



**“USHTOGAN”
LIMITED LIABILITY PARTNERSHIP**

*Financial statements and audit report
as of December 31, 2020*

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Confirmation from the management of liability for the preparation and approval of the financial statements for the year, ended December 31, 2020.

The following declaration, which should be considered in conjunction with the auditors' responsibilities description, contained in the audit report, is made with the purpose to delimit the responsibilities of independent auditors and the management in regard to the financial statements of "USHTOGAN" LLP (hereinafter - the "Partnership").

The management is responsible for the preparation of the financial statements, which give a true and fair view of the financial situation of the Partnership as of December 31, 2020, as well as operating results, changes in equity and cash flow over a period from January 01, 2020 to December 31, 2020, in accordance with the International Accounting Standards (hereinafter – "IAS").

In preparation of the financial statements, the management bears responsibility for:

- selection of the appropriate accounting principles and their consistent application;
- application of justified assessments and estimations;
- compliance with the requirements of the legislation of the Republic of Kazakhstan and International Accounting Standards;
- preparation of the financial statements with the admission that the Partnership will continue its operations in the foreseeable future, with the exception of the cases when such admission is unjustified.

In addition, the management bears responsibility for:

- designing, implementation and provision of performance of the effective and reliable internal control system of the Partnership;
- maintenance of the accounting system, which allows at any time and with a sufficient degree of accuracy to prepare the information on the financial condition of the Partnership and ensure the compliance of the financial statements with the requirements of IAS;
- maintenance of the accounting records in accordance with the legislation of the Republic of Kazakhstan;
- adoption of measures for preservation of the assets of the Partnership within the scope of its competence;
- detection and prevention of the instances of fraud, mistakes and other abusive acts.

The management reasonably assumes that the Partnership will continue its operations in the foreseeable future. Therefore, the financial statements of the Partnership are prepared on a going-concern basis.

On behalf of the management of "USHTOGAN" LLP:

General Manager I.V. Nuss

Chief Accountant G.B. Kulmanbetova



Тәуелсіз Аудиторлық Компания
"Abzal Audit"



Independent Audit Company
"Abzal Audit"

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Auditor's report independent auditors

Party and to the leadership of LLP "USHTOGAN"

Opinion

We have audited the financial statements of the limited liability Partnership "USHTOGAN" (the "Partnership" or "LLP"), consisting of the balance sheet as at 31 December 2020, the statement of profit and loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a brief overview of the main provisions of accounting policy.

In our opinion, the financial statements reflect reliably in all material respects, the financial position of the Partnership as of December 31, 2020, as well as its financial results and movement of funds for the year ended on that date, in accordance with International financial reporting standards (IFRS).

The basis for expressing an opinion

We conducted our audit in accordance with International standards on auditing (ISA). Our duties in accordance with these standards are described later in the section the liability of the auditor for the audit of the financial statements in our report. We are independent in relation to the Partnership in accordance with the Code of ethics for professional accountants Council for international ethics standards for accountants (the Code Council for international ethics standards for accountants), and we made other ethical responsibilities in accordance with the Code of Council for international ethics standards for accountants. We believe that the obtained audit evidence is sufficient and appropriate to provide a basis for our audit opinion.

Other information included in the Annual report of the Partnership in 2020

Other information includes information included in the Annual report of the Partnership in 2020, with the exception of the financial statements and our auditor's report about her. Responsibility for other information lies with the leadership. We expect to receive the Annual report of the Partnership in 2019 after the date of this audit report.

Our opinion on the financial statements does not cover other information and we offer no conclusion, expressing confidence in any form with respect to this information.

In connection with the audit of the financial statements our responsibility is to become familiar with the other information and considering whether there are significant inconsistencies between the other information and financial statements or our knowledge obtained during the audit, and did not contain other information various of material misstatement.

Management's responsibility for financial statements

The management is responsible for the preparation and fair presentation of financial statements in accordance with IFRS and the internal control system, necessary in the opinion of the management, to financial reporting, not containing essential distortions owing to unfair actions or mistakes.

In preparing the financial statements management is responsible for the assessment of the ability of the Partnership to continue its operations continuously, for the disclosure of appropriate information related to business continuity, and the preparation of financial statements based on assumptions about the continuity of the activities, except for cases when management intends to liquidate the Partnership, to terminate its activities, or when he has no real alternatives to such actions.

Responsibility of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements due to fraud or error, and to issue an audit report containing our opinion. Reasonable assurance is a high degree of confidence, but is not a guarantee that an audit conducted in accordance with International standards on auditing will always detect material misstatement, if present. Distortion can be the result of fraud or error and are considered material if it can reasonably be assumed that individually or collectively they could influence the economic decisions taken by users based on the financial statements.

Head of audit, the results of which now issued the audit opinion of the independent auditor,- O.B. Makashuly



O.B. Makashuly
Auditor



O.B. Makashuly
General Manager
«IAC «ABZAL AUDIT» LLP

Qualification certificate № 0000215, issued by the Qualification Commission for the certification of auditors of the Republic of Kazakhstan, Protocol № 18 from 18.12.1995 year.

State license for audit activity on the territory of the Republic of Kazakhstan: series MFU-2, № 0000026 issued by the Ministry of Finance of the Republic of Kazakhstan dated February 9, 2007

Address: 50 Kazybek Bi str., office 52-54
050000, Almaty, Republic Of Kazakhstan
30 March 2021

Name of the organization: USHTOGAN LLP

Company profile: Subsoil user

Form of incorporation: Limited Liability Partnership

Financial statement form: nonconsolidated

Average annual number of employees: 10

Business subject: medium

Legal address of the organization: the Republic of Kazakhstan, 050000, Almaty, Panfilov street, 158, office 1

