	673,371	492,540
Trade receivables	32,225,631	25,580,012	25,337,692
Term deposits	23,782,889	890,313	3,479,011
Cash and cash equivalents	30,082,948	34,160,628	10,287,760
	153,025,251	**150,563,349**	**107,315,120**

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

		Carrying amount	
'000 KZT	**31.12.2009**	**31.12.2008**	**31.12.2007**
Domestic	6,515,718	4,998,772	5,929,038
China	23,616,662	11,810,447	11,864,364
Japan	1,346,515	5,642,978	-
USA	266,165	2,823,268	4,441,936
European countries	69,640	57,924	2,643,232
Other regions	410,931	246,623	459,122
	32,225,631	**25,580,012**	**25,337,692**

40 Financial risk management, continued

(b) Credit risk, continued

Balance due from shared to the most significant client of the Group China Nuclear Corporation was KZT 11,346,709 thousand as at 31 December 2009 (2008: KZT 11,810,447 thousand; 2007: KZT 11,796,498 thousand).

The maximum exposure to credit risk for financial guarantees given to secure financing of certain related parties at the reporting date is KZT 57,168,822 thousand (2008: KZT 37,740,625 thousand; 2007: KZT 37,593,750 thousand).

Provision for doubtful debts

The average credit period taken on sales of goods is 30 days. No interest is charged on the receivables for the first 30 days from the date of the invoice. Thereafter, interest is charged at the refinancing rate set out by the National Bank of the Republic of Kazakhstan (31 December 2009: 8%) on the outstanding balance. Allowances against doubtful debts are recognized against trade receivables between 30 days and 120 days and over 120 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

As at reporting date, the ageing of the trade receivables was as follows:

'000 KZT	Gross 31.12.2009	Provision for doubtful debts 31.12.2009	Gross 31.12.2008	Provision for doubtful debts 31.12.2008	Gross 31.12.2007	Provision for doubtful debts 31.12.2007
Not past due	31,028,522	-	23,423,344	-	23,380,952	-
Past due 0-30 days	226,788	-	1,870,207	-	1,663,982	-
Past due 31-120 days	737,643	-	279,661	114,419	421,738	129,416
Past due more than 120 days	782,322	549,644	496,302	375,083	285,136	284,700
	32,775,275	**549,644**	**26,069,514**	**489,502**	**25,751,808**	**414,116**

40 Financial risk management, continued

(b) Credit risk, continued

During the reporting period, the movement on the provision for doubtful debts of trade receivables was as follows:

	31.12.2009 '000 KZT	31.12.2008 '000 KZT	31.12.2007 '000 KZT
Balance at 1 January	489,502	414,116	619,170
Increase in provision for doubtful debts	145,574	191,067	108,799
Amounts written off during the year	(85,432)	(115,681)	(313,853)
Balance at 31 December	**549,644**	**489,502**	**414,116**

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expense of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The Group’s undrawn borrowing facilities form part of managing the liquidity risk and are presented below:

	31.12.2009 '000 KZT	31.12.2008 '000 KZT	31.12.2007 '000 KZT
- amount used	5,855,312	4,475,896	3,457,090
- amount unused	79,088	354,904	1,354,910
	5,934,400	**4,830,800**	**4,812,000**

40 Financial risk management, continued

(c) Liquidity risk

The following are the contractual maturities of financial liabilities:

31.12.2009

'000 KZT	Carrying amount	Contractual cash flows	0-6 mths	6-12 mths	from 1 to 2 years	from 2 to 3 years	from 3 to 4 years	from 4 to 5 years	More 5 years
Non derivative financial liabilities									
Secured bank loans	56,020,394	59,602,653	16,881,648	9,727,544	6,267,936	13,212,262	5,254,063	3,844,905	4,414,295
Preference shares	264,827	264,827	-	-	52,965	52,965	52,965	52,965	52,967
Finance lease liabilities	151,488	151,488	18,202	47,374	85,912	-	-	-	-
Secured non bank loans	4,789,659	5,497,758	14,347	490,731	978,600	2,497,306	876,075	-	640,700
Other financial liabilities	38,592,034	120,257,353	-	82,043	2,200,476	4,296,654	5,028,811	10,096,937	98,552,432
Trade payables	16,454,593	16,454,593	6,979,692	9,474,901	-	-	-	-	-
		202,228,672	**23,893,889**	**19,822,593**	**9,585,889**	**20,059,187**	**11,211,914**	**13,994,807**	**103,660,394**

