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Kazatomprom 3Q19 Operations and Trading Update

JSC National Atomic Company “Kazatomprom” (“Kazatomprom”, “KAP” or “the Company”) announces the following operations and trading update for the third quarter ended 30 September 2019.

This update provides a summary of recent developments in the uranium industry, provisional information related to the Company’s key third quarter operating and trading results, and updated 2019 guidance. The information contained in this Operations and Trading Update may be subject to change.

Market Developments

Uncertainty related to the US Section 232 investigation had a notable impact on long-term contracting in the uranium market throughout the first half of 2019. The investigation reached a conclusion on July 12, when the US President announced that no trade actions would be taken in the uranium market at this time. Along with his decision, the President also formed the United States Nuclear Fuel Working Group (the “Working Group”) and requested that the Working Group review the entire US nuclear fuel cycle, beyond domestic supply. Recommendations were expected by mid-October, however, the US President granted a thirty-day extension to the initial deadline.

The Russian Suspension Agreement (“RSA”) is set to expire on December 31, 2020, and the US Department of Commerce (“DoC”) must terminate its antidumping investigation by that date. However, earlier this year, the DoC formally opened consultations with respect to a possible extension of the RSA. Negotiations are underway behind closed doors, adding additional uncertainty regarding Russia’s future access to the US market.

Japan’s nuclear power industry remains challenged; none of the six additional reactors that have received preliminary restart approvals from Japan’s Nuclear Regulation Authority are expected to resume operation this year. Moreover, several of the nine operating reactors are expected to suspend operations in the coming year in order to complete antiterror facility construction.

In October, China’s Ministry of Ecology and Environment issued construction licenses for the Zhangzhou nuclear power project in China’s Fujian province. Construction of the site’s first reactor unit, the domestically-designed Hualong One reactor, began one week after the issuance of the license.

At the India Energy Forum’s Nuclear Conclave in October, the Department of Atomic Energy Secretary K. Vyas indicated that India plans to build 21 new nuclear power plants by 2030, with seven already under construction.

Several other positive future demand developments came about over the past few months. Uzbekistan has indicated that it intends to add two reactors to the two VVER-1200 units already proposed for construction in the country. In France, the government has asked Electricite de France to consider construction of three new nuclear plants, each with a pair of its EPR reactors, in order to fulfill the government commitment to become carbon neutral by 2050. In the US, utilities Duke Energy and Tennessee Valley Authority announced their intention to pursue license renewals for their respective reactors in North Carolina, South Carolina and Alabama. In Spain, the Vandellos II nuclear plant applied for a ten-year license renewal to 2030.

A major supply development came with Kazatomprom’s third quarter announcement of its intention to extend production cuts by 20% through 2021, compared to the planned levels under Subsoil Use Contracts. Kazatomprom began working with its partners to assess the impact and implement the plan across all of Kazakhstan’s uranium mines. The full implementation would keep Kazatomprom’s 2021 production at a level similar to 2019 and 2020, removing up to 5,600 tU from anticipated global primary supply in 2021.

Also on the supply side in Central Asia, Orano signed a partnership agreement with the Uzbek State Committee for Geology and Mineral resources (“GoscomGeology”) to develop mining exploration and operations activities in Uzbekistan. The partners are expected to create a joint venture, with 51% held by Orano and 49% held by GoscomGeology. The parties intend to work together on uranium mining projects in Uzbekistan, particularly in