BALANCE SHEET
as of December 31, 2020

thousands tenge			
Assets	Line code	As at the end of reporting period	At the beginning of the reporting period
I. Short-term assets			
Monetary funds and their equivalents	010	21 420	0
Financial assets and liabilities available for sale	011		
Derivative financial instruments	012		
Financial assets at fair value through profit and loss	013		
Financial assets held to maturity	014		
Other short-term assets	015		
Short-term trade and other accounts receivable	016		25 279
Current income tax	017		
Reserve	018		
Other short-term assets	019		
Short-term assets total (sum of lines from 010 to 019)	100		25 279
Assets (or disposal groups) held for sale	101		
II. Long-term assets			
Financial assets and liabilities available for sale	110		
Derivative financial instruments	111		
Financial assets at fair value through profit and loss	112		
Financial assets held to maturity	113		
Other long-term financial assets	114		
Long-term trade and other accounts receivable	115		
Investments, calculated using the equity method	116		
Investment property	117		
Fixed assets	118	485	853
Biological assets	119		
Exploration and evaluation assets	120	246 087	224 800
Non-material assets	121		
Deffered tax assets	122		
Other long-term assets	123		
Long-term assets total (sum of lines from 110 to 123)	200	246 572	225 653
Balance (line 100 + line 101 + line 200)		267 992	250 932

Liabilities and Equity	Line code	As at the end of reporting period	At the beginning of the reporting period
III. Short-term liabilities			
Borrowings	210		
Derivative financial instruments	211		
Other short-term financial liabilities	212		
Short-term trade and other accounts payable	213	46 674	47 925
Short-term reserve	214		
Current tax liabilities on income tax	215		
Employee benefits	216	3 653	5 105
Other short-term liabilities	217	2 525	2 527
Short-term liabilities total (sum of lines from 210 to 217)	300	52 852	55 557
Liabilities of the disposal groups held for sale	301		
IV. Long-term liabilities			
Borrowings	310	214 865	195 100
Derivative financial instruments	311		
Other long-term financial liabilities	312		
Long-term trade and other accounts payable	313		
Long-term reserve	314		
Deferred tax liabilities	315		
Other long-term liabilities	316		
Long-term liabilities total (sum of lines from 310 to 316)	400	214 865	195 100
V. Capital			
Charter capital	410	275	275
Share premium	411		
Repurchased own equity instruments	412		
Reserve	413		
Undistributed profit (uncovered loss)	414		
Total capital attributable to owners of the parent company (sum of lines from 410 to 414)	420	275	275
Non-controlling interest	421		
Total capital (line 420 +/- line 421)	500	275	275
Balance (line 300 + line 301 + line 400 + line 500)		267 992	250 932

General Manager I.V. Nuss

Chief Accountant G.B. Kulmanbetova



The attached notes on pages 15-29 are the integral part of the present financial statements.

Name of the organization: "USHTOGAN" LLP

PROFIT AND LOSS STATEMENT

as of December 31, 2020

thousand tenge

LINE ITEMS	Line code	In the accounting period	For the previous period
Revenue	010		
Cost of goods and sales	011		
Total profit (line 010 – line 011)	012	0	0
Distribution costs	013		
Administrative costs	014		
Miscellaneous expenses	015	0	0
Miscellaneous income	016	0	0
Total operating income (loss) (+/- lines from 012 to 016)	20	0	0
Financing income	21		
Financing loss	22		
Organizations share in profits (losses) of associated organizations and joint activities, calculated using the equity method	23		
Other non-operating revenue	24		
Other non-operating losses	25		
Pretax profit (loss) (+/- lines from 020 to 025)	100	0	0
Income tax expense	101		
Profit (loss) after tax from continuing operations (line 100 - line 101)	200	0	0
Profit (loss) after tax from discontinued operations	201		
Profit for the year (line 200 + line 201) assigned to:	300	0	0
the owners of parent organization			
non-controlling interest			
other consolidated returns, total (sum of lines from 410 to 420)	400	0	0
including:			
fixed assets revaluation	410		
Revaluation of financial assets available for sale	411		
Share in other consolidated returns (losses) of associated organizations and joint activities, calculated using the equity method	412		
Actuarial gains and losses on pension obligations	413		
Effect of change in income tax rates on deferred tax of subsidiaries	414		
Cash flow hedge	415		
Exchange difference on investments in foreign entities	416		

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(all figures are in thousands tenge, if otherwise is not mentioned)

Private investments hedge in foreign operations	417		
Other components of other consolidated returns	418		
Correction in case of reclassification of profit (loss)	419		
Tax effect of the components of other consolidated returns	420		
Total consolidated returns (line 300 + line 400)	500	0	0
Total consolidated returns assigned to:			
the owners of parent organization			
non-controlling interest			
Earnings per share:	600		
including:			
Basic earnings per share:			
from continuing operations			
from discontinued operations			
Diluted earnings per share:			
from continuing operations			
from discontinued operations			

General Manager I.V. Nuss

Chief Accountant G.B. Kulmanbetova



The attached notes on pages 15-28 are the integral part of the present financial statements.

Name of the organization: "USHTOGAN" LLP

CASH FLOW STATEMENT (DIRECT METHOD)

as of December 31, 2020

thousand tenge

LINE ITEMS	Line code	In the accounting period	In the preceding period
I. Cash flow from operating activities			
1. Cash inflow, total (sum of lines from 011 to 016)	010	25 283	13 428
including:			
Realization of goods and services	011		
Other revenues	012		
Advances, received from customers and clients	013		
Income from insurance contracts	014		
Remunerations received	015		
Other income	016	25 283	13 428
2. Cash outflow, total (sum of lines from 021 to 027)	020	3 863	203 314
including:			
Payments to suppliers for goods and services	021	1 940	83 255
Advances to suppliers of goods and services	022	220	81 990
remuneration of labor	023	1 458	25 650
remuneration payment	024		
Payments under insurance contracts	025		
Income tax and other payments to the tax authorities	026	2	10 418
Other payments	027	243	2 001
3. Net cash from operating activities (line 010 – line 020)	030	21 420	(189 886)
II. Cash flow from investment activities			
1. Cash inflow, total (sum of lines from 041 to 051)	040	0	0
including:			
sale of fixed assets	041		
Sale of intangible assets	042		
Sale of other long-term assets	043		
sale of equity instruments of other organizations (other than subsidiaries) and participating interests in joint ventures	044		
Sale of debt instruments of other organization	045		
reimbursement for the loss of control over subsidiaries	046		
Sale of other financial assets	047		
Futures and forward contracts, options and swap deals	048		
Dividends received	049		
Remunerations received	050		
Other income	051		
2. Cash outflow, total (sum of lines from 061 to 071)	060		
including:			