31.12.2008

'000 KZT	Carrying amount	Contractual cash flows	0-6 mths	6-12 mths	from 1 to 2 years	from 2 to 3 years	from 3 to 4 years	from 4 to 5 years	More 5 years
Non derivative financial liabilities									
Secured bank loans	63,429,310	65,970,131	16,676,471	14,921,413	19,616,078	2,642,159	3,171,763	4,328,500	4,613,747
Preference shares	264,827	264,827	-	-	52,965	52,965	52,965	52,965	52,967
Finance lease liabilities	238,733	238,733	72,741	28,796	60,146	48,490	23,531	5,029	-
Secured non bank loans	4,811,765	5,952,224	1,027,068	64,389	515,150	890,243	2,814,674	-	640,700
Other financial liabilities	28,273,845	97,893,505	-	-	66,786	1,791,261	3,497,620	4,093,620	88,444,219
Trade payables	6,452,330	6,452,330	3,183,093	3,262,070	7,167	-	-	-	-
		176,771,750	**20,959,373**	**18,276,668**	**20,318,292**	**5,425,118**	**9,560,553**	**8,480,114**	**93,751,633**

40 Financial risk management, continued

(c) Liquidity risk, continued

31.12.2007

'000 KZT	**Carrying amount**	**Contractual cash flows**	**0-6 mths**	**6-12 mths**	**from 1 to 2 years**	**from 2 to 3 years**	**from 3 to 4 years**	**from 4 to 5 years**	**More 5 years**
Non derivative financial liabilities									
Secured bank loans	32,206,485	37,500,672	12,265,713	4,548,475	4,768,417	2,762,305	2,301,528	2,200,687	8,653,547
Preference shares	271,275	271,275	-	-	59,413	52,965	52,965	52,965	52,967
Finance lease liabilities	257,759	257,759	59,996	60,478	74,788	62,497	-	-	-
Unsecured fixed coupon bonds	2,000,000	2,165,000	82,500	2,082,500	-	-	-	-	-
Secured non bank loans	3,301,437	4,831,803	86,078	85,368	170,735	557,018	923,837	884,910	2,123,858
Trade payables	9,754,855	9,754,855	9,754,855	-	-	-	-	-	-
		54,781,3635	**22,249,142**	**6,776,821**	**5,073,353**	**3,434,785**	**3,278,330**	**3,138,562**	**10,830,372**

40 Financial risk management, continued

(d) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will have a negative impact on the Group's income or the value of its financial instrument holdings. The objective of market risk management is to monitor and control market risk exposures within acceptable limits, while optimizing the return on investments.

The Group occasionally utilizes derivatives in order to manage market risks. Derivatives are not entered into for speculative purposes. Usually, the Group does not apply hedge accounting in order to manage volatility in the profit or loss.

(i) Currency Risk

The Company is exposed to currency risk on sales, purchases and borrowings denominated in currencies other than the Company's functional currency, primarily, in US dollars ("USD"). The Group's functional currency was changed from USD to Kazakhstan Tenge in 2008.

Borrowings are denominated in currencies that match the cash flows generated by operating entities in the Group. Therefore, in most cases, economic hedging is achieved without derivatives.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

(ii) Price risk on uranium products

The Group is exposed to the effect of fluctuations in the price of uranium, which is quoted in USD on international markets. The Group prepares an annual budget based on future uranium price forecasts.

Uranium prices historically fluctuate and are affected by numerous factors outside of the Group's control, including, but not limited to, demand from utilities, depleting levels of secondary sources such as recycling and blended down highly enriched stocks available to close the gap of the excess demand over supply, regulations by International Atomic Energy Agency and other factors related specifically to uranium.

At the balance sheet date there was no significant impact of commodity price risk on the Group's financial assets and liabilities

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40 Financial risk management, continued

Currency risk exposure

Exposure of the Group to currency risk was as follows:

	31.12.2009 USD-denominated	31.12.2008 USD-denominated	31.12.2007 KZT-denominated
Trade receivables	26,505,897	20,751,467	5,892,976
Other investments	-	18,816,010	-
Term deposits	20,813,711	-	-
Cash and cash equivalents	16,984,091	26,214,206	6,892,547
Total assets	**64,303,699**	**65,781,683**	**12,785,523**
Loans and borrowings	(52,880,615)	(64,068,004)	(5,001,626)
Other financial liabilities	(38,592,034)	(28,273,845)	-
Trade payables	(478,033)	(796,873)	(9,004,984)
Total liabilities	**(91,950,682)**	**(93,138,722)**	**(14,006,610)**
Net exposure	**(27,646,983)**	**(27,357,039)**	**(1,221,087)**

The following significant exchange rates applied during the year:

In KZT	**Average rate**			**Reporting date spot rate**		
	2009	**2008**	**2007**	**31.12.2009**	**31.12.2008**	**31.12.200**
USD 1	147.50	120.30	122.55	148.36	120.77	120.

Sensitivity analysis

A 10% weakening and 15% strengthening of the KZT against USD as at 31 December 2009 and 2008 and USD against KZT as at 31 December 2007 would increase (decrease) equity and profit/loss by the amounts shown below. This analysis is based on the assumption that any other variables (e.g., interest rates) remain constant. 2008 indices were reviewed on the same basis:

2009	**Profit or loss '000 KZT**
USD	
+10%	(2,764,698)
-15%	4,147,047
2008	
USD	
+10%	(2,735,704)
-15%	4,103,556
2007	
KZT	
+10%	122,109
-15%	(183,163)

40 Financial risk management, continued

(ii) Interest rate risk

Changes in interest rates impact primarily loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). Management adopts a risk management policy of ensuring that between 20% and 40% of its borrowings are on a fixed rate basis primarily by entering into interest rate swaps. The Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Fair value of the swap is not material for consolidated financial statements presentation as at 31 December 2009.

