

**On approval of the Rules (methods) of pricing for natural uranium concentrate**

***Unofficial translation***

Resolution of the Government of the Republic of Kazakhstan dated February 3, 2011 № 74.

      *Unofficial translation*

      Footnote. Title in the wording of the resolution of the Government of the RK 11.07.2014 № 791 (shall be enforced upon expiry of ten calendar days after the date of its first official publication)

      In accordance with subparagraph 3) of paragraph 10 of Article 10 of the Law of the Republic of Kazakhstan dated July 5, 2008 “On Transfer Pricing” the Government of the Republic of Kazakhstan **hereby RESOLVED as follows**:

      1. To approve the attached Rules (methods) of pricing for natural uranium concentrate.

      Footnote. Paragraph 1 in the wording of the resolution of the Government of the RK 11.07.2014 № 791 (shall be enforced upon expiry of ten calendar days after the date of its first official publication)

      2. This resolution shall be enforced upon expiry of ten calendar days after the date of its first official publication

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*Prime Minister of the Republic of Kazakhstan*
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*K.Massimov*
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|   | Approved |
|   | by resolution of the Governmentof the Republic of Kazakhstandated February 3, 2011 № 74 |

 **Rules (methods) of pricing for natural uranium concentrate**

      Footnote. Rules in the wording of the resolution of the Government of the RK 11.07.2014 № 791 (shall be enforced upon expiry of ten calendar days after the date of its first official publication)

 **Chapter 1. General Provisions**

      Footnote. The heading of chapter 1 is as amended by the Decree of the Government of the Republic of Kazakhstan dated 01.06.2021 No. 361 (shall be enforced ten calendar days after the day of its first official publication).

      1. These Rules (methods) of pricing for natural uranium concentrate (hereinafter referred to as the Rules) shall establish the procedure for determining (calculating) sales prices of natural uranium concentrate under transactions made under contracts for the purchase and sale of natural uranium concentrate, with the exception of transactions with the Procurement and Inventory Management of the Department of Atomic Energy of the Government of India specified in section 7 of these Rules, as well as the French operator of nuclear power plants Electricite de France specified in section 8 of these Rules.

      Footnote. Paragraph 1 in the wording of the resolution of the Government of the RK 23.12.2015 № 1041 (shall be enforced upon expiry of ten calendar days after the date of its first official publication)

 **Chapter 2. Terms, definitions and abbreviations used in these Rules"**

      Footnote. The heading of Chapter 2 is as amended by Decree of the Government of the Republic of Kazakhstan dated 01.06.2021 No. 361 (shall be enforced ten calendar days after the day of its first official publication).

      2. Terms, definitions and abbreviations used in these Rules:

      1) enriched uranium product (EUP) - unirradiated uranium in the form of uranium hexafluoride, having a concentration of the U-235 isotope in uranium up to 5% (determined by dividing the total weight of the U-235 isotope contained in nuclear material by the total weight of all uranium isotopes, contained in the nuclear material, and multiplying by 100 to determine the weight percent (% wt.);

      2) discount is a discount from the price provided by the seller to the buyer, established in the contract for the sale and purchase of natural uranium concentrate, equal to a value from 0 (zero) to 8 (eight) percent in transactions made in the territory of the Republic of Kazakhstan, from 0 (zero) up to 5 (five) percent for export transactions and transactions made outside the territory of the Republic of Kazakhstan, expressed as a percentage (%);

      3) differential is the amount of the adjustment applied to bring the transaction price and the price from the source of information into comparable economic conditions in accordance with the legislation of the Republic of Kazakhstan on transfer pricing, expressed in US dollars per pound of natural uranium concentrate or in tenge per kilogram of uranium. The components of the differential must be documented or officially recognized sources of information.

      At the same time, the differential relating to the costs associated with the delivery of natural uranium concentrates to conversion enterprises under transactions carried out by the “National Atomic Company “Kazatomprom” joint-stock company with residents of the Republic of Kazakhstan is confirmed in accordance with the internal rules of the “National Atomic Company Kazatomprom” joint-stock company. The transport differential for deliveries of uranium to the territory of the CPR is confirmed by an official document of the China Nuclear Energy Industry Corporation (CNEIC) and/or the buyer of natural uranium concentrate.

      4) short-term contract is a contract for the sale and purchase of natural uranium concentrate with a delivery period of natural uranium concentrate of not more than 6 (six) months from the date of conclusion of the contract, including the one concluded under the framework agreement. A short-term contract must be concluded no later than 2 (two) months from the date of acceptance (acceptance) of the offer.