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fixed assets acquisition	061		
purchase of intangible assets	062		
Acquisition of other long-term assets	063		
acquisition of equity instruments of other organizations (other than subsidiaries) and participating interests in joint ventures	064		
Acquisition of debt instruments of other organization	065		
Acquisition of control over subsidiaries	066		
Acquisition of other financial assets	067		
Lending	068		
Futures and forward contracts, options and swap deals	069		
Investments in associates and subsidiaries	070		
Other payments	071		
3. Net cash from investment activities (line 040 – line 060)	080	0	0
III. Cash flow from financial activities			
1. Cash inflow, total (sum of lines from 091 to 094)	090	0	189 096
including:			
issue of shares and other financial instruments	091		
contracting of loans	092	0	189 096
Remunerations received	093		
Other income	094		
2. Cash outflow, total (sum of lines from 101 to 105)	100	0	0
including:			
repayment of loans	101		
remuneration payment	102		
dividend payout	103		
Payments to the owners on shares of the organization	104		
Other payments	105		
3. Net cash from financing activities (line 090 – line 100)	110	0	189 096
4. The influence of currency rates	120		763
5. Increase +/- decrease of monetary funds (line 030 +/- line 080 +/- line 110)	130	21 420	(27)
6. Monetary funds and equivalents at the beginning of the reporting period	140	0	27
7. Monetary funds and equivalents at the end of the reporting period	150	21 420	0

General Manager I.V. Nuss

Chief Accountant G.B. Kulmanbetova



The attached notes on pages 15-28 are the integral part of the present financial statements.

Name of the organization: "USHTOGAN" LLP

CAPITAL STATEMENT
as of December 31, 2020

thousand tenge

Line items	Line code	Capital of the parent organization					Non-controlling interest	Total capital
		Authorized capital stock (share capital)	Share premium reserve	Repurchased equity instruments	Reserve	Undistributed profits		
Balance as of January 1 of the preceding year	010	275				-		275
Change in accounting policies	011							-
Restated balance (line 010+/- line 011)	100	275				-		275
Consolidated returns, total (line 210 + line 220):	200							
Profit (loss) for the year	210							
Other consolidated returns, total (sum of lines from 221 to 229):	220							
including:								
Increment from fixed assets revaluation (less tax effect)	221							
Transfer of depreciation from fixed assets revaluation (less tax effect)	222							
Revaluation of financial assets, available for sale (less tax effect)	223							
Share in other consolidated returns (loss) of associated organizations and joint ventures, calculated by the equity method	224							
Actuarial gains and losses from pension liabilities	225							
The effect of change in the income tax rate on the deferred tax of subsidiary organizations	226							
Cash flow hedge (less tax effect)	227							
Foreign exchange difference on investments in foreign organizations	228							
Hedges of the net investments in foreign operations	229							
Transactions with the owners, total (sum of lines from 310 to 318):	300							
including:								

USHTOGAN LLP

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Employee benefit with shares	310							
including:								
Employees cost of service								
Issue of shares under the employee benefit with shares scheme								
Tax benefit as for the scheme of employee benefit with shares								
Contributions from woners	311							
Issue of own equity instruments (shares)	312							
Issue of equity instruments, associated with the business combination	313							
Share component of convertible instruments (less tax effect)	314							
Distribution to owners	315							
Other distributions to owners	316							
Other transactions with owners	317							
Changes in minority interest, not leading to the loss of control	318							
Balance as of January 1 of the reporting year (line 100 + line 200 + line 300)	400	275				-		275
Change in accounting policies	401							-
Restated balance (line 400+/line 401)	500	275				-		275
Consolidated returns, total (line 610+ line 620):	600							
Profit (loss) for the accounting period	610							
Other consolidated returns, total (sum of lines from 621 to 629):	620							
including:								
Increment from fixed assets revaluation (less tax effect)	621							
Transfer of depreciation from fixed assets revaluation (less tax effect)	622							
Revaluation of financial assets, available for sale (less tax effect)	623							
Share in other consolidated returns (loss) of associated organizations and joint ventures, calculated by the equity method	624							
Actuarial gains and losses from pension liabilities	625							
The effect of change in the income tax rate on the deferred tax of subsidiary	626							

USHTOGAN LLP

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organizations	
Cash flow hedge (less tax effect)	627
Foreign exchange difference on investments in foreign organizations	628
Hedges of the net investments in foreign operations	629
Transactions with the owners, total (sum of lines from 710 to 718)	700
including:	
Employee benefit with shares	710
including:	
Employees cost of service	
Issue of shares under the employee benefit with shares scheme	
Tax benefit as for the scheme of employee benefit with shares	
Contributions from owners	711
Issue of own equity instruments (shares)	712
Issue of equity instruments, associated with the business combination	713
Share component of convertible instruments (less tax effect)	714
Distribution to owners	715
Other distributions to owners	716
Other transactions with owners	717
Changes in minority interest, not leading to the loss of control	718
Balance as of December 31, 2020 (line 500 + line 600 + line 700)	800

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General Manager I.V. Nuss

Chief Accountant G.B. Kulmanbetova



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The attached notes on pages 15-28 are the integral part of the present financial statements.

1. General provisions

Organizational structure and activities

”Ushtogan” Limited Liability Partnership (hereinafter Partnership) was reregistered by Almaty Justice Department of Almaty on August 13, 2014, BIN(Business Identification Number) 140840011001.

Legal address of the Partnership: Almaty, Panfilov Str., 158, office 1.

State registration of the Contract for mineral resources and subsoil use in Republic of Kazakhstan is dated 26th of October 2018, registry number #5406-SM. The Contract was entered into between Ministry of Investment and Development of the Republic of Kazakhstan and “Ushtogan” LLP for the exploration of graphite, rare, rare earth and noble metals in the Sarytoganbay square in the Karaganda region of the Republic of Kazakhstan. Exploration contract concluded for 4 years.

The founder of the Partnership is:

Ustar Ventures Ltd Company registered on December 04, 2007, # 1448342, address: Trident Cheymbas, PO Box 146, Rod-Town, about. Tortola, British Virgin Islands.