At the time of raising new loans or borrowings management uses its judgment to decide whether it believes that a fixed or variable rate would be more favorable to the Group over the expected period until maturity.

Profile

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	Nominal amount		
'000 KZT	**31.12.2009**	**31.12.2008**	**31.12.2007**
Fixed rate instruments			
Financial assets	28,391,407	23,979,582	8,375,742
Financial liabilities	(7,844,897)	(6,053,940)	(7,956,216)
	20,546,510	**17,925,642**	**419,526**
Floating rate instruments			
Financial liabilities	**(53,643,846)**	**(61,681,866)**	**(29,709,035)**

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Fair value sensitivity analysis for floating rate instruments

An increase of 100 basis points and a decrease of 25 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant and that the amount of the liability outstanding at the balance sheet date was outstanding for the whole year The analysis is performed on the same basis for 2008 and 2007.

	Profit or loss	
'000 KZT	**100 bp increase**	**25 bp decrease**
2009		
Variable rate instruments	(536,438)	134,110
2008		
Variable rate instruments	(616,819)	154,205
2007		
Variable rate instruments	(297,090)	74,273

40 Financial risk management, continued

(e) Fair values versus carrying amounts

Except as detailed in the following table, the Group considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values due to their short term nature.

	31.12.2009		31.12.2008		31.12.2007	
'000 KZT	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial liabilities						
Secured bank loans	7,693,409	7,179,216	5,815,207	5,669,493	5,698,457	5,612,101
Secured non bank loans	174,435	113,962	1,124,088	1,035,687	100,430	74,143
Unsecured bonds	-	-	-	-	2,000,000	1,999,036
	7,867,844	7,293,178	6,939,295	6,705,180	7,798,887	7,685,280

(f) Fair value of financial instruments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	31.12.2009			31.12.2008			31.12.2007		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Other financial liabilities	–	–	38,592,034	–	–	28,273,845	–	–	–

Reconciliation of the beginning balance and ending balance based on the Level 3 hierarchy of the fair value as at 31 December 2009 is presented as follows:

	31.12.2009 '000 KZT	**31.12.2008 '000 KZT**	**31.12.2007 '000 KZT**
Beginning balance	28,273,845	–	–
Acquisition	–	28,273,845	–
Loss recognized in profit for the year	10,318,189	–	–
Ending Balance	38,592,034	28,273,845	–

The KZT 10,318,189 thousand change in carrying value was recorded to financial expense and foreign exchange. The value is calculated by discounting the redemption value of the shares based on the Group's borrowing rate and translating that from USD to the Company's functional currency. A reasonably possible change in the discount assumption is 1%. A 1% decrease would increase the carrying amount by KZT 3,339,142 thousand.

40 Financial risk management, continued

(g) Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The capital includes all capital and reserves of the Group. The Group monitors the following indicators:

- Financial stability, or measures of loan management, determining the degree of borrowing funds utilization;
- Profitability, determining cumulative effects of liquidity, asset and capital management as a result of business activities.

The Group has targets for gearing ratio of not greater than 1:1, Debt / EBITDA ratio of not greater than 4:1, and EBIT / Net interest expense ratio of not less than 7:1.

The ratios at the year end were as follows:

Gearing ratio

	31.12.2009 '000 KZT	31.12.2008 '000 KZT	31.12.2007 '000 KZT
Debt including:	99,573,825	96,753,653	37,765,681
Loans and borrowings	34,974,316	35,671,281	20,265,040
Other financial liabilities	38,592,034	28,273,845	-
Loans and borrowings	26,007,475	32,808,527	17,500,641
Equity	244,234,264	202,766,731	186,835,384
	0.41	0.48	0.20

Debt / EBITDA ratio

	31.12.2009 '000 KZT	31.12.2008 '000 KZT	31.12.2007 '000 KZT
Debt including:	99,573,825	96,753,653	37,765,681
Loans and borrowings	34,974,316	35,671,281	20,265,040
Other financial liabilities	38,592,034	28,273,845	-
Loans and borrowings	26,007,475	32,808,527	17,500,641
EBITDA	60,629,889	35,055,233	47,177,309
	1.64	2.76	0.80

EBIT / Net interest expense ratio

	31.12.2009 '000 KZT	31.12.2008 '000 KZT	31.12.2007 '000 KZT
EBIT	53,806,571	28,619,379	42,231,553
Net interest expense	4,723,041	2,068,164	(891,203)
	11.39	13.84	(47.39)

The Group calculates EBIT and EBITDA as follows:

Calculation of EBITDA	**31.12.2009**	**31.12.2008**	**31.12.2007**
Gross profit	65,797,279	44,409,837	56,544,528
Finance costs other than interest charges	(1,181,865)	(854,569)	(829,489)
Administrative expenses	(8,984,719)	(12,920,966)	(11,989,385)
Selling expenses	(1,824,124)	(2,014,923)	(1,494,101)
EBIT	**53,806,571**	**28,619,379**	**42,231,553**
Depreciation, depletion and amortization	6,823,318	6,435,854	4,945,756
EBITDA	**60,629,889**	**35,055,233**	**47,177,309**

The Group is not subject to any externally imposed capital requirements.