      5) transaction price is the selling price of a pound of natural uranium concentrate, calculated according to the formula established in the contract in accordance with these Rules. If the currency of payment under the contract is not the US dollar, then the coefficient of conversion of the US dollar into the currency of payment specified in the contract at the exchange rate effective on the date of transfer of ownership is applied to the transaction price;

      6) framework agreement is an agreement of the parties that defines the general terms of the obligations of the parties, which will be specified and specified by the parties by concluding separate agreements, filing applications by one of the parties or otherwise on the basis of or in pursuance of the framework agreement. The framework agreement defines part of the terms of supply, establishes the principles of cooperation, but does not define certain essential conditions (specific volumes of purchases, prices, terms, etc.), i.e. intentions of the parties to carry out the transaction, providing for some general terms of the contract. The framework agreement is not considered as an independent contract for the sale and purchase of natural uranium concentrate due to the need to determine separate detailed subsequent agreements of the parties, which the parties determine after the entry into force of the framework agreement and during its validity period. Such necessary essential conditions are the volumes of supplies (one or more), the price per unit of goods, the terms, place of delivery and other conditions that are negotiated in each specific case by signing an additional document - a separate agreement, a confirmation contract or a notice of purchase (i.e. offer) and notification of acceptance (i.e. acceptance of the offer). Each separate delivery under such a document is considered as a separate independent contract in accordance with these Rules.

      7) medium-term contract is a contract for the sale and purchase of natural uranium concentrate with a delivery period of natural uranium concentrate from one and a half to 3 (three) years from the date of conclusion of the contract;

      8) offer is an offer to conclude a contract for the purchase and sale of natural uranium concentrate, made to one or several specific persons, if it is sufficiently defined and expresses the intention of the person who made the offer to consider himself bound in case of its acceptance (acceptance). An offer is sufficiently specific if it specifies the essential terms of the contract or the procedure for determining them. At the same time, for the purposes of these Rules, the validity period of an offer should not exceed 6 (six) months from the date of its submission to its acceptance (acceptance), with the exception of an offer on the basis of which a short-term contract is concluded.

      The validity of an offer under a short-term contract shall not exceed 2 (two) months from the date of its submission.

      9) price from officially recognized sources of information is an indicator of the long-term, medium-term or spot (weekly or monthly) price per pound of U3O8 \* published in United States dollars by the companies “Ux Consulting LLC” (the USA) and “Trade Tech LLC (the USA), expressed in US dollars per pound U3O8\*;

      10) spot contract is a contract for the purchase and sale of natural uranium concentrate with a delivery period of natural uranium concentrate from 6 (six) months to one and a half years from the date of conclusion of the contract;

      11) natural uranium concentrates is uranium concentrates in the form of nitrous oxide U3O8, ammonium diuranate (NH4)2U2O7, uranium peroxide (UO4xH2O) and other concentrates consisting of uranium oxides with a natural content of the isotope U-235, corresponding to the current national standard of the Republic of Kazakhstan ST RK 1909 “Uranium ore concentrate. Specifications”, approved by the authorized state body, carrying out state regulation in the field of technical regulation.

      12) coefficient for converting pounds of natural uranium concentrate into kilograms of uranium is a value that determines the amount of a pound of natural uranium concentrate in 1 (one) kilogram of uranium, established by the converter plant;

      13) long-term contract is a contract for the sale and purchase of natural uranium concentrate with a delivery period of natural uranium concentrate of 3 (three) years or more from the date of conclusion of the contract;

      14) escalation coefficient is a value reflecting the inflation rate of the payment currency according to the data published by the authorized body of the country of the issuer of the payment currency (US Department of Commerce, if the payment currency is the US dollar; Central European Bank, if the payment currency is the euro; for other currencies is the authorized body country of the issuer of the payment currency specified in the contract) and applied to the base price.

      The escalation coefficient is defined as the ratio of the Gross Domestic Product (hereafter GDP) price deflator index published for 1 (one) quarter preceding the quarter of the transfer of ownership of the goods to the buyer, and the GDP price deflator index published for the quarter of the conclusion of the contract or the quarter of submission of the offer .

      In cases where the transfer of ownership under contracts occurs more than 5 (five) years from the date of entry into force of the contract, then the escalation factor should be determined as the ratio of the values of the GDP price deflator index published for 1 (one) quarter preceding the quarter of the transfer of rights ownership of the goods to the buyer, and the GDP price deflator index published for the 1st (first) quarter of the 1st (first) year of deliveries under the contract.