Bank details:

Bank:

UBS bank, address: UBS Zurich, Postfach CH- 8098,
Zurich, account # 206-408698

The main operating activities of the Partnership are the following:

- Geological exploration and determination of commercial mineral resources production and processing possibility;
- Mining, production, processing, purification, storage, transportation, export and selling of mineral commodities, concentrates, Dore gold and other valuable goods and materials at international markets and at the manufacturer’s prices;
- Design, development, construction, building, repair and operation of the facilities necessary for carrying out the above mentioned types of activities;
- Carrying out other types of activities connected with exploration and production of mineral resources including import and export of equipment, supplying of necessary plants, materials, transport means and other property;
- Carrying out other legal activities in the Republic of Kazakhstan.

The licensable types of activity shall be carried out only after receiving the proper licenses. The activity of the Partnership shall not be limited to the types stipulated in the present Charter. The transactions which are beyond the scope of the charter activity but not conflicting with the current legislation of the Republic of Kazakhstan shall be considered as valid. All types of the activity listed above shall be carried out according to the legislation of the Republic of Kazakhstan.

The persons responsible for carrying on the financial and economic activities of the Partnership for the accounting period were:

Director General: I.V. Nuss

Chief Accountant G.B. Kulmanbetova

Kazakhstan business environment

Activities of the Partnership are exposed to insurance risks, which include economic, political and social risks inherent in business dealing in Kazakhstan. These risks are determined by such factors as government policies, economic conditions, the introduction or modifications of tax claims and other legal regulations, exchange rate fluctuations and the supportability of contractual rights by legal sanctions.

The financial statements reflect the management's assessment of the influence exerted by the economic and political conditions of Kazakhstan on the activities and financial position of the Partnership. The actual future influence of the operational environment may differ from management's assessment.

1. New accounting interpretations and standards

The following standards and interpretations are compulsory for the Partnership from January 1, 2011:

MSFO (IAS) 1 «Presentation of Financial Statements» (revised version).

MSFO(IAS) 1 in a new version has been issued in September, 2007 and are applicable to annual accounting periods, beginning from January 1, 2009 or later. The revised Standard separates changes in the capital, related to transactions with the owners and other changes in the capital. The statement of changes in the capital should only include the details of transactions with owners, and other changes are reported in one line. In addition, the revised Standard introduces the statement of consolidated returns, which presents all items of income and expense, either in one single statement, or in two linked statements. According to the revised standard, tax effect for each component of other consolidated returns should be disclosed. In addition, if the LLP retrospectively applied the changes to the accounting policy, carried out the revision of the statements or any reclassification, it must submit a statement of financial situation as at the beginning of the earliest comparative period.

MSFO (IFRS) 1 «First Time Application of International Financial Reporting Standards».

The amendments made in December 2008, entered into force for the financial statements, made in accordance with IFRS, firstly prepared for the period beginning July 1, 2009 or later. Essentially, IAS (IFRS) 1 in the new edition is no different from the previous version, however its structure has been changed in order to make it easier for readers and to adapt it to future changes.

MSFO (IAS) 24 «Related parties disclosures».

The amendments to the standard were released in November 2009, the revised standard is effective for annual reporting periods beginning from January 1, 2011 or later. The changes clarify the definition of a related party, simplifies the identification of related parties relationships and eliminates the contradictions in the application of the standard. The revised standard provides a partial exemption from the disclosure requirements for companies related to the state. For such companies, the general requirements for the disclosure of information contained in the MSFO (IAS) 24 shall not be applied. A number of alternative provisions has been added to the standard instead, according to which in the case of such companies the following information should be disclosed:

- the name of the government and the nature of its relationships with the reporting company;
- The nature and amount of individually significant transactions;
- Descriptive or quantitative information on the volume of other transactions that in a body are significant.

This amendment had no impact on the financial position and financial performance of the Partnership after the initial application.

MSFO (IFRS) 7 «Disclosures - Transfers of Financial Assets», issued in October 2010 and effective for the annual periods, beginning from July 1, 2011 or later. The changes include several qualifying requirements to the disclosure of information on financial instruments. This amendment only leads to changes in the disclosures, and will have no impact on the financial results of the LLP.

MSFO (IFRS) 7 «Financial instruments: the disclosure of information».

The amendment clarifies certain disclosure requirements, in particular:

- A special emphasis has been made on linking quantitative and qualitative information, relating to the nature and extent of financial risks,
- Removed the requirement to disclose the book value of financial assets, terms on which have been renegotiated, and which would otherwise be considered as past due or impaired,
- The requirement to disclose the fair value of the bid security is replaced by a more general requirement to disclose its financial impact,
- Clarifies that an entity should disclose the amount of security, which is under penalty as on the reporting date, and not the amount of security provided to the entity in the accounting period.

MSFO (IAS) 34 «Interim financial statements».

This change provides additional examples of significant facts of economic activities and transactions that necessitate the disclosure in the interim condensed financial statements, including the transfers between the levels of fair value hierarchy, changes in classification of financial assets or business conditions or economic conditions affecting the fair value of financial instruments of the Partnership.

Interpretation of IFRIC 13 «Customer Loyalty Programs».

The interpretation of IFRIC 13 has been issued in June 2007 and entered into force for the reporting periods, beginning from July 1, 2008 and later. According to this interpretation, the rewards units for customer loyalty should be recognized as a separate component of the transaction of sale of goods or services, as a result of which they have been granted and therefore a part of the fair value of the reward earned is allocated to the reward units and recognized as a deferred revenue until the reward units are used.

This interpretation has no impact on the financial statements of the Partnership, since such programs are not currently performed.

The list of new standards not adopted by the Company pre-term:

MSFO (IFRS) 9 «Financial instruments: classification and measurement».

IFRS (IFRS) 9 issued on the results of the first phase of the project of IASB on the replacement of MSFO (IAS) 39, is applied to the classification and measurement of financial assets, as they are defined in MSFO (IAS) 39. The standard is effective for annual reporting periods beginning from January 1, 2013 or later. In the subsequent phases, IASB will consider the classification and measurement of financial liabilities, hedge accounting and derecognition.

Currently, the Partnership appraises what impact will the standard exert on its financial statements.

MSFO (IFRS) 13 «Fair value measurement».

These changes issued in May 2011 and effective for annual reporting periods beginning from January 1, 2013 or later with earlier application permitted. IFRS aims to improve the comparability and quality of the fair value disclosure, as it requires an integrated for IFRS definition of the fair value, disclosure requirements and sources of fair value measurement.

Currently, the Partnership appraises what impact will the standard exert on its financial statements.

