

Independent auditor's report

To the Shareholder and Board of Directors of Kumtor Gold Company CJSC

Opinion

We have audited the financial statements of Kumtor Gold Company CJSC (hereinafter, the "Company"), which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to information stated in *Note 29* to the financial statements, namely to significant scope of Company's transactions with related parties. We do not express a modified opinion in connection with this matter.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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


Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Paul Cohn
Auditor / General Director
Ernst & Young Audit LLC

Qualification certificate of the auditor:
Series A No. 0366, registration number
No. 0446 of 22 October 2018

Audit license: Series A, No. 0036, registration
number No. 0065, issued 20 February 2010
by the State Service for Regulation and
Supervision of the Financial Market under the
Government of the Kyrgyz Republic

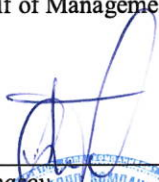
Toktogul str. 125/1, BC «Avangard», Tower A
720001, Bishkek, Kyrgyz Republic

31 March 2023


STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**For the year ended 31 December 2022**

<i>In thousands of United States Dollars</i>	Note	2022	2021
Revenue from contracts with customers	4	986,511	855,965
Cost of sales	5	(414,505)	(385,546)
Gross profit		572,006	470,419
General and administrative expenses	6	(15,927)	(8,038)
Taxes	7	(177,238)	(169,543)
Exploration costs	8	(13,919)	(12,787)
Regional Development and Nature Development Fund	9	(11,956)	(7,124)
Management expenses		–	(114)
Recovery/(accrual) of expected credit losses	11	31,297	(41,685)
Other operating income		–	3,388
Other operating expenses	12	(94)	(2,707)
Operating profit		384,169	231,809
Finance income	13	4,863	2,895
Finance costs	13	(2,636)	(2,304)
Social development contributions	14	(4,314)	(1,685)
Other expenses		(28)	(495)
Foreign exchange (loss)/gain, net		(10,333)	2,939
Profit for the year		371,721	233,159

Signed on behalf of Management of the Company:


 Almaz Baryktabasov
 President

 31 March 2023
 Bishkek, Kyrgyz Republic


 Talaigul Bukarbaeva
 Vice President Finance

 31 March 2023
 Bishkek, Kyrgyz Republic


 Venera Sabyrakunova
 Chief Accountant

 31 March 2023
 Bishkek, Kyrgyz Republic


The explanatory notes on pages 5-37 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

<i>In thousands of United States Dollars</i>	Note	31 December 2022	31 December 2021
Assets			
Non-current assets			
Property, plant and equipment	15	692,611	604,124
Reclamation trust fund	26	54,266	52,874
Prepayment for non-current assets	16	78,559	8,466
Long-term deposit	17	8,608	7,967
		834,044	673,431
Current assets			
Inventories	18	173,575	185,383
Supplies and prepayments	19	279,232	162,914
Loans given	20	–	50,000
Trade and other receivables	21	41,894	32,467
Cash and cash equivalents	22	123,613	198,581
		618,314	629,345
Total assets		1,452,358	1,302,776
Equity			
Share capital	25	3	1
Additional paid-in capital	25	45,000	45,000
Retained earnings		1,272,879	971,193
Total equity		1,317,882	1,016,194
Liabilities			
Non-current liabilities			
Provision for site restoration	26	60,911	56,451
Lease liabilities		1,294	1,076
		62,205	57,527
Current liabilities			
Trade and other payables	23	45,822	43,332
Other taxes payable	24	26,330	185,635
Lease liabilities		119	88
		72,271	229,055
Total liabilities		134,476	286,582
Total equity and liabilities		1,452,358	1,302,776

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 31 March 2023
 Bishkek, Kyrgyz Republic


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 Venera Sabyrakunova
 Chief Accountant

 31 March 2023
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STATEMENT OF CASH FLOWS


For the year ended 31 December 2022

<i>In thousands of United States Dollars</i>	Note	2022	2021
Cash flows from operating activities			
Profit for the year		371,721	233,159
Adjustments for:			
Depreciation and depletion	15	119,839	89,100
Inventories written off to net realizable value		2,292	3,108
(Recovery)/ accrual of expected credit loss on financial assets	11	(31,297)	41,685
Finance income	13	(4,863)	(2,895)
Finance costs	13	2,636	2,304
Foreign exchange loss/ (gain)		10,333	(2,939)
Other expenses		–	1,318
Loss on disposal of property, plant and equipment		1,002	401
		471,663	365,241
Change in inventories		11,808	43,827
Change in supplies and prepayments		(118,610)	(10,850)
Change decrease in trade and other receivables		(15,176)	(34,149)
Change decrease in trade and other payables		2,490	(16,856)
Change in taxes payable		(162,488)	42,545
		189,687	389,758
Interest received		4,137	1,594
Net cash flows from operating activities		193,824	391,352
Cash flows from investing activities			
Acquisition of property, plant and equipment		(278,181)	(143,822)
Placement of long-term deposit		(177)	(10,028)
Proceeds from loans given	20	50,000	100,000
Loans given		–	(146,000)
Allocation to reclamation trust fund		(3,000)	(5,882)
Proceeds from sale of property, plant and equipment		–	44
Net cash flows used in investing activities		(231,358)	(205,688)
Cash flows from financing activities			
Payment of lease liabilities		(236)	–
Dividends paid	25	(30,776)	–
Issue of shares	25	2	–
Cash flows used in financing activities		(31,010)	–
Net (decrease)/increase in cash and cash equivalents		(68,544)	185,664
Effect of movements in exchange rates on cash and cash equivalents		(11,935)	(508)
Effect of expected credit loss on cash and cash equivalents	11	5,511	(6,357)
Cash and cash equivalents at 1 January		198,581	19,782
Cash and cash equivalents at 31 December	22	123,613	198,581

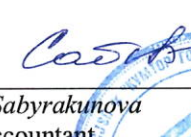
Signed on behalf of Management of the Company:


Almaz Barykbaev
 President

31 March 2023
 Bishkek, Kyrgyz Republic


Talaigul Bukarbaeva
 Vice President Finance

31 March 2023
 Bishkek, Kyrgyz Republic


Venera Sabyrakunova
 Chief Accountant

31 March 2023
 Bishkek, Kyrgyz Republic

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STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

<i>In thousands of United States Dollars</i>	Share capital	Additional paid in capital	Retained earnings	Total
At 1 January 2021	1	45,000	1,118,034	1,163,035
Profit for the year	–	–	233,159	233,159
Total comprehensive income for the year	–	–	233,159	233,159
Dividends declared	–	–	(380,000)	(380,000)
At 31 December 2021	1	45,000	971,193	1,016,194
Profit for the year	–	–	371,721	371,721
Total comprehensive income for the year	–	–	371,721	371,721
Dividends declared	–	–	(70,035)	(70,035)
Issue of shares (Note 25)	2	–	–	2
At 31 December 2022	3	45,000	1,272,879	1,317,882

Signed on behalf of Management of the Company:


 Almaz Baryktabasov
 President

 31 March 2023
 Bishkek, Kyrgyz Republic
 

 Talaigul Bukarbajeva
 Vice President Finance

 31 March 2023
 Bishkek, Kyrgyz Republic
 

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 31 March 2023
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