      15) СР (ceilingprice) is the upper limit of the transaction price set in the contract for the sale and purchase of natural uranium concentrate, expressed in US dollars per pound U3O8\*\*;

      16) FP ( floorprice ) is the lower limit of the transaction price set in the contract for the sale and purchase of natural uranium concentrate, expressed in US dollars per pound U3O8\*\*.

      Footnote. Paragraph 2 as amended by Decree of the Government of the Republic of Kazakhstan dated 01.06.2021 No. 361 (shall be enforced ten calendar days after the day of its first official publication).

 **Chapter 3. Procedure for determining the transaction price for a short-term contract**

      Footnote. The heading of chapter 3 is as amended by the Decree of the Government of the Republic of Kazakhstan dated 01.06.2021 No. 361 (shall be enforced ten calendar days after the day of its first official publication).

      3. For the short-term contract, the transaction price shall be calculated by the following formula:

      P = SP x (100% - D): 100% - T, where:

      P (price) - transaction price (in US dollars per pound U3O8\* \*);

      SP (spot price) - the arithmetic average of the spot price indicators for natural uranium concentrate from officially recognized sources of information at the date of the offer or contract (in US dollars per pound U3O8\* \*);

      D (discount) - discount,%;

      T (transport and price differential) - a differential taken into account depending on the terms of supply of natural uranium concentrate under transfer pricing legislation (in US dollars per pound U3O8\* \*).

      4. If the contract for the purchase and sale of natural uranium concentrate provides for a discount, the transaction price shall be calculated without taking into account the margin of the trader, trading broker or agent.

      5. If P is calculated in US dollars per kilogram of uranium, a conversion factor of pounds of U3O8\* to kilograms of uranium shall be applied to P calculated in US dollars per pound U3O8\*, and the transaction price shall be calculated as follows:

      P = (SP x (100% - D): 100% - T) x C, where:

      C (conversion factor) - the conversion factor of pounds of U3O8\* to kilograms of uranium, expressed in pounds of U3O8\*, divided by kilogram of uranium.

      6. If the currency of payment is not US dollars, the transaction price shall be calculated by the following formula:

      P = (SP x (100% - D): 100% - T) x ER, where:

      ER (exchange rate) - the ratio of US dollar conversion to the currency of payment at the market exchange rate effective on the date of transfer of ownership and determined in accordance with subparagraph 11) of paragraph 1 of Article 1 of the Code of the Republic of Kazakhstan "On taxes and other mandatory payments to the budget" (Tax Code).

      Footnote. Paragraph 6 as amended by the resolution of the Government of the RK dated 03.05.2018 № 234 (shall be enforced upon expiry of ten calendar days after the date of its first official publication)

      7. If the cases specified in paragraphs 5 and 6 of these Rules are applied simultaneously, the transaction price shall be calculated by the following formula:

      P = (SP x (100% - D): 100% - T) x C x ER.

 **Chapter 4. Procedure for determining the transaction price for a spot contract**

      Footnote. The title of Chapter 4 is as amended by Decree of the Government of the Republic of Kazakhstan dated 01.06.2021 No. 361 (shall be enforced ten calendar days after the day of its first official publication).

      8. For the spot contract, the transaction price shall be calculated by the following formula:

      P = SP x (100% - D): 100% - T, where:

      P (price) - transaction price (in US dollars per pound U3O8\*);

      SP (spot price) - the arithmetic mean of spot price indicators for natural uranium concentrate from officially recognized sources of information at the date of transfer of ownership to the buyer. In the absence of spot price indicators in officially recognized sources at the date of the transfer of ownership, spot price indicators published at the date preceding the transfer of ownership (in US dollars per pound U3O8\*) shall apply;

      D (discount) - discount,%;

      T (transport and price differential) - a differential taken into account depending on the terms of supply of natural uranium concentrate under transfer pricing legislation (in US dollars per pound U3O8\*).

      9. If the contract for the purchase and sale of natural uranium concentrate provides for a discount, the transaction price shall be calculated without taking into account the margin of the trader, trading broker or agent.

      10. If P is calculated in US dollars per kilogram of uranium, a conversion factor of pounds of U3O8\* to kilograms of uranium is applied to P calculated in US dollars per pound U3O8\*, and the transaction price shall be calculated as follows:

      P = (SP x (100% - D): 100% - T) x C, where:

      C- the conversion factor of pounds of U3O8\* per kilogram of uranium, expressed in pounds of U3O8\*, divided by kilogram of uranium.