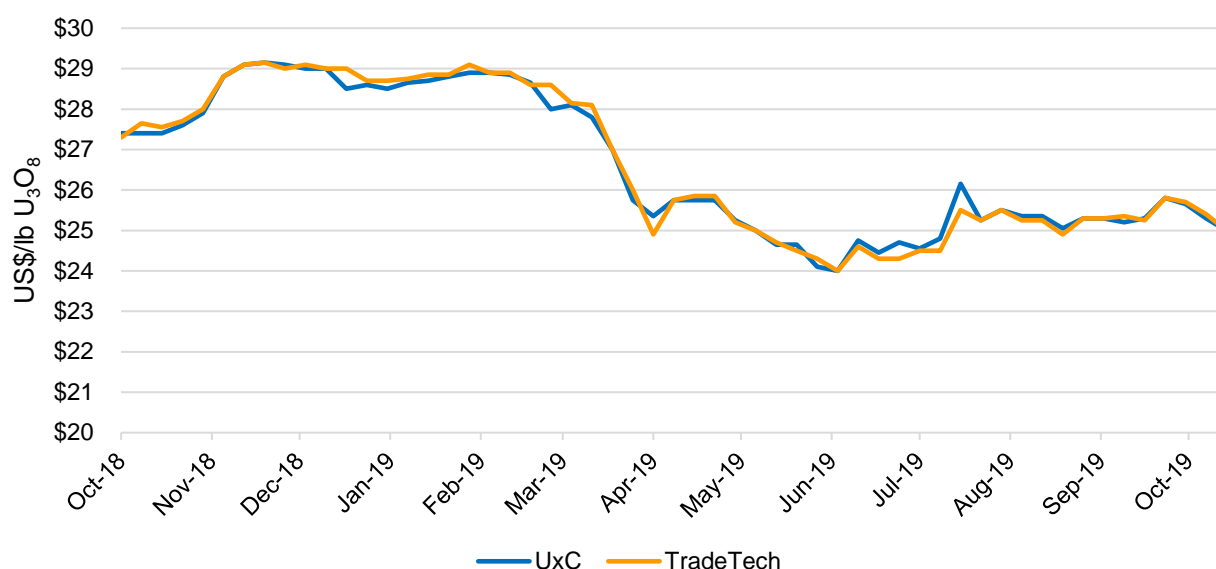
the Navoi region, a desert area at the heart of the uranium-rich province of Kyzylkum.

Spot Market

After a modest price increase that followed the US President's decision on the Section 232 investigation in July, the uranium spot price settled and remained between US\$25.00 and US\$25.50 per pound U₃O₈ through most of the third quarter. Increased buyer activity pushed the price up slightly towards the end of the quarter, though it retreated back to the US\$25.00 level at the beginning of the fourth quarter.

According to third-party market data, spot volumes transacted over the first nine months of 2019 were about 40% lower than the same period last year. About 43 million pounds U₃O₈ were transacted in 2019 at an average weekly spot price of US\$26.07 per pound U₃O₈, compared to about 69 million pounds U₃O₈ and an average weekly spot price of US\$23.31 per pound U₃O₈ during the first nine months of 2018.

2018-2019 Weekly Spot Price Dynamics



Long-term Market

In the long-term market, utilities have continued to feel little pressure while they evaluate the uncertainty in the current environment, including the potential outcomes following the Working Group's review of the US nuclear fuel cycle. Contracted volumes amounted to nearly 68 million pounds U₃O₈ through the first nine months of 2019, compared to about 58 million pounds over the same period in 2018. Although there was an increase in term market discussions and activity near the end of the third quarter, there was little impact on the reported long-term price.

Kazatomprom's Operational Results¹

(tU as U ₃ O ₈ unless noted)	Three months ended September 30			Nine months ended September 30		
	2018	2019	Change	2018	2019	Change
Production volume (100% basis) ²	5,040	6,082	21%	15,945	16,882	6%
Production volume (attributable basis) ³	2,782	3,617	30%	8,553	9,844	15%
Group sales volume ⁴	6,253	2,577	(59)%	11,833	8,002	(32)%
KAP sales volume (incl. in Group) ⁵	6,066	2,308	(62)%	11,234	6,917	(38)%
KAP average realized price (USD/lb U ₃ O ₈) ^{6*}	21.11	27.78	32%	22.93	27.59	20%
Average month-end spot price (USD/lb U ₃ O ₈) ^{7*}	26.53	25.45	(4)%	23.36	25.83	11%

¹ All values are preliminary.