There were no changes in the Group's approach to capital management during the year.

41 Contingencies

(a) Insurance

The insurance industry in the Kazakhstan is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Group does not have full coverage for its plant facilities, business interruption, or third party liability in respect of property or environmental damage arising from accidents on Group property or relating to Group operations. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Group's operations and financial position.

(b) Taxation contingencies

(i) Taxation contingencies

The tax system of Kazakhstan is quite new and characterized by a large number of taxes (corporate income tax, value added tax, and personal income tax being material to the Company's operations) and frequent changes in legislation, official regulation and court rulings. Taxes are subject to review by a number of bodies which are entitled to charge fines, interest and penalties. Tax years remain open to reviews by tax authorities during 5 calendar years subsequent to year-end; however in certain circumstances the tax year can remain open longer. Various Kazakh legislative acts and normative are not always clearly set forth and their interpretation depends on the opinion of local tax inspectors and the Ministry of Finance of the Republic of Kazakhstan, for example, the definition of taxable turnover for VAT purposes, the deductibility of the certain expenses for CIT purposes, questions of application of the new tax code effective from 2009 , in the determination of the timing of revenue recognition, and other issues. The opinions of the local, regional, and republican tax officials often differ. The existing regime of charging penalties and fines in case of declared and discovered violations of laws, decrees and standards of Kazakhstan are very strict, especially now, tax authorities are very aggressive in inspection of subsurface users. The sanctions include confiscation of disputable amounts (for violation of rules of exchange operations), and penalties of 2.5–times the official refinancing rate set by the National Bank of the Republic of Kazakhstan for each day of the violation. The rate of the penalty comprises 50% of the additional charge of the tax. As a result, penalties and fines can result in amounts many times greater than the incorrectly calculated taxes.

41 Contingencies, continued

(b) Taxation contingencies, continued

Such conditions can create more serious tax, penalty, and interest risks in Kazakhstan than in other countries. Management believes that it has appropriately provided for all tax liabilities based on existing interpretations of applicable tax laws, regulations and court rulings. Nonetheless, the opinions of the respective authorities can differ, which can significantly impact the financial statements if the authorities manage to prove the legality of their own interpretations.

The local tax authority of Ust-Kamenogorsk assessed emissions tax based on hazardous waste emissions passports of the Group. The Group was sent a notification on 6 October 2008 by which obligated the Group to recalculate the payments for environment emissions for the first and second quarters of 2008, applying the revised rates adjusted for severity level of its emissions The Group took legal action and the court found that the local tax authorities action was illegitimate. According to article 388 of the Civil Code of Republic of Kazakhstan, local tax authorities of Ust-Kamenogorsk are eligible to appeal the consummated court acts in the Supreme Court of the Republic of Kazakhstan up to 17 July 2010. Management believes that if an appeal is heard in the Supreme Court, the risk of an adverse decision to the Group is remote.

(ii) New statutory tax law

A new tax law took effect in Kazakhstan starting from 1 January 2009, which, now serves as the source of tax legislation that governs the Group's contractual subsoil use operations. The following are some of the more substantial changes in the new law:

- The tax law introduces the concept of constructive dividends. In particular, amounts paid between affiliated entities for services in excess of market prices may be treated as constructive dividends;
- The tax statute of limitations period is five years except for some subsoil users the tax statute of limitations period is equal to the duration of their subsoil contract plus five years following the expiration of the subsoil use contract;
- Starting from 2010, the excess of an input VAT may be used to settle the taxpayer's liabilities for other taxes, fines and penalties. The remaining VAT input balance is then refunded;
- The corporate income tax rate is 20% in 2009 and will drop to 17.5% in 2013 and 15% in 2014;
- Income as the result of a revaluation of assets performed for book purposes is not regarded as taxable income;
- The gain on the sale of an enterprise is defined as the excess of the selling price over net book value of the enterprise's net assets (assets less the enterprise's debt);
- Interest paid on a loan from any lender unrelated to the borrower is deductible in full, regardless of the residency of the lender. Interest paid on loans from related lenders and lenders residing in tax havens are subject to limitation;
- Tax losses can be carried forward for 10 years;
- Gains on disposals of shares and ownership stakes in a Kazakh subsoil user or any entity deriving more than 50% of its value from the property of a Kazakh subsoil user are taxable at the source of payment, even if the buyer is not a registered taxpayer in Kazakhstan. The seller must inform the buyer of its tax basis to enable the buyer to determine the gain, or the gain is subject to income tax withholding by the buyer. If the buyer fails to withhold and remit the tax, the tax authorities can pursue the tax from the Kazakh entity whose stakes are being sold or the Kazakh subsoil user whose property produces the value of the stakes being sold. However, gains on sales of stock sold on a stock exchange are exempt from income tax in Kazakhstan;
- The tax law introduced a new tax on subsoil users: a mineral extraction tax. This tax applies to the value or volume of extracted minerals;
- The VAT rate drops to 12% and the social tax rate is a flat 11% for both Kazakh and foreign employees. Starting from 2009, property tax levies only on taxpayers' immovable property at the rate of 1.5%.