      11. If the currency of payment is not US dollar, the transaction price shall be calculated by the following formula:

      P = (SP x (100% - D): 100% - T) x ER, where:

      ER (exchange rate) - the ratio of US dollar conversion to the currency of payment at the market exchange rate effective on the date of transfer of ownership and determined in accordance with subparagraph 11) of paragraph 1 of Article 1 of the Code of the Republic of Kazakhstan "On taxes and other mandatory payments to the budget" (Tax Code).

      Footnote. Paragraph 11 as amended by the resolution of the Government of the RK dated 03.05.2018№ 234 (shall be enforced upon expiry of ten calendar days after the date of its first official publication)

      12. If the cases referred to in paragraphs 11 and 12 of these Rules are applied simultaneously, the transaction price shall be calculated by the following formula:

      P = (SP x (100% - D): 100% - T) x C x ER.

 **Chapter 5. Procedure for determining the transaction price for a medium-term contract**

      Footnote. The title of Chapter 5 is as amended by Decree of the Government of the Republic of Kazakhstan dated 01.06.2021 No. 361 (shall be enforced ten calendar days after the day of its first official publication).

      13. For the medium-term contract, the transaction price shall be calculated by the following formula:

      P = (1 - K) x BP x (100% - D1): 100% x Esc K x SP x (100% - D2): 100% - T;

      If P < FP, P = FP;

      If P > CP, then P = CP, but if CP < (SP - 10%), then P = (SP - 10%) \* \*, where:

      P (price) - transaction price (in US dollars per pound U3O8\*);

      BP - base price - constant for the entire term of the contract the component of the transaction price, arithmetic mean value of indicators of spot and medium-term prices for natural uranium concentrate from officially recognized sources of information (in US dollars per pound U3O8\*) on the date of submission of the offer or conclusion of the contract. BP is determined according to the following:

      BP = (AMTP ASP): 2, where:

      AMTP = (AMTP 1 AMTP 2): 2,

      ASP = (ASP 1 ASP 2): 2,

      AMTP (average mid-term price) - the arithmetic mean of published medium-term price indicators from officially recognized sources of information (in US dollars per pound U3O8\*). When publishing such a value, only one of the officially recognized sources of information as AMTP applies a single published value (without averaging) and the AMTP is determined according to the following:

      AMTP = AMTP 1 or AMTP 2, whichever is published.

      ASP (average spot price) - the arithmetic mean of published spot price indicators from officially recognized sources of information (in US dollars per pound U3O8\*). When publishing such a value, only one of the officially recognized sources of information as ASP applies a single published value (without averaging) and ASP shall be determined according to the following:

      ASP = ASP 1 or ASP 2, whichever is published.

      SP (spot price) - the spot price - a variable component of the price of the transaction - arithmetic-mean value of indicators of the spot prices of a concentrate of natural uranium from officially recognized sources of information (in US dollars for pound U3O8\*) for date of transition of the property right to the buyer. In the absence of spot price indicators in officially recognized sources, spot price indicators published on the date preceding the date of transfer of ownership shall be used at the date of transfer of ownership.

      K (coefficient) - by means of which the shares of the base price and spot price in the transaction price formula are determined in order to minimize risks related to the dynamics and degree of change of the forecast medium-term prices from officially recognized sources of information.

      K is defined by formula:

      K = 0.5 x k, where:

      0.5 - constant part of coefficient K, which determines equality of shares of base price and spot price at initial stage of contract price calculation;

      K - variable part of coefficient K, which determines the degree of change of forecast prices from officially recognized sources of information. If K is more than two, then for calculations the value shall be taken equal to two. Calculations use a value with two significant digits after the comma.

      K is determined by formula:

      K = PP: BP, where:

      BP - base price - constant for the entire term of performance of the contract the component of the transaction price - arithmetic mean value of indicators of spot and medium-term prices for natural uranium concentrate from officially recognized sources of information (in US dollars per pound U3O8\*) on the date of submission of the offer or conclusion of the contract;

      PP (price projection) - the arithmetic mean of indicators of forecast prices for natural uranium concentrate from officially recognized sources of information. The calculation uses the average of the Mid Price Annual Midpoint forecast baseline scenario published quarterly by Ux Consulting LLC in the Uranium Market Outlook and Uranium Market Price Projections (Term Ref) published monthly and quarterly by Trade Tech LLC in the "Study" report by STUDY The calculation uses the last values, both from the monthly and quarterly report, effective on the date of submission of the offer and/or contract, whichever is the last report. The beginning of the settlement period for PP is the quarter in which the next delivery is made. The end of the calculation period for PP is the last quarter of the term of the medium-term contract (in US dollars per pound U3O8\*). When publishing forecast price indicators, only one of the officially recognized sources of information for PP calculation applies the only values published;

      D (discount) - discount,%;

      T (transport and price differential) shall be a differential taken into account depending on the conditions of supply of natural uranium concentrate in accordance with the procedure established by the transfer pricing legislation (in US dollars per pound U3O8\*).