MSFO (IAS) 27 «Separate Financial Statement».

The amendment to MSFO (IAS) 27 issued in May 2011, applied from January 1, 2013 or later with earlier application permitted. It contains the requirements for the records and disclosures of investments in affiliated LLPs, joint ventures and associated companies when the company draws up a separate financial statements.

The application of these amendments will have no impact on the financial statements of the Partnership.

MSFO (IAS) 28 «Investment records in associated companies».

The amendment to IAS 28, issued in May 2011, applied from January 1, 2013 or later, with earlier application permitted. It prescribes the accounting procedures for investments in associated companies and includes the requirement for use of the equity method applicable to investments in associated companies and joint ventures.

The application of these amendments will have no impact on the financial statements of the Partnership.

2. Principal policies of financial statements preparation

Declaration of conformity

The present financial statements have been prepared in accordance with the requirements of the International Financial Reporting Standards ("MSFO", "IFRS") and the list of forms of the annual financial statements for the public interest entities, approved by the Order of the Minister of Finance of the Republic of Kazakhstan dated August 20, 2010 No. 422.

Basis of appraisal

The present financial statements have been prepared on the basis of historical (initial) cost.

Ongoing concern

When preparing the financial statements in accordance with IFRS, the management estimates the ability of the Partnership to continue its operations in the foreseeable future. The financial statements are prepared on the basis of an going concern, unless the management has neither the intention nor the necessity to eliminate or significantly reduce the range of activity of LLP.

When the management in the process of forming an opinion is aware of the events that may cast significant doubt upon the ability of LLP to operate in the future, these events are disclosed in the financial statements.

These financial statements are prepared in accordance with IFRS on an going concern basis, which assumes that the LLP will continue its activity in the long run and there is no confirmation that the LLP will be liquidated.

Taxes

LLP is subject to taxation in accordance with the applicable laws of the Republic of Kazakhstan. Taxes and financial risks, recognized in the financial statements, reflect the best results expectations of LLP on the basis of facts known at the reporting date. The difference between the predictive valuation for taxes and the final assessment of taxes is recorded in the income statement for the period in which they have occurred, if it have not been expected otherwise.

Taxes include current income taxes and other taxes, set by the tax legislation of the Republic of Kazakhstan in power. Actual or withheld taxes and tax adjustments relating to the previous years are also included. Income tax is recognized in the income statement, except when it relates to items directly lapsing into the capital, and in this case, recognized in capital.

Accruals concept

When preparing the financial statements, except for the cash flow information, LLP uses an accruals concept. According to the accrual concept, the transactions and events are recognized when they have occurred, they are registered in the accounting records and reported in the financial statements of the periods to which they relate, namely:

- Revenues are recognized in the income statement when they are earned, or there is an increment in future economic benefits associated with the increase of assets;
- Expenses and losses are recognized in the income statement when they are incurred, or there is a decrease in future economic benefits associated with the attrition of assets.

Functional and presentation currency

The national currency of the Republic of Kazakhstan is the Kazakhstan Tenge (hereinafter "tenge"), this very currency functional for the Partnership, and the present financial statements are reported using it. All financial information is presented in tenge (unless otherwise specified), and are rounded off to the nearest thousand.

3. Principal provisions of the accounting policy**Definition of financial resources and their equivalents**

Financial resources and their equivalents include cash in hand, holdings in bank accounts and term deposits with an original maturity up to three months. If the financial resources and their equivalents are limited in use, they are properly disclosed in the notes to the financial statements.

In accordance with MSBU 7 «Cash flow statements» information on changes financial resources and their equivalents of the company is disclosed through cash flow statements, which classifies cash inflows and outflows for the period, receivable as a result of operational, investment and financial activities.

The information contained in the cash flow statements is sufficient to draw conclusion on the following:

- what happened to the financial resources of the organization during the reporting period;
- Through which activities or other sources of funding the organization is able in a greater degree to generate cash flows and through which - in a lesser;
- For what purposes does the organization allocate the generated funds, is the volume of these allocations sufficient to invest in its owned assets (real estate, buildings and equipment) with the purpose of expanding and optimizing its performance (improving its profitability) or does the organization allocate funds to maintain its functioning;
- Does the organization have available cash, through which it invests in other companies by the acquisition of equity or debt instruments of these organizations;
- Does the organization distributes profits to its shareholders in monetary form;
- To which extent does the nonmonetary transactions, such as amortization, barter transactions, unrealized profit loss, caused by the change in the exchange rate, exert influence on the rate of return of the organization and etc.

Recognition and valuation of the accounts receivable

The account receivable of the Partnership are the obligations of legal entities and individuals owed to the Company, expressed in monetary terms.

Bills receivable are the amount of receivables from customers for the realized goods and services, which are evidenced in invoices, acts and other documents and are recognized not sooner than the associated earned income. Advances received from the customers are classified as current liabilities and are not included in accounts receivable.

Goods and services paid for in advance are the amounts payable by contractors to the Company for the supply of goods and services paid for in advance. Accounts receivable for goods and services

paid for in advance are closed to the appropriate accounts of material assets or as expenses in that reporting period in which the goods or services will be received.

On the subsequent valuation of such accounts receivable, the amount of outstanding obligations of contractors to the Company is fully classified as losses of the reporting period in which the account receivables are recognized as hopeless.

Recognition and valuation of inventories

The inventories of the Partnership are the current assets held for sale in the ordinary course of business; being in the process of production for such sale; or available in the form of raw materials for use in the production process and in other activities of the LLP.

The inventories are initially recognized according to the purchase cost, which includes the purchase price, import duties and other non-refundable taxes, as well as the costs of shipping, handling and other directly relating to the acquisition of inventories.

To estimate the cost of inventories, the weighted average cost method is used, in accordance to which the value of each object of inventories is determined on the basis of the average weighted cost of similar items at the beginning of the period and the cost of similar items purchased or produced during the period. The average is calculated periodically upon receipt of each additional delivery.

The subsequent valuation of inventories is carried out in accordance with MSBU (IAS) 2 "Inventories", pursuant to which the inventories are recognized at the lowest value of self-cost and net realizable value, less the estimated costs of modification, assembly and realization. The amount of the write-down of inventory values to net realizable value and all losses of inventories are recognized as expenses in the period when the write-down or loss occurred. The value of any reverse additional charge of inventories, caused by an increment in net realizable value, is recognized as a reduction of previously recognized expenses during the period when the reverse additional charge is carried out.