The Group has preliminarily evaluated the potential impact of the above changes to its financial performance and position including the impact on deferred tax assets and liabilities incorporating estimated tax rates from 20% to 17.5% and 15% depending on future periods when the respective temporary differences will be deductible or taxable.

41 Contingencies, continued

(b) Taxation contingencies, continued

(iii) Excess profit tax

The new tax law changed the methodology for calculating excess profit tax ("EPT"). Under the new rules, subsoil users must pay EPT on the net income they earned from contractual operations in a calendar year, if the ratio of total annual revenues to annual EPT expenditures in that particular year exceeds 1.25. For the EPT purposes, EPT expenditures include the following:

- Corporate income tax deductions claimed in a reporting year, net of any fixed asset depreciation and intangible asset amortization charges, as determined for corporate income tax purposes;
- Any capital expenditures that a subsoil user incurs in the reporting year for the purposes of its subsoil use operations;
- Any unused net operating losses that a subsoil user incurred in the course of its subsoil operations in prior years and that were carried forward to the reporting year.

The excess profit tax base is the portion of the net income, as this term is defined below, calculated for each subsoil contract, in excess of 25% of the amount of the corresponding EPT deductions. For the purposes of calculating EPT, the net income represents the difference between the taxable income and the amount of corporate income tax liability, where the taxable income is the gross annual revenues less the amount of abovementioned EPT expenditures. The applied EPT rates vary on the progressing scale from 10% to 60% depending on the ratio of total annual revenues to annual EPT deductions.

In an environment of lower commodity prices, management of the Group anticipates that an excess profit tax base of above 20% will not be reached for the foreseeable future.

(vi) Mineral extraction tax

Starting from 1 January 2009, the new Tax Code of the Republic of Kazakhstan introduces a tax on extraction of mineral products, a "mineral extraction tax" ("MET"). This new tax replaces previously existing royalty payments for subsoil use rights. Mineral extraction tax applies to all subsoil users that produce minerals, including uranium.

The tax base for mineral extraction tax is the value of mineral deposits extracted in the reporting period, which is a calendar quarter. In the complete absence of depleted deposits, the tax base for the calculation of the mineral extraction tax is determined based on actual production costs of mining and primary processing (enrichment), which was increased by 20%.

MET applies to uranium at the rate of 22% for 2009, 23% for 2010, and 24% for subsequent years.

Estimated MET payments for the Group are significantly higher than previous system of royalties and are expected to offset phased reductions in the rate of corporate income tax.

(c) Environmental obligations

In accordance with "the Implementing Agreement between the Department of Energy of the United States of America and the Ministry of Energy, Industry and Trade of the Republic of Kazakhstan " dated 19 December 1999, the governments of the United States of America and Kazakhstan have assumed responsibility for decommissioning reactor BN - 350 and for storing the reactor's nuclear fuel rods. Under the Agreement, the US Government has undertaken to obtain financing from international organizations including Technical Assistance for CIS countries (TACIS) of the European Union, Precioso (France), Canberra (Belgium), and ALSTOM (France), and domestic not-for-profit organizations, Scientific Production Centre BYaT and KATEP JSC. The estimated commitments for decommissioning and reclamation of the atomic reactor BN-350 in its entirety are KZT 35 billion. However, the Government of the Republic of Kazakhstan will not

41 Contingencies, continued

(c) Environmental obligations, continued

grant this amount; therefore, the issue on further financing of this program has no solution. The Government of the Republic of Kazakhstan is to fulfill certain obligations agreed with the International Atomic Energy Agency.

(d) The National Security Committee investigation

In 2009, the National Security Committee of the Republic of Kazakhstan, under supervision of the General Prosecutor, commenced an investigation against the former Chef Executive Officer of the Company and other former employees of the Company and its subsidiaries. The investigation related to allegations mainly concerned with asset embezzlement and illegal sale of certain uranium deposits to affiliated offshore companies. On 12 March 2010 the court sentenced the former chief executive to 14 years imprisonment. The prosecutor's office announced in March 2010 that there was a new investigation into allegations that the former chief executive was involved in money laundering. Further investigations may be initiated. The management believes that these investigations and allegations do not have any effect on the Group's financial statements, as they are initiated against former management and not the Company or the Group.