² Production volume (100% basis): Amounts represent the entirety of production of an entity in which the Company has an interest; it therefore disregards the fact that some portion of that production may be attributable to the Group's joint venture partners or other third

party shareholders. Actual drummed production volumes remain subject to converter adjustments and adjustments for in-process material.

³ Production volume (attributable basis): Amounts represent the portion of production of an entity in which the Company has an interest, which corresponds only to the size of such interest; it therefore excludes the remaining portion attributable to the joint venture partners or other third party shareholders. Actual drummed production volumes remain subject to converter adjustments and adjustments for in-process material.

⁴ Group sales volume: includes Kazatomprom's sales and those of its consolidated subsidiaries (companies that KAP controls by having (i) the power to direct their relevant activities that significantly affect their returns, (ii) exposure, or rights, to variable returns from its involvement with these entities, and (iii) the ability to use its power over these entities to affect the amount of the Group's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether KAP has power to control another entity).

⁵ KAP sales volume (incl. in Group): includes only the total external sales of KAP HQ and Trade House KazakAtom AG (THK). Intercompany transactions between KAP HQ and THK are not included.

⁶ KAP average realized price: the weighted average price per pound for the total external sales of KAP HQ and THK. The pricing of intercompany transactions between KAP HQ and THK are not included.

⁷ Source: UxC, TradeTech. Amounts provided represent the average of the uranium spot prices quoted at month end, and not the average of each weekly quoted spot price. Contract price terms generally refer to a month-end price.

* Note that the conversion of kgU to pounds U₃O₈ is 2.5998.

Production on both an attributable and on a 100% basis was higher in the third quarter and through the first nine months of 2019, compared to the same periods in 2018. The increase was due to higher 2019 production levels under subsoil use contracts (as expected and previously disclosed), with difference in year-over-year attributable share being related to different production levels at various assets, and the mix of ownership interest levels in each asset.

Group and KAP sales volumes in the third quarter and through the first nine months of 2019 were lower than in 2018, primarily due to a low level of contracting activity in the market, as well as a customer-driven delivery schedule that is weighted to the fourth quarter. Sales volumes can vary substantially each quarter, and quarterly sales volumes vary year to year due to variable customer delivery requests and physical delivery activity.

Average sales prices were higher due to an increase in spot price in 2019 compared to the same periods in 2018, and the close correlation between the Company's contract portfolio and current uranium spot prices.

Kazatomprom's 2019 Guidance Update

<i>(exchange rate 370 KZT/1 USD)</i>	2019
Production volume of U ₃ O ₈ (100% basis) (tU) ¹	22,750 – 22,800
Production volume of U ₃ O ₈ (attributable basis) (tU) ²	13,000 – 13,500
Group sales volume (tU) ³	15,000 – 16,000
KAP sales volume (incl. in Group) (tU) ³	13,500 – 14,500
Revenue - consolidated (KZT billions) ⁴	485 – 505
Revenue from Group U ₃ O ₈ sales (incl. in consolidated) (KZT billions) ⁴	392 – 408
C1 cash cost (attributable basis) (USD/lb)*	\$11.00 - \$12.00
All-in sustaining cash cost (attributable C1 + capital cost) (USD/lb)*	\$15.00 - \$16.00
Total capital expenditures (100% basis) (KZT billions) ⁵	80 – 90

¹ Production volume (100% basis): Amounts represent the entirety of production of an entity in which the Company has an interest; it therefore disregards that some portion of production may be attributable to the Group's JV partners or other third-party shareholders.

² Production volume (attributable basis): Amounts represent the portion of production of an entity in which the Company has an interest, which corresponds only to the size of such interest; it excludes the remaining portion attributable to the JV partners or other third-party shareholders.