Inventories write-off to the net realization value is exercised article by article.

If the net realization value of an inventory item is below the value calculated above, then the impairment allowance is set.

Recognition and valuation of fixed assets

Assets accounting is carried out in accordance with MSBU (IAS) 15 "Fixed assets", pursuant to which the object is recognized as the fixed asset when: it is fair to say that the LLP will receive the assets-relating future economic benefits and the purchase costs of the asset can be measured reliably.

Initially, fixed assets are valued at purchase cost, which includes the purchase price, import taxes and other non-refundable taxes, as well as transportation costs and any direct costs of bringing the asset to a working condition for its intended use.

Subsequent expenses relating to the item of fixed assets which has already been recognized, increase its book value when the LLP is more likely to receive the future economic benefits exceeding the originally calculated standard of performance of the existing asset. All other subsequent expenditures are recognized as the expenses of the period in which they have been incurred.

After the initial recognition as an asset, an item of fixed assets is recognized at the initial cost less the amortization and any losses from depreciation, accumulated afterwards.

When calculating the amortization of fixed assets, the straight-line method is applied with the use of useful lifetime, approved by the chief executive officer at the beginning of the year.

The useful lifetime of fixed assets is determined considering the assumed profitability of the asset for LLP and may be shorter than its useful economic life. The useful economic life of fixed assets

is determined by the valuation way on the basis of experience with similar assets. Amortized cost is calculated by subtracting the residual value, which by all fixed assets is zero. The depreciation charges for the period are recognized as the expenses for the reporting period.

The object of the fixed assets is wrote-off from the account at its disposal, or in the case when the direction of the Partnership decides to discontinue the use of the asset and from its disposal further economic benefits are not expected. Profit and loss from the disposal or write-off of the assets are determined as the difference between the net in payments from the disposal and the book value of the asset and are recognized in the profit and loss statement of the reporting period.

Recognition and valuation of non-material assets

Accounting of non-material assets is carried out in accordance with MSBU (IAS) 38 «Non-material assets».

Non-material assets acquired separately or as a result of consolidation are recognized when they are identifiable and can be accurately valued. Non-material assets are considered identifiable, if they come from contractual or other rights, or if they are divisible, i.e. they can be sold separately or together with other assets.

Non-material assets include non-material assets with definite and indefinite useful life.

Non-material assets with definite useful life are those where the useful life comes from contractual rights, other rights, or because of the expected obsolescence. They are depreciated faster than their estimated or contractual life. They include, primarily, information management systems, patents and operation rights (i.e. exclusive rights for the sale or delivery of goods). Non-material assets with definite useful life are depreciated using straight-line method at zero depreciation value: the information management system over a period of three to five years, and other assets - over a period of five to twenty years. Amortization period and the method of amortization are reexamined annually, taking into account the risk of obsolescence.

Non-material assets with indefinite useful life are those that have no predictable limitation to their useful life, since they originate from contractual or other legal rights, which can be renovated without significant losses and which are the subject to continuous marketing support. They are not depreciated, but annually, or even more frequently, tested for impairment. Non-material assets include certain trademarks, tradenames and intellectual property right.

Accounts payable and other liabilities

Liabilities of the Partnership are recognized on the basis of terms of contracts, agreements and statutory requirements and recorded at the settlement value. Actual liabilities are classified as current short-term and long-term.

Liabilities are called short-term if their repayment is expected within one year or within the current cash cycle, depending on which is more long-lasting. All other liabilities are classified as long-term.

Accounts payable and other liabilities are recognized at the settlement value, which appears to be an amount of monetary funds, expected to be paid for the repayment of these liabilities.

Accounts payable is formed at the moment of creation of obligations of the LLP to legal entities and individuals (including its employees).

Recognition and valuation of reserves

Reserves are the liabilities of indefinite term or amount arising from the risks, related to restructurisation, environment, legal arguments, etc. They are recognized if there is a legal or

assumed liabilities arising from past events, and when the cash outflow in the future can be reliably estimated.

Liabilities arising from the restructuring plans are recognized when the official detailed plans are defined and when it is expected that these plans will be realized, or will be starting to realize, or the main objective of the plans will be announced.

Liabilities on the legal arguments reflect the best estimation, prepared by the management on the basis of known facts at the balance sheet date.

Employee benefit

Wages to employees are calculated in accordance with the stated salary (staff list) on the pay by the hour basis.

Executive compensations consist of their position salary.

Recognition and valuation of estimated liabilities

If the partnership has a current liability, arising from the past events, which will in future lead to retirement of economic resources, the amount of which up to a certain time is determined by the appraisal way, the LLP recognizes the reserves in accordance with MSBU (IAS) 37 “Estimated liabilities, contingent liabilities and contingent assets”

Reserves are reconsidered and corrected at every reporting date to reflect the best current estimate. Reserve is used only for expenditures, for which the reserve has been originally recognized.

Income tax accounting, including deferred tax

Income tax accounting is carried out in accordance with MSBU (IAS) 12 “Income taxes”, which states that the assessable profit (loss) is determined in compliance with the tax legislation and regulations, set forth by the tax authorities.

The amount of current taxes payable is determined by applying the rate of corporate tax to the assessable profit, set at the balance sheet date, with the recognition of deferred tax asset or liability for temporary differences.

The deferred tax represents the tax assets or income tax liabilities and is recorded using the balance method of liabilities recognition relating to temporary differences between the tax accounting data and the data included into the financial statements as well as corresponding tax accounting data, used for the calculation of the assessable profit.

The book value of the deferred assets is reviewed at each date and reduced so as far as there is no possibility of gaining from the realization of tax assets, sufficient for full or partial restitution of the asset.

Revenue recognition from the realization of goods and services

The accounting of revenue from the realization of good and services in conducted in accordance with MSBU (IAS) 18 “Revenue”, which states that the revenue should be valued at the fair value of received or expected consideration. The amount of revenue, arising from the operation is determined by an agreement between the Company and the buyer or user of the asset

The revenue is recognized when there is a gaining possibility for LLP, associated with the transaction and there is a possibility to reliably value the level of income.

The revenue includes both operating and non-operating revenues.

The operating revenue arises during the normal activity of LLP and includes sales.

