

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 2023, 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 material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023 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) together with the ethical requirements that are relevant to our audit of the financial statements in the Kyrgyz Republic, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 28 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 and Board of Directors 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.

Board of Directors is responsible for overseeing the Company's financial reporting process.

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 Board of Directors 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 October 22, 2018
Individual registration number No. 11030 dated
July 11, 2023;

Individual registration number
Ernst & Young Audit LLC in the Unified State
Register of Auditing Organizations admitted to
auditing entities of public interest, large
businesses No. 2100201 dated June 22, 2023,
issued by the Service for Regulation and
Supervision of the Financial Market under the
Ministry of Economy and Commerce of the
Kyrgyz Republic

Toktogul str. 125/1, 720001,
Bishkek, Kyrgyz Republic

4 March 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

<i>In thousands of United States Dollars</i>	Note	2023	2022
Revenue from contracts with customers	4	848,975	986,511
Cost of sales	5	(362,780)	(414,505)
Gross profit		486,195	572,006
General and administrative expenses	6	(12,124)	(15,927)
Taxes	7	(151,377)	(177,238)
Exploration costs	8	(5,087)	(13,919)
Regional Development and Nature Development Fund	9	(7,512)	(11,956)
(Accrual)/recovery of expected credit losses	11	(6,673)	31,297
Other operating income		978	-
Other operating expenses		(5)	(94)
Operating profit		304,395	384,169
Finance income	12	11,997	4,863
Finance costs	12	(3,733)	(2,636)
Social development contributions	13	(1,946)	(4,314)
Other income		2,087	-
Other expenses		(1,174)	(28)
Foreign exchange (loss)/gain, net		(9,091)	(10,333)
Profit for the year		302,535	371,721

Signed on behalf of Management of the Company:




Almaz Baryktabasov
President

4 March 2024
Bishkek, Kyrgyz Republic



Talaigul Bukarbaeva
Vice President Finance

4 March 2024
Bishkek, Kyrgyz Republic



Asel Duishenalieva
Chief Accountant

4 March 2024
Bishkek, Kyrgyz Republic

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

<i>In thousands of United States Dollars</i>	Note	31 December 2023	31 December 2022
Assets			
Non-current assets			
Property, plant and equipment	14	666,419	692,611
Inventories	18	230,204	-
Reclamation funds	25	63,224	54,266
Prepayment for non-current assets	15	38,871	78,559
Deposits	16	6,447	8,608
Long-term loans given	17	1,053	-
		1,006,218	834,044
Current assets			
Inventories	18	144,204	173,575
Supplies and prepayments	19	197,280	279,232
Trade and other receivables	20	110,786	41,894
Deposits	16	1,796	-
Cash and cash equivalents	21	155,216	123,613
		609,282	618,314
Total assets		1,615,500	1,452,358
Equity			
Share capital	24	3	3
Additional paid-in capital	24	45,000	45,000
Retained earnings		1,461,314	1,272,879
Total equity		1,506,317	1,317,882
Liabilities			
Non-current liabilities			
Provision for site restoration	25	59,867	60,911
Lease liabilities		804	1,294
		60,671	62,205
Current liabilities			
Trade and other payables	22	22,599	45,822
Other taxes payable	23	25,731	26,330
Lease liabilities		182	119
		48,512	72,271
Total liabilities		109,183	134,476
Total equity and liabilities		1,615,500	1,452,358

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4 March 2024
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Vice President Finance

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Bishkek, Kyrgyz Republic



Asel Duishenalieva
Chief Accountant

4 March 2024
Bishkek, Kyrgyz Republic

The explanatory notes 5-39 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

<i>In thousands of United States Dollars</i>	Note	2023	2022
Cash flows from operating activities			
Profit for the year		302,535	371,721
Adjustments for:			
Depreciation and depletion	14	281,638	119,839
Inventories written off to net realizable value		2,188	2,292
Expected credit loss on financial assets	11	6,673	(31,297)
Finance income	12	(11,997)	(4,863)
Finance costs	12	3,733	2,636
Foreign exchange loss		9,091	10,333
Other operating income		(978)	-
Other expenses		1,174	-
Loss on disposal of property, plant and equipment		(72)	1,002
		593,985	471,663
Change in inventories		(200,833)	11,808
Change in supplies and prepayments		80,742	(118,610)
Change decrease in trade and other receivables		(77,085)	(15,176)
Change decrease in trade and other payables		(23,786)	2,490
Change in taxes payable		(2,095)	(162,488)
		370,928	189,687
Interest received		11,439	4,137
Net cash flows from operating activities		382,367	193,824
Cash flows from investing activities			
Acquisition of property, plant and equipment		(221,251)	(278,181)
Proceeds from /(Placement of) long-term deposit		450	(177)
(Placement of) /Proceeds from loans given	17	(1,053)	50,000
Allocation to reclamation funds		(9,289)	(3,000)
Proceeds from sale of property, plant and equipment		-	-
Net cash flows used in investing activities		(231,143)	(231,358)
Cash flows from financing activities			
Payment of lease liabilities		(471)	(236)
Dividends paid	24	(109,224)	(30,776)
Payments to shareholders		(3,000)	-
Issue of shares	24	-	2
Cash flows used in financing activities		(112,695)	(31,010)
Net increase/(decrease) in cash and cash equivalents		38,529	(68,544)
Effect of movements in exchange rates on cash and cash equivalents		(6,442)	(11,935)
Effect of expected credit loss on cash and cash equivalents	11	(484)	5,511
Cash and cash equivalents at 1 January		123,613	198,581
Cash and cash equivalents at 31 December	21	155,216	123,613

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4 March 2024
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STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

<i>In thousands of United States Dollars</i>	Share capital	Additional paid in capital	Retained earnings	Total
At 1 January 2022	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 24)	2	-	-	2
At 31 December 2022	3	45,000	1,272,879	1,317,882
Profit for the year	-	-	302,535	302,535
Total comprehensive income for the year	-	-	302,535	302,535
Dividends declared	-	-	(109,224)	(109,224)
Distributions to shareholders	-	-	(4,876)	(4,876)
At 31 December 2023	3	45,000	1,461,314	1,506,317

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4 March 2024
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