



Joint Stock Company
“Navoi Mining and Metallurgical Company”

**INTERIM MANAGEMENT REPORT
FOR THE SIX MONTHS ENDED
30 JUNE 2022**

28 October 2022

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TERMS AND ABBREVIATIONS

Abbreviations

Abbreviations	Term description
Adjusted EBITDA	The Company's management calculates Adjusted EBITDA as EBITDA for the reporting period adjusted for foreign exchange gain/loss, impairment or reversal of impairment of property, plant and equipment, loss on disposal of property, plant and equipment and change in obsolescence and net realisable provisions for inventories.
Adjusted EBITDA margin	The Company's management calculates Adjusted EBITDA margin as Adjusted EBITDA divided by total revenue.
Adjusted Net profit	Adjusted net profit is defined by the Company's management as net profit for the reporting period adjusted for impairment or reversal of impairment of property, plant and equipment, foreign exchange gain/loss, net and associated income tax-related to such items.
Adjusted Net profit margin	The Company's management calculates Adjusted net profit margin as Adjusted net profit divided by total revenue.
AISC	<p>All-in sustaining costs ("AISC") and AISC per ounce sold is defined by the Company's management as TCC plus selling, general and administrative expenses, research and development expenses and other sustaining expenses, stripping activity asset additions, sustaining capital expenditures, sustaining capital lease payments, unwinding of discounts on decommissioning liabilities, provision for annual vacation payment, employee benefit obligations cost, and change in obsolescence and net realizable provisions for inventories less amortisation and depreciation included in selling, general and administrative expenses. AISC is an extension of total cash costs and incorporates costs related to sustaining production and additional costs which reflect the varying costs of producing gold over the life-cycle of a mine. The Company believes AISC is helpful in understanding the economics of gold mining. AISC per ounce sold is the cost of producing and selling an ounce of gold, including mining, processing, transportation and refining costs, as well as general costs directly relates to gold production, and the additional expenditures noted in the definition of AISC.</p> <p>The Company's management calculates AISC per ounce sold as AISC divided by total ounces of gold sold for the reporting period.</p>
CAPEX	The overall amount of capital expenditures incurred (on accrual basis) by the Company and as it was presented in the note Property, plant and equipment in the condensed interim financial statements.
CPI	Consumer Price Index.
EBITDA	The Company's management calculates EBITDA as profit for the reporting period before income tax, depreciation and amortisation, finance income and finance cost.
PoP	Period over period.

TERMS AND ABBREVIATIONS

Abbreviations (cont'd)

Abbreviations	Term description
FCF	The Company's managements calculates Free cash flow ("FCF") FCF as net cash generated from operating activities, plus proceeds from sales of property, plant and equipment, interest received, and other cash flows from investing activities less purchases of property, plant and equipment, including stripping assets. FCF represents the cash that the Company is able to generate after the spending necessary to maintain or expand its asset base.
Koz	Thousands of troy ounces.
Kt	Thousands of tons.
LBMA	London Bullion Market Association.
Moz	Millions of troy ounces.
Mt	Millions of tons.
MUSD	Millions of US Dollars.
Net Debt	The Company's management calculates net debt as non-current borrowings plus current borrowings less cash and cash equivalents.
Net Debt / Adjusted EBITDA	The Company's management calculates net debt to Adjusted EBITDA as net debt divided by Adjusted EBITDA. For the purposes of the net debt to Adjusted EBITDA ratio as at 30 June 2022, Adjusted EBITDA is calculated as the trailing twelve months ended on 30 June 2022 (being Adjusted EBITDA for 2021 less Adjusted EBITDA for the six months 30 June 2021 plus Adjusted EBITDA for the six months ended 30 June 2022).
oz	Troy ounce.
ppts	Percentage points.
TCC	Total cash cost ("TCC") and TCC per ounce sold is defined by the Company's management as the cost of gold sales, less property, plant and equipment depreciation, provision for annual vacation payment, employee benefits obligation cost and change in obsolescence and net realizable provisions for inventories and adjusted by other non-monetary changes in inventories. TCC per ounce sold is the cost of producing and selling an ounce of gold, which includes mining, processing, transportation and refining costs, as well as general costs directly relates to gold production. The Company's management calculates TCC per ounce sold as TCC divided by total ounces of gold sold for the reporting period.
UoM	Unit of measures.
USD	US Dollar.
UZS	Uzbekistan Som.



CAUTIONARY STATEMENT

Cautionary statement

Joint Stock Company “Navoi Mining and Metallurgical Company” (“NMMC” or the Company) issued this Interim Management Report to summarise and present the Company’s most recent operational results in respect of the condensed interim financial statements for the six months ended 30 June 2022 (unaudited).