Non-operating revenue represents other items that comply with the definition of revenue and may or may not arise during the normal activity of LLP.

In the profit and loss statement non-operating revenue is reported separately, as the information on its amount is useful for making economic decisions.

Service revenue is recognized: when the amount of revenue can be reliably valued; there is a possibility of gains; completion stage of the transaction as on the reporting date can be reliably determined; expenses for conducting the transaction and expenses, necessary for its completion can be reliably determined. When the result of the transaction, involving the rendering of services, cannot be reliably valued, the revenue is recognized only in the amount of reimbursables.

The revenue from the usage of assets by third parties is recognized when the amount of revenue can be reliably valued and there is a possibility of gains.

In case of uncertainty regarding the cash inflow, included into the revenue, the open amount or the amount, the likelihood of which has ceased to exist, it is recognized as an expense of the reporting, and not as an adjustment to the originally recognized revenue amount.

Recognition of expenses

Expenses take the form of an outflow or attrition of assets, such as monetary funds, resources, fixed assets, etc.

By the type of activity the following classification of expenses has been adopted:

- expenses on contractual activity;
- expenses on non-contractual activity.

By the designation method, expenses are classified as follows:

- Cost of goods sold;
- General and administrative costs;
- Distribution costs;
- Miscellaneous costs (expenses);
- Financial costs;
- Losses from the participation interest;
- Corporate income tax.

Cost of products sold and services rendered

The expenses, directly relating to product release, rendering of services, execution of work, which were reported as income in the reporting period are included into the manufacturing cost:

- wages of the employees directly involved in the manufacturing of goods and rendering of services:
 - benefits to the employees, as provided for in the legislation;
 - bonuses, including end-year remunerations;
 - deductions from the wages of employees involved in manufacturing;
 - amortization of the fixed assets involved in the manufacturing of goods, execution of work and rendering of services;
- loss from the impairment of assets, directly involved in the manufacturing of goods;
- amortization of non-material assets involved in the manufacturing of goods, execution of work and rendering of services;
- expenses related to servicing and maintenance of the fixed assets, directly involved in the process of production;
- costs of raw materials, fuel, energy, used in the process of production;
- utility's costs;
- travel expenses of the manufacturing personnel;
- rental costs of production and non-material assets;
- expenses, incurred by production faults;

- expenses on guaranteeing the execution of sanitation standards, workplace engineering and accident prevention;
- insurance expenses of manufacturing personnel and production assets;
- production services of third parties;
- other expenses, including professional development, communication services and other expenses, directly relating to the manufacturing.

In the course of normal functioning of LLP, additional expenses are incurred, which are not related to the cost of goods sold, but lead to a decrease in gains in the reporting period. these expenses include:

General and administrative costs

- wages of administrative and managerial staff;
- benefits to the employees, as provided for in the legislation;
- social benefits;
- bonuses, including end-year remunerations;
- other similar payments;
- deductions from the wages of administrative and managerial staff;
- amortization of the fixed and non-material assets, not involved in the manufacturing of goods, execution of work and rendering of services;
- loss from the impairment of assets;
- servicing and maintenance of the fixed and non-material assets;
- cost of materials, office supplies and printing services;
- communication services;
- utility's costs;
- travel expenses;
- representational expenses;
- professional development;
- other expenses relating to administrative and managerial staff;
- insurance expenses of administrative and managerial staff;
- consulting (auditing) and information services;
- legal services;
- rental costs;
- banking services;
- charges, duties and taxes;
- legal fees;
- judgment (acknowledged) fines;
- costs on the accumulation of reserves for doubtful debt;

Distribution costs:

- wages of the employees involved in sales;
- benefits to the employees, as provided for in the legislation;
- social benefits and compensatory payments;
- deductions from the wages of employees;
- bonuses, including end-year remunerations;
- travel expenses;
- amortization expenses and maintenance costs of the fixed assets, involved in realization of stocks;
- loss from the impairment of assets;
- utility's costs;
- expenses on loading, transportation and storage;
- expenses of the export terminal;
- advertising and marketing;
- rail hardstanding area rent;

- realization services of third parties;
- other expenses, including professional development, communication services and other expenses, directly relating to sales.

Other expenses

- foreign exchange loss;
- retirement of fixed and non-material assets;
- retirement of financial investments;
- other expenses.

Financing expenses include the expenses on remuneration payment under the loans. All financing expenses related to loans are recognized in the period when they have been incurred and are classified as current expenses.

Total expenses on the income tax in the current period are determined based on taxable profit for the year.

Cost accounting of corporate subsurface users

Description of a process of financial accounting with respect to exploration for and evaluation of mineral resources.

The limited liability partnership must apply IFRS 6, when it accounts expenses incurred by it connected with exploration and evaluation before commercial discovery and feasibility of a project. Assets connected with exploration and evaluation shall be measured at prime cost.

Elements of prime cost of assets connected with exploration and evaluation

The limited liability partnership must recognize all the expenses as assets connected with exploration and evaluation. The limited liability partnership does not carry out any other activities and all the expenditures are intended for exploration for and evaluation of mineral resources under a contract.

Following are expenses, which are included into an original measurement of assets connected with exploration and evaluation (the list is not exhaustive):

- administrative expenses
- acquisition of rights to carry out prospecting works;
- topographic, geological, geochemical and geophysical surveys;
- prospecting and exploratory drilling;
- assay and sample taking; and activities related to assessment of technical feasibility and commercial feasibility of mining operations.
- miscellaneous expenses incurred by the enterprise for production purposes.

In compliance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, enterprise shall recognize any liabilities to remove fixed assets and to restore natural resources in a relevant territory that arose during a certain period due to conduct of exploration for and evaluation of mineral reserves.

After assets connected with exploration and evaluation are recognized, the enterprise shall apply cost method to them.

4. Adjustments from previous years

During the preparation of the financial statements for 2020 in accordance with IFRS, changes were identified in the opening balance in the statement of financial position for 2019. The nature of these changes is summarized below by reclassifying and restating the balance sheet items of assets and liabilities as at 31 December 2019.

Recalculations:

1. The increase in the item "Fixed assets" is explained by the adjustment of depreciation upon transfer of the fixed asset (car) in the amount of 376 thousand tenge.
2. Decrease in the item "Exploration assets" is due to the adjustment of depreciation expenses for the sale of a car, which are capitalized in accordance with the Accounting Policy of the LLP.