      If the contract for the purchase and sale of natural uranium concentrate provides for a discount, the transaction price shall be calculated without taking into account the margin of the trader, trading broker or agent.

      Esc - escalation coefficient.

      14. If P is calculated in US dollars per kilogram of uranium, a conversion factor of pounds of U3O8\* to kilograms of uranium is applied to P calculated in United States dollars per pound U3O8\*, and the transaction price shall be calculated as follows:

      P = ((1 - K) x BP x (100% - D1): 100% x Esc K x SP x (100% - D2): 100% - T) x C, where:

      C (conversion factor) is the conversion factor of pounds of U3O8 to kilograms of uranium, expressed in pounds of U3O8, divided by kilogram of uranium.

      15. If the currency of payment is not US dollar, the transaction price shall be calculated by the following formula:

      P = ((1 - K) x BP x (100% - D1): 100% x Esc K x SP x (100% - D2): 100% - T) x ER, where:

      ER (exchange rate) - the ratio of US dollar conversion to the currency of payment at the market exchange rate effective on the date of transfer of ownership and determined in accordance with subparagraph 11) of paragraph 1 of Article 1 of the Code of the Republic of Kazakhstan "On taxes and other mandatory payments to the budget" (Tax Code).

      Footnote. Paragraph 15 as amended by the resolution of the Government of the RK dated 03.05.2018№ 234 (shall be enforced upon expiry of ten calendar days after the date of its first official publication)

      16. If the cases referred to in paragraphs 14 and 15 of this Rules are applied simultaneously, the transaction price shall be calculated by the following formula:

      P = ((1 - K) x BP x (100% - D1): 100% x Esc K x SP x (100% - D2): 100% - T) x C x ER.

 **Chapter 6. Procedure for determining the transaction price for a long-term contract**

      Footnote. The heading of chapter 6 is as amended by the Decree of the Government of the Republic of Kazakhstan dated 01.06.2021 No. 361 (shall be enforced ten calendar days after the day of its first official publication).

      17. For the long term contract, the transaction price shall be calculated using one of the following formulas:

      1) P = (1 - K) x BP x (100% - D1): 100% x Esc K x SP x (100% - D2): 100% - T,

      at the same time:

      if P < FP, P = FP;

      If P > CP, then P = CP, but if CP < (SP - 10%), then P = (SP - 10%) \* \*, where:

      P (price) - transaction price (in US dollars per pound U3O8\*);

      BP - base price - constant for the entire performance period of the contract price component - arithmetic mean value of indicators of medium and long-term prices of natural uranium concentrate from officially recognized sources of information (in US dollars per pound U3O8\*) on the date of submission of the offer or conclusion of the contract, subject to revision every five years from the date of the first delivery under the contract. In each such revision, the BP shall be aligned with the arithmetic average of the indicators for medium- and long-term prices of natural uranium concentrate from officially recognized sources of information (in United States dollars per pound U3O8\*) as at the date of each fifth anniversary of the first contract delivery.

      BP is determined according to the following:

      BP = (AMTP ALTP): 2, where:

      AMTP = (AMTP 1 AMTP 2): 2,

      ALTP = (ALTP 1 ALTP 2): 2,

      AMTP (average mid-term price) - the arithmetic mean of published medium-term price indicators from officially recognized sources of information (in US dollars per pound U3O8\*). When this value is published only by one of the officially recognized sources of information, the single published value (without averaging) is used as the AMTP and the AMTP is determined according to the following:

      AMTP = AMTP 1 or AMTP 2, whichever is published.

      ALTP (average long-term price) - the arithmetic mean of published long-term price indicators from officially recognized sources of information (in US dollars per pound U3O8\*) When publishing such a value, only one of the officially recognized sources of information as ALTP applies a single published value (without averaging) and ALTP shall be determined according to the following:

      ALTP = ALTP 1 or ALTP 2, whichever is published.

      In the absence of indicators of medium- and long-term prices of natural uranium concentrate at the date, which accounts for every fifth anniversary of the date of the first delivery under the contract, indicators of medium- and long-term prices of natural uranium concentrate shall be used, published on the date preceding the date of each fifth anniversary of the first contract delivery (in United States dollars per pound U3O8\*).