42 Related party transactions

(a) Control relationships

The Company was established pursuant to the Decree of the President of the Republic of Kazakhstan on the establishment of National Atomic Company Kazatomprom No. 3593, dated 14 July 1997, and the Decree of the Government of the Republic of Kazakhstan National Atomic Company Kazatomprom Issues No. 1148 dated 22 July 1997. The Company is wholly-owned by the Government of the Republic of Kazakhstan represented by the State Property and Privatization Committee under the Ministry of Finance of the Republic of Kazakhstan. In accordance with the Decree of the Government No. 659 dated 27 May 1999 the State's

interest in the Company was transferred to the Ministry of Energy and Natural Resources of the Republic of Kazakhstan ("the Shareholder").

In accordance with the Order of the President of the Republic of Kazakhstan no. 669 dated 13 October 2008, on 19 January 2009 the National Welfare Fund Samruk-Kazyna became the sole owner of the Company.

(b) Transactions with management and close family members

The members of the board of directors, executive directors, heads of departments and their close family members do not control any voting shares of the Group, as 100% of the shares are owned by the Government of the Republic of Kazakhstan.

(i) Management remuneration

Key management received the following remuneration during the year, which is included in personnel costs (Note 15).

	31.12.2009 '000 KZT	31.12.2008 '000 KZT	31.12.2007 '000 KZT
Salaries and bonuses	**1,016,559**	**910,299**	**1,055,232**

The Group's related party transactions are disclosed in the following tables. In relation to government entities who are related parties, the Group only has transactions with the group of companies under the National Welfare Fund Samruk-Kazyna (the Group's parent) as detailed below.

42 Related party transactions

(c) Transactions with other related parties

(i) Revenue

'000 KZT	Transaction value 2009	Outstanding balance 31.12.2009	Transaction value 2008	Outstanding balance 31.12.2008	Transaction value 2007	Outstanding balance 31.12.2007
Sale of goods						
Associates	6,074,453	863,590	427,917	199,185	1,043,046	2,771,318
Joint ventures	1,301,130	311,927	2,988,521	18,478	-	-
Entities under common control	108,718	-	52,901	-	-	-
Other	42,653	-	760,343	-	-	-
Services provided:						
Associates	10,129,236	5,539,319	5,967,774	2,303,853	5,388,368	855,047
Joint ventures	3,000,294	3,224,753	5,092,265	6,772,792	-	342
Dividends declared by associates	1,997,770	-	2,301,779	724,613	-	-
Entities under common control	10,310,719	496,911	9,207,526	481,443	6,452,972	456,565
Other	617,767	-	728,654	-	667,480	-
	33,582,740	**10,436,500**	**27,527,680**	**10,500,364**	**13,551,866**	**4,083,272**

All outstanding balances with related parties are to be settled in cash within six months of the balance sheet date. None of the balances are secured.

(ii) Expenses

'000 KZT	Transaction value 2009	Outstanding balance 31.12.2009	Transaction value 2008	Outstanding balance 31.12.2008	Transaction value 2007	Outstanding balance 31.12.2007
Purchase of goods:						
Associates	27,422	6,296,056	10,630,945	630,443	10,245,700	86
Joint ventures	276,629	408,973	5,026,455	1,935	-	-
Entities under common control	506	39	-	44	-	-
Services received:						
Associates	1,568,648	376,990	12,722	199,434	2,640,457	5,334,379
Joint ventures	61,510	6,145	846,966	6,270	-	2,498
Entities under common control	3,482,030	846,607	2,498,760	908,595	1,400,533	327,862
Other	100,863	-	202,246	-	-	-
	5,517,608	**7,934,810**	**19,218,094**	**1,746,721**	**14,286,690**	**5,664,825**

All outstanding balances with related parties are to be settled in cash within six months of the balance sheet date. None of the balances are secured.

42 Related party transactions, continued

(c) Transactions with other related parties, continued

(iii) Loans given

'000 KZT	Amount loaned 2009	Outstanding balance 31.12.2009	Amount loaned 2008	Outstanding balance 31.12.2008	Amount loaned 2007	Outstanding balance 31.12.2007
Associates	-	-	2,220,000	2,220,000	-	-
	-	**-**	**2,220,000**	**2,220,000**	**-**	**-**

The loan issued to associate is interest free and is repayable upon written demand.