³ KAP sales volume: includes only the total external sales of KAP HQ and THK. Intercompany transactions between KAP HQ and THK are not included.

⁴ Revenue expectations are based on uranium prices taken at a single point in time from third-party sources. A spot price of approximately US\$26/lb U₃O₈ was published in Q3, 2018 and used for 2019 revenue estimates. Revenue could therefore be impacted by how actual uranium prices vary from that assumption.

⁵ Total capital expenditures (100% basis): includes only capital expenditures of the mining entities.

* Note that the conversion of kgU to pounds U₃O₈ is 2.5998.

All annual guidance metrics for 2019 remain unchanged from previously disclosed expectations.

Kazatomprom's production expectations for 2019 remain consistent with the intention to flex down planned production volumes by 20% for 2018 through 2021 (versus consolidated planned production levels under Subsoil Use Agreements, which were increasing annually over that period). With the flex down, under the existing Subsoil Use Agreements, production is expected to total approximately 22,750 to 22,800 tU (100%

basis) in 2019; without the reduction, production would have exceeded 28,500 tU (100% basis) in 2019.

Guidance for C1 cash cost (attributable basis) and all-in sustaining cash cost (attributable C1 + capital cost) are unchanged. However, as previously noted, the KZT has been weaker against the US dollar than KAP's 2019 budget assumption of 370 KZT/1 USD. As a result, both C1 and all-in sustaining cash costs have trended to the bottom of their expected ranges shown in the table above.

The Company continues to target an ongoing inventory level of approximately six to seven months of annual attributable production. However, KAP is constantly monitoring the uranium market, and the Company may pursue a strategy of increasing its inventories in unfavorable market conditions.

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A copy of this announcement will be made available at www.kazatomprom.kz.

About Kazatomprom

Kazatomprom is the world's largest producer of uranium, with the company's attributable production representing approximately 23% of global primary uranium production in 2018. The Group benefits from the largest reserve base in the industry and operates, through its subsidiaries, JVs and Associates, 26 blocks grouped into 13 mining assets. All of the Company's mining operations are located in Kazakhstan and mined using ISR technology with a focus on maintaining industry-leading health, safety and environment standards.

Kazatomprom securities are listed on the London Stock Exchange and Astana International Exchange. As the national atomic company in the Republic of Kazakhstan, the Group's primary customers are operators of nuclear generation capacity, and the principal export markets for the Group's products are China, South and Eastern Asia, Europe and North America. The Group sells uranium and uranium products under long-term contracts, short-term contracts, as well as in the spot market, directly from its headquarters in Nur-Sultan, Kazakhstan, and through its Switzerland-based trading subsidiary, Trade House KazakAtom AG (THK).

For more information, please see our newly updated website at <http://www.kazatomprom.kz>

Forward-looking statements

All statements other than statements of historical fact included in this communication or document are forward-looking statements. Forward-looking statements give the Company's current expectations and projections relating to its financial condition, results of operations, plans, objectives, future performance and business. These statements may include, without limitation, any statements preceded by, followed by or including words such as "target," "believe," "expect," "aim," "intend," "may," "anticipate," "estimate," "plan," "project," "will," "can have," "likely," "should," "would," "could" and other words and terms of similar meaning or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the Company's actual results, performance or achievements to be materially different from the expected results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which it will operate in the future. THE INFORMATION WITH RESPECT TO ANY PROJECTIONS PRESENTED HEREIN IS BASED ON A NUMBER OF ASSUMPTIONS ABOUT FUTURE EVENTS AND IS SUBJECT TO SIGNIFICANT ECONOMIC AND COMPETITIVE UNCERTAINTY AND OTHER CONTINGENCIES, NONE OF WHICH CAN BE PREDICTED WITH ANY CERTAINTY AND SOME OF WHICH ARE BEYOND THE CONTROL OF THE COMPANY. THERE CAN BE NO ASSURANCES THAT THE PROJECTIONS WILL BE REALIZED, AND

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