      SP (spot price) - the spot price - a variable component of the price - arithmetic-mean value of indicators of the spot prices of a concentrate of natural uranium from officially recognized sources of information (in US dollars for pound U3O8\*) for date of transition of the property right to the buyer. In the absence of spot price indicators in officially recognized sources, spot price indicators published on the date preceding the date of transfer of ownership shall be used at the date of transfer of ownership.

      K (factor) - by means of which the shares of the base price and spot price in the transaction price formula shall be determined in order to minimize risks related to the dynamics and degree of change of forecast prices from officially recognized sources of information.

      K is defined by formula:

      K = 0.5 x k, where:

      0.5 - constant part of coefficient K, which determines equality of shares of base price and spot price at the initial stage of determination (calculation) of contract price;

      K - variable part of coefficient K, which shall determine the degree of change of forecast prices from officially recognized sources of information. If k is more than two, then for calculations the value is taken equal to two. Calculations shall use a value with two significant digits after the comma.

      K is determined by formula:

      K = PP: BP, where:

      BP - base price - constant for the entire term of the contract the component of the transaction price - arithmetic mean value of indicators of medium and long-term prices of natural uranium concentrate from officially recognized sources of information (in US dollars per pound U3O8\*) on the date of submission of the offer or conclusion of the contract, subject to revision every five years from the date of the first delivery under the contract. In each such revision, the BP shall be aligned with the arithmetic average of the indicators for medium- and long-term prices of natural uranium concentrate from officially recognized sources of information (in US dollars per pound U3O8\*) as of the date of each fifth anniversary of the first contract delivery.

      In the absence of indicators of medium- and long-term prices of natural uranium concentrate at the date, which accounts for every fifth anniversary of the date of the first delivery under the contract, Indicators of medium- and long-term prices of natural uranium concentrate shall be used, published on the date preceding the date of each fifth anniversary of the first contract delivery (in US dollars per pound U3O8\*)

      PP (price projection) - the arithmetic mean of indicators of forecast prices for natural uranium concentrate from officially recognized sources of information. The calculation uses the average of the Mid Price Annual Midpoint forecast baseline scenario published quarterly by Ux Consulting LLC in the Uranium Market Outlook and Uranium Market Price Projections (Term Ref) published monthly and quarterly by Trade Tech LLC in the report by "URANIUM Market Study". The calculation shall use the last values, both from the monthly and quarterly report, effective on the date of submission of the offer and/or conclusion of the contract, whichever is the last report. The beginning of the settlement period for PP shall be the quarter in which the next delivery shall be made. The end of the calculation period for PP shall be the quarter, which accounts for the fifth anniversary from the date of the next delivery (in US dollars per pound U3O8\*). When publishing forecast price indicators only one of the officially recognized sources of information, the only published values are used to calculate PP.

      D (discount) - discount,%;

      T (transport and price differential) - a differential taken into account depending on the conditions of supply of natural uranium concentrate in accordance with the procedure established by the transfer pricing legislation (in US dollars per pound U3O8\*).

      If the contract for the purchase and sale of natural uranium concentrate provides for a discount, the transaction price shall be calculated without taking into account the margin of the trader, trading broker or agent.

      Esc (escalation) - escalation factor;

      2) P = MP x (100% - D): 100% - T, with:

      P (price) - transaction price (in US dollars per pound U3O8\*);

      MP - market price - variable price component - arithmetic average values of spot price indicators (separately), medium-term prices (separately), long-term prices (separately) for natural uranium concentrate from officially recognized sources of information (in US dollars per pound U3O8\*), or any of their combinations valid at the date of transfer of ownership to the buyer. In the absence of price indicators in officially recognized sources at the date of ownership transfer, price indicators published at the date preceding the date of ownership transfer (in US dollars per pound U3O8\*) shall apply.

      D (discount) - discount,%;

      T (transport and price differential) - a differential taken into account depending on the conditions of supply of natural uranium concentrate in accordance with the procedure established by the transfer pricing legislation (in US dollars per pound U3O8\*).

      If the contract for the purchase and sale of natural uranium concentrate provides for a discount, the transaction price shall be calculated without taking into account the margin of the trader, trading broker or agent.