(iv) Transactions with Halyk Bank of Kazakhstan JSC

Deposits

'000 KZT	Gross	Principal	%
As at 1 January 2007	12	12	-
Placed/Accrued	7,795,822	7,713,375	82,447
Withholding tax	(12,343)	-	(12,343)
Foreign exchange difference	(114,588)	(114,425)	(163)
Withdrawn	(7,668,903)	(7,598,962)	(69,941)
As at 31 December 2007	-	-	-
Placed/Accrued	-	-	-
Withholding tax	-	-	-
Withdrawn	-	-	-
As at 31 December 2008	-	-	-
Placed/Accrued	34,883,297	34,080,997	802,300
Withholding tax	(116,924)	-	(116,924)
Foreign exchange difference	1,477,800	1,472,315	5,485
Withdrawn	(28,174,524)	(27,511,965)	(662,559)
As at 31 December 2009	**8,069,637**	**8,041,335**	**28,302**

Loans

'000 KZT	Gross	Principal	%
As at 1 January 2007	2,063,800	2,060,000	3,800
Received/Accrued	9,949,220	9,840,000	109,220
Repaid	(8,398,117)	(8,300,000)	(98,117)
As at 31 December 2007	3,614,903	3,600,000	14,903
Received/Accrued	9,689,624	9,411,556	278,068
Foreign exchange difference	(4,774)	(4,748)	(26)
Repaid	(11,235,725)	(10,956,808)	(278,917)
As at 31 December 2008	2,064,028	2,050,000	14,028
Received/Accrued	2,434,296	2,426,400	7,896
Foreign exchange difference	3,000	3,000	-
Repaid	(4,501,324)	(4,479,400)	(21,924)
As at 31 December 2009	-	-	-

42 Related party transactions, continued

(c) Transactions with other related parties, continued

Current account

'000 KZT	2009	2008	2007
As at 31December	9,590,325	754,964	1,161,828

(v) Transactions with subsidiary insurance company of Halyk Bank of Kazakhstan JSC, "Halyk-Kazakhinstrakh" JSC

Revenue

'000 KZT	Transaction value 2009	Outstanding balance 31.12.2009	Transaction value 2008	Outstanding balance 31.12.2008	Transaction value 2007	Outstanding balance 31.12.2007
Services provided	8,837	2	-	-	-	-

Expenses

'000 KZT	Transaction value 2009	Outstanding balance 31.12.2009	Transaction value 2008	Outstanding balance 31.12.2008	Transaction value 2007	Outstanding balance 31.12.2007
Services received	3,279	-	3,156	183	27,534	14,790

(vi) Transactions with BTA Bank JSC

In February 2009 the National Welfare Fund Samruk-Kazyna acquired a 75.1% interest in BTA Bank JSC which resulted in BTA Bank JSC and its subsidiaries being treated as related parties.

Deposits

'000 KZT	Gross	Principal	%
As at 1 January 2007	1,014,932	1,014,784	148
Placed/Accrued	110,565,399	109,472,024	1,093,375
Withholding tax	(148,087)	-	(148,087)
Foreign exchange difference	(848,100)	(841,262)	(6,838)
Withdrawn	(106,618,899)	(105,779,853)	(839,046)
As at 31 December 2007	3,965,245	3,865,693	99,552
Placed/Accrued	130,700,214	130,534,803	165,411
Withholding tax	(37,259)	-	(37,259)
Foreign exchange difference	(28,071)	(28,085)	14
Withdrawn	(134,109,320)	(133,894,513)	(214,807)
As at 31 December 2008	490,809	477,898	12,911
Placed/Accrued	16,818,118	16,779,224	38,894
Withholding tax	(6,916)	-	(6,916)
Foreign exchange difference	1,676,905	1,676,561	344
Withdrawn	(18,882,000)	(18,842,820)	(39,180)
As at 31 December 2009	**96,916**	**90,863**	**6,053**

42 Related party transactions, continued

(c) Transactions with other related parties, continued

Loans

'000 KZT	**Gross**	**Principal**	**%**
As at 1 January 2007	3,212,717	3,211,512	1,205
Received/Accrued	6,483,340	6,414,599	68,741
Repaid	(9,412,647)	(9,343,563)	(69,084)
Foreign exchange difference	(53,746)	(53,746)	-
As at 31 December 2007	229,664	228,802	862
Received/Accrued	942,841	916,978	25,863
Repaid	(728,941)	(705,380)	(23,561)
As at 31 December 2008	443,564	440,400	3,164
Received/Accrued	1,448,824	1,179,080	269,744
Repaid	(918,852)	(700,300)	(218,552)
As at 31 December 2009	**973,536**	**919,180**	**54,356**

Current account

'000 KZT	**2009**	**2008**	**2007**
As at 31December	258,486	868,835	739,205

(vii) Transactions with Temirbank JSC

Deposits

'000 KZT	**Gross**	**Principal**	**%**
As at 1 January 2007	-	-	-
Placed/Accrued	43,940,545	43,101,895	838,650
Withholding tax	(126,392)	-	(126,392)
Foreign exchange difference	(170,125)	(174,089)	3,964
Withdrawn	(43,644,028)	(42,927,806)	(716,222)
As at 31 December 2007	-	-	-
Placed/Accrued	3,044,564	3,032,200	12,364
Withholding tax	(1,854)	-	(1,854)
Foreign exchange difference	-	-	-
Withdrawn	(3,042,710)	(3,032,200)	(10,510)
As at 31 December 2008	-	-	-
Placed/Accrued	18,984,959	18,638,420	346,539
Withholding tax	(53,019)	-	(53,019)
Foreign exchange difference	1,690,563	1,684,722	5,841
Withdrawn	(20,622,503)	(20,323,142)	(299,361)
As at 31 December 2009	-	-	-