Assets	As of 31.12.2019	Adjustments	As of 31.12.2019, taking into account adjustments
I. Short-term assets			
Monetary funds and their equivalents	0	0	0
Short-term trade and other accounts receivable	25 279	0	25 279
Short-term assets total	25 279	0	25 279
Assets (or disposal groups) held for sale			
II. Long-term assets			
Fixed assets	477	376	853
Biological assets			
Exploration and evaluation assets	225 176	(376)	224 800
Long-term assets total	225 653	0	225 653
Balance	250 932	0	250 932
Liabilities and Equity	As of 31.12.2019	Adjustments	As of 31.12.2019, taking into account adjustments
III. Short-term liabilities			
Short-term trade and other accounts payable	47 925	0	47 925
Employee benefits	5 105	0	5 105
Other short-term liabilities	2 527	0	2 527
Short-term liabilities total	55 557	0	55 557
Liabilities of the disposal groups held for sale			
IV. Long-term liabilities			
Borrowings	195 100	0	195 100
Long-term liabilities total	195 100	0	195 100
V. Capital			
Charter capital	275	0	275
Reserve			
Undistributed profit (uncovered loss)			
Total capital attributable to owners of the parent company	275	0	275
Non-controlling interest			
Total capital	275	0	275
Balance	250 932	0	250 932

5. Monetary funds and equivalents

The amount of monetary funds and equivalents includes:

thousand tenge

Item name	As of December 31, 2020	As of December 31, 2019
Cash on hand	-	-
Cash in current bank accounts	21 420	-
Total	21 420	-

6. Short-term trade liabilities and other accounts receivable

thousand tenge

Item name	As of December 31, 2020	As of December 31, 2019
Floating debt of accountable persons	-	25 279
Floating debt on the given workers to the loans	-	-
Total	-	25 279

7. Fixed assets

thousand tenge

Fixed assets	Others	Total
Original value as of January 1, 2020	1 378	1 378
Acquisition		
offs	1 378	1 378
Original value as of December 31, 2020	525	525
Accumulated wear and tear as of January 1, 2020		
Accumulated wear and tear as of December 31, 2020	893	893
Book value as of January 1, 2020	853	853
as of December 31, 2020	485	485

8. Exploration and evaluation assets

Item name	As of December 31, 2020	As of December 31, 2020
Exploration and evaluation assets	246 463	224 800
Total	246 463	224 800

9. Short-term trade and other accounts payable

thousand tenge

Item	As of December 31, 2020	As of December 31, 2019
Indebtedness to suppliers and contractors, including:		
STEWART ASSAY AND ENVIRONMENTAL LABORATORIES	9 279	8 407
"Alpysbaev Nusipkali Nietalin" IE	-	1 520
"Amitaf" IE	-	400
"Centrgeolsemka" LLP	37 395	37 395
"Ekibastuz Training and Production Enterprise LLP	-	20
Other short-term payables	-	183
Total	46 674	47 925

10. Loans

thousand tenge

Item	As of December 31, 2020	As of December 31, 2019
	thousand tenge	thousand tenge
I.V. Nuss	4 510	4 510
Havelock Mining Investment Ltd	210 355	190 059
Total	214 865	195 100

11. Equity capital

thousand tenge

Item	As of December 31, 2020	As of December 31, 2019
Chartered capital	275	275
Total equity capital	275	275

12. Financial and contingent liabilities

The Partnership didn't have any financial and contingent liabilities in the current period.

Litigation and claims

The Partnership is not a subject to potential proceedings, related to business operations. The LLP does not believe that pending or minacious proceeding of this kind, collectively and discretely, will have any negative impact on the financial conditions of the LLP or the results of its activities.

The LLP estimates the likelihood of material obligations arising from individual circumstances, and creates reserve in its financial statements only when it is probable that the events giving rise to the obligation will likely occur and the amount of the obligation can be estimated with reasonable certainty. The LLP has not created any reserve in the present financial statements due to the absence of any abovementioned events.

Unforeseen tax payments

Provisions of the Tax Code are not always clearly formulated and their interpretation depends on the opinion of tax inspectors of the local level and the officials of the Ministry of Finance. Instances of discordance of opinions between local, regional and national tax authorities are not

uncommon. Due to the uncertainties inherent in Kazakhstan's tax system, the potential amount of taxes, penalties and fines may exceed the amount classified as expenses to the present date and accrued as on December 31, 2020.

Nevertheless, management of the Partnership assumes that such taxes, penalties and fines are either unlikely or cannot be measured, or both.

The LLP believes that it had paid all the taxes, set by the Tax Code.

13. Risk management

The activities of the LLP are subject to credit, liquidity, market and operating risks. The LLP carries out risk management by ongoing identification, estimation and monitoring, as well as by setting the risk limits and other measures of internal control. Risk management is critical for maintaining the stable profitability of the LLP and each employee bears responsibilities for the risks related to his or her duties.

Independent risk control process does not include business risks, for example changes in the economic environment or technology. Such risks are controlled by the LLP in the process of the strategic planning.

Risk management structure

The management of the LLP bears responsibility for risk management and risk control.

Liquidity risk and source of financing management

Liquidity risk is the risk that the LLP won't be able to fulfill its obligations under cash payments upon maturing in the regular or unforeseen course of business. The management of the LLP carries out asset management considering liquidity and future monetary flows.

Liquidity is measured and managed by the Company, primarily on a standalone basis, based on the ratio of net liquid assets and liabilities.

Exchange risk

Exchange risk is the risk of currency value change in the international transactions. The LLP doesn't hedge the accounts payable and accounts receivable, since the management supposes that the exchange risk is negligible.

Operating risk

Operating risk arises from the systemic failure, personnel errors, fraud or external events. When the internal control system stops functioning, operating risks can injure the reputation, incur legal effects or lead to financial losses. The LLP cannot suggest that all operating risks are eliminated, but through the control system and by monitoring and appropriate responding to potential risks, the LLP can manage such risks. The internal control system includes the effective segregation of duties, access rights, approval and reconciliation procedures, staff training as well as valuation procedures, including the internal audit.

General Manager I.V. Nuss

Chief Accountant G.B. Kulmanbetova