      18. If P is calculated in US dollars per kilogram of uranium, a conversion factor of pounds of U3O8 to kilograms of uranium is applied to P calculated in US dollars per pound U3O8\* and the transaction price shall be calculated as follows:

      P = ((1 - K) x BP x (100% - D1): 100% x Esc K x SP x (100% - D2): 100% - T) x C, where:

      C (conversion factor) - the conversion factor of pounds of U3O8 to kilograms of uranium, expressed in pounds of U3O8, divided by kilogram of uranium.

      19. If the currency of payment is not US dollar, the transaction price shall be calculated by the following formula:

      P = ((1 - K) x BP x (100% - D1): 100% x Esc K x SP x (100% - D2): 100% - T) x ER, where:

      ER (exchange rate) - the ratio of US dollar conversion to the currency of payment at the market exchange rate effective on the date of transfer of ownership and determined in accordance with subparagraph 11) of paragraph 1 of Article 1 of the Code of the Republic of Kazakhstan "On taxes and other mandatory payments to the budget" (Tax Code).

      Footnote. Paragraph 19 as amended by the resolution of the Government of the RK dated 03.05.2018 № 234 (shall be enforced upon expiry of ten calendar days after the date of its first official publication)

      20. If the cases referred to in paragraphs 18 and 19 of these Rules are applied simultaneously, the transaction price shall be calculated by the following formula:

      P = ((1 - K) x BP x (100% - D1): 100% x Esc K x SP x (100% - D2): 100% - T) x C x ER.

 **Chapter 7. Procedure for Determining the Selling Prices of Natural Uranium Concentrate under Transactions with the Procurement and Inventory Department of the Atomic Energy Department of the Government of India**

      Footnote. The heading of chapter 7 is as amended by the Decree of the Government of the Republic of Kazakhstan dated 01.06.2021 No. 361 (shall be enforced ten calendar days after the day of its first official publication).

      21. The transaction price shall be calculated by the following formula:

      P = SP x (100% -D): 100%, where:

      P (price) - the price of uranium concentrate (US dollars / pounds U3O8);

      SP (spot price) - arithmetic average of spot prices Trade Tech LLC (Exchange Value) for six months preceding the date of transfer of ownership to the buyer;

      D (discount) - discount,%.

 **Chapter 8. Procedure for determining sales prices for natural uranium concentrate under transactions with the French operator of nuclear power plants Electricite de France**

      Footnote. The heading of Chapter 8 is as amended by Decree of the Government of the Republic of Kazakhstan dated 01.06.2021 No. 361 (shall be enforced ten calendar days after the day of its first official publication).

      22. The transaction price shall be calculated by the following formula:

      P = 0.50 x BP x Esc 0.50 x SP x (100% - D): 100%, where:

      P (price) uranium concentrate price (in US dollars per pound U3O8);

      BP - base price - a constant component of the price for the entire term of the contract, equal to the value, not lower than the arithmetic average of indicators of medium and long-term prices of natural uranium concentrate from officially recognized sources of information (in US dollars per pound U3O8) on the date of submission of the offer or conclusion of the contract.

      SP (spot price) - arithmetic average of spot prices Trade Tech LLC (Exchange Value) and Ux U3O8 Month End Spot price for six months preceding the date of transfer of ownership to the buyer;

      D (discount) - discount,%.

      The upper limit of SP should not be lower than the value of the forecast indicators of prices for natural uranium concentrate (High Price Midpoint) published quarterly by Ux Consulting LLC in the report "Uranium Market Outlook," effective on the date of submission of the offer and/or conclusion of the contract.

      The escalation rate (Esc) should not exceed 2% per year.

      Note:

      \* Officially recognized sources of information in the Republic of Kazakhstan - Trade Tech LLC and UX Consulting LLC for natural uranium concentrates shall publish spot price indicators exclusively for U3O8 oxide. In this regard, other natural uranium concentrates other than U3O8 oxide shall be subject to similar price indicators in US dollars per pound of U3O8.

      \* \* If the transaction price calculated according to the formula set forth in the contract for the purchase and sale of natural uranium concentrate in accordance with these Rules is lower than FP, the transaction price shall be FP.

      If the transaction price calculated according to the formula set forth in the contract for the purchase and sale of natural uranium concentrate in accordance with these Rules is higher than SR, the transaction price shall be SR. But if the SR is lower than the arithmetic average of the spot price indicators for natural uranium concentrate from officially recognized sources of information at the date of transfer of ownership reduced by ten percent, then the arithmetic average of the spot price indicators for natural uranium concentrate from officially recognized sources of information at the date of transfer of ownership reduced by ten percent shall be used as the transaction price.

      The lower and/or upper limits apply as transaction price only if such limits are specified in the contract for the purchase and sale of natural uranium concentrate.