Current account

'000 KZT	**2009**	**2008**	**2007**
As at 31December	1,642	3,186	1,186

42 Related party transactions, continued

(c) Transactions with other related parties, continued

(viii) Transactions with "SC of BTA Bank BTA Insurance"

Revenues

'000 KZT	Transaction value 2009	Outstanding balance 31.12.2009	Transaction value 2008	Outstanding balance 31.12.2008	Transaction value 2007	Outstanding balance 31.12.2007
Services provided	16,431	329	-	-	4,040	2,230

Expenses

'000 KZT	Transaction value 2009	Outstanding balance 31.12.2009	Transaction value 2008	Outstanding balance 31.12.2008	Transaction value 2007	Outstanding balance 31.12.2007
Services received	12,489	13	530	413	68,550	467

(ix) Transactions with BTA Securities JSC

Expenses

'000 KZT	Transaction value 2009	Outstanding balance 31.12.2009	Transaction value 2008	Outstanding balance 31.12.2008	Transaction value 2007	Outstanding balance 31.12.2007
Services received	2,460	-	40,597	3,003	6,503	282

(x) Transactions with GSM Kazakhstan Kazakhtelecom JSC

Revenue

'000 KZT	Transaction value 2009	Outstanding balance 31.12.2009	Transaction value 2008	Outstanding balance 31.12.2008	Transaction value 2007	Outstanding balance 31.12.2007
Services provided	6,314	2,534	3,878	2,725	3,036	2,273

Expenses

'000 KZT	Transaction value 2009	Outstanding balance 31.12.2009	Transaction value 2008	Outstanding balance 31.12.2008	Transaction value 2007	Outstanding balance 31.12.2007
Services received	12,193	364	18,886	380	8,625	508

(d) Pricing policies

Pricing for related party transactions are primarily based on the "cost plus" method.

43 Investments in subsidiaries

These consolidated financial statements include financial statements of the following subsidiaries:

	Country of incorporation	31.12.2009 Ownership/ Voting	31.12.2008 Ownership/ Voting	31.12.2007 Ownership/ Voting	01.01.2007 Ownership/ Voting
MAEK-Kazatomprom LLC	Kazakhstan	100%	100%	100%	100%
GRK LLC	Kazakhstan	100%	100%	100%	100%
Kazatomprom - Demeu LLC	Kazakhstan	90%	90%	90%	100%
Bailanys NAC LLC	Kazakhstan	100%	100%	100%	100%
Taikonyr JSC	Kazakhstan	100%	100%	100%	100%
Korgan KAP LLC	Kazakhstan	100%	100%	100%	100%
Appak LLC	Kazakhstan	65%	65%	65%	65%
Semizbay-U LLC	Kazakhstan	51%	100%	100%	100%
Ulba Metallurgical Plant JSC	Kazakhstan	90.2%	90.2%	90.2%	90.2%
Volkovgeology JSC	Kazakhstan	90%	90%	90%	90%
Institute of High Technologies LLC	Kazakhstan	100%	100%	100%	100%
Karatau LLP	Kazakhstan	-	-	-	100%

During 2008 the Group sold a portion of its interest in Semizbay-U LLC (Note 6).

44 Subsequent events

In March 2010, the Group agreed to settle a receivable from Kyzyltu LLP, a jointly controlled entity, by receiving an equal amount of the charter capital of Kyzyltu LLP (KZT 595 million). This resulted in an increase of the Company's investment in Kyzyltu LLP from 50% to 76%.

On 24 March 2010, the Company and Sumitomo Corporation signed a charter document on establishment of JV "Summit Atom Rare Earth Company" (SARECO) that would operate in the rare and rare-earth metals industry. The Company and Sumitomo Corporation will hold 51% and 49% ownership in the joint venture, respectively. The purpose of the joint venture is the establishment of vertically integrated company producing high value added rare earth products. The joint venture will construct and commence operations of ore-dressing and processing enterprise, hydrometallurgical production of rare metal concentrates, chemical production on decay of rare metals into individual metal oxides. The joint venture will export the produced goods as well.

The Company raised a claim against Ken Dala.KZ JSC with the Special Interregional Economical Court of South-Kazakhstan region of RK to cancel the additional agreement #1 to the Contract #1796 dated 8 July 2005, signed between Ministry of Energy and Mineral Resources and the Company and the agreement #443/NAK-5 dated 30 December 2005 signed between Ken Dala.KZ JSC and the Company. This additional agreement permitted the subsoil use license for Mynkuduk mine in the Centralnyi area to Ken Dala.KZ JSC The claim was settled in favor of the Company. In accordance with court decision #2э-229/10 dated 18 February 2010 the permission to use the subsoil use license by Ken Dala.KZ JSC for the Mynkuduk mine was revoked.

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