      The Rules of rounding of coefficients when using formulas for determination of the price of the transaction are established in contracts (agreements) of purchase and sale of a concentrate of natural uranium.

      \* \* \* The requirements of section 7 shall establish the procedure for determining (calculating) the prices of sale of natural uranium concentrate under transactions between the joint-stock company "National Atomic Company "Kazatomprom" and the Procurement and Inventory Management of the Department of Atomic Energy of the Government of India, performed under the contract for purchase and sale of natural uranium concentrate for the period 2015 - 2019.

      \* \* \* \* The requirements of section 8 shall establish the procedure for determining (calculating) prices of sale of natural uranium concentrate under transactions between the joint-stock company "National Atomic Company "Kazatomprom" and the French operator of nuclear power plants Eleelricite de France, performed under the contract for purchase and sale of natural uranium concentrate for the period of 2021 - 2025.

      Footnote. Note as amended by the resolution of the Government of the RK dated 15.07.2015 № 527 (shall be enforced upon expiry of ten calendar days after the date of its first official publication) dated 23.12.2015 № 1041 (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

 **Chapter 9. Procedure for determining sales prices for natural uranium concentrate under special conditions**

      Footnote. The rules are supplemented by Chapter 9 in accordance with the Decree of the Government of the Republic of Kazakhstan dated 01.06.2021 No. 361 (shall be enforced ten calendar days after the day of its first official publication).

      23. For the purposes of taxation, the price is recognized as a market price in the following cases:

      if the transaction was concluded as a result of a tender (competition) held by the end user of natural uranium concentrate, at a price not lower than the level of market prices as of the date of submission of the offer;

      if the transaction is concluded with an independent international organization in the UN system - the International Atomic Energy Agency (IAEA).

      24. When natural uranium concentrates are sold to a uranium product processing plant and subsequently repurchased in the form of a material (product) of higher processing (PMO), the price of reacquisition of natural uranium concentrates in the cost of PMO is recognized as market for tax purposes, if it will be equal to the selling price of natural uranium concentrates to the processing plant.

      When selling natural uranium concentrates in the cost of uranium products of a higher value added, the price is recognized as a market price for tax purposes if it remains unchanged with the consistent sale of PMOs, fuel pellets and fuel assemblies.”;

      the note shall be amended as follows:

      "Note:

      \* Officially recognized sources of information in the Republic of Kazakhstan - Trade For natural uranium concentrates, Tech LLC and UX Consulting LLC publish spot price indicators exclusively for nitrous oxide U3O8. In this regard, for natural uranium concentrates other than nitrous oxide U3O8, similar price indicators in US dollars per pound U3O8 apply.

      \*\* If the transaction price calculated according to the formula established in the contract for the sale and purchase of natural uranium concentrate in accordance with these Rules is lower than FP, then the value of FP is used as the transaction price.

      If the transaction price calculated according to the formula established in the contract for the sale and purchase of natural uranium concentrate in accordance with these Rules is higher than the CP, then the value of the CP is used as the transaction price. But, if the SR is lower than the arithmetic mean of spot price indicators for natural uranium concentrate from officially recognized sources of information as of the date of transfer of ownership, reduced by ten percent, then the arithmetic mean of spot price indicators for natural uranium concentrate from officially recognized sources of information is used as the transaction price on the date of transfer of ownership, reduced by ten percent.

      The lower and (or) upper limits are applied as a transaction price only if such limits are set in the contract for the sale and purchase of natural uranium concentrate.

      The rules for rounding off coefficients when using formulas for determining the transaction price are established in contracts (agreements) for the sale and purchase of natural uranium concentrate.

      \*\*\* The requirements of Chapter 7 establish the procedure for determining (calculating) the selling prices of natural uranium concentrate under transactions between the National Atomic Company Kazatomprom JSC and the Procurement and Inventory Department of the Atomic Energy Department of the Government of India, made in accordance with a contract for the sale and purchase natural uranium concentrate for the period 2015-2019, and other contracts with the Department of Procurement and Inventory of the Department of Atomic Energy of the Government of India, concluded under the same price formula.

      \*\*\*\* The requirements of Chapter 8 establish the procedure for determining (calculating) the selling prices of natural uranium concentrate under transactions between the National Atomic Company Kazatomprom JSC and the French operator of nuclear power plants Electricite de France, made in accordance with the contract for the sale and purchase of natural uranium concentrate for the period 2021-2025, and other Electricite contracts de France, concluded according to the same price formula.

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