The Interim Management Report has been prepared to provide additional information and management’s comments in respect of the condensed interim financial statements prepared by the Company following requirements of IAS 34 *Interim Financial Reporting*.

This Interim Management Report has been prepared to cover reporting period ended 30 June 2022 and pay particular attention to the most significant financial information that was presented in the condensed interim financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Key metrics

Millions of US Dollars, unless otherwise stated	UoM	H1-2022	H1-2021	PoP
Operational highlights				
Rock moved	Mm ³	121	122	(1)%
Ore mined	Mt	32	25	26%
Grade	g/t	1.11	1.18	(6%)
Ore processed	Mt	48	42	14%
Recovery rate	%	85.3	84.1	1.2 ppts
Gold produced	Koz	1,396	1,299	7%
Gold sales	Koz	1,396	1,299	7%
Gold realised sales price	USD/oz	1,875	1,809	4%
Financial results				
Revenue	MUSD	2,616	2,349	11%
Operating profit	MUSD	1,502	1,346	12%
Operating profit margin	%	57.4	57.3	0.1 ppts
Adjusted EBITDA	MUSD	1,656	1,498	11%
Adjusted EBITDA margin	%	63.2	63.8	(0.6) ppts
Profit for the reporting period	MUSD	841	637	32%
Profit for the reporting period margin	%	32.1	27.1	5 ppts
Adjusted profit for the reporting period	MUSD	838	641	31%
Adjusted profit for the reporting period margin	%	32.0	27.3	4.7 ppts
Liquidity				
Cash and cash equivalents ¹	MUSD	165	16	931%
Net Debt ¹	MUSD	1,659	1,768	(6)%
Net Debt / Adjusted EBITDA ²	x	0.5	0.6	(11)%
Cash costs and other cash flows				
TCC	USD/oz	652	604	8%
AISC	USD/oz	751	750	0%
Net cash generated from operating activities	MUSD	990	604	64%
Free cash flows	MUSD	649	131	395%
CAPEX	MUSD	405	548	(26)%
Macroeconomic indicators				
<i>Closing exchange rates at 30 June:</i>				
1 US Dollar	UZS	10,860	10,605	2%
1 EURO	UZS	11,414	12,630	(10)%
<i>Average exchange rates for the six months ended 30 June:</i>				
1 US Dollar	UZS	11,047	10,524	5%
1 EURO	UZS	12,093	12,693	(5)%
CPI ³	%	11.1	12.2	(1.2) ppts

¹ Information in respect of Cash and cash equivalents and Net Debt in column H1-2021 was presented as at 31 December 2021.

² The Company calculates Net Debt / Adjusted EBITDA as Net Debt at the respective period ended divided by Adjusted EBITDA calculated for last twelve months. Due to absence of trailing twelve months Adjusted EBITDA for H1-2021 information in column H1-2021 was presented for the year ended 31 December 2021.

³ CPI as presented above calculated for the last twelve months and reflects Consumer Price Index trend in Republic of Uzbekistan and calculated in national currency (UZS).

MANAGEMENT DISCUSSION AND ANALYSIS

Key highlights

Gold sales quantity

In H1-2022, the total gold sales volume amounted to **1,396** thousand ounces and increased by **7%** compared to **1,299** thousand ounces sold in H1-2021.

Revenue from gold sales

Likewise, in H1-2022, the revenue generated from the gold sales amounted to USD **2,616** million demonstrating an increase by **11%** compared with USD **2,349** million in H2-2021. From **11%** increase in gold sales **4%** was driven by increase in gold realised sales price, while remaining **7%** corresponds to change in gold sales volume.

Adjusted EBITDA

In H1-2022, the Adjusted EBITDA reached USD **1,656** million and increased by **11%** compared with USD **1,498** million in H1-2021. The positive effect was mostly driven by increase in *Gold sales* by USD **267** million (the aggregate effect of price and volumes) supported by decrease of *Royalty expenses* by USD **91** million that was partially offset by production cost increase due to production growth and decrease in gold grade by USD **31** million and USD **27** million, respectively. In addition to that, price inflation decreased Adjusted EBITDA by USD **181** million. *Translation adjustments* attributable to cash operating expenditures slightly compensated inflationary effects by USD **39** million.

Adjusted net profit

In H1-2022, the Adjusted net profit amounted to USD **838** million, up **31%** compared with USD **641** million in H1-2021. The increase in absolute value was generally in line with the corresponding trend in the Adjusted EBITDA. In addition, it was supported by substantial decrease in annual expected effective income tax rate from **51%** for H1-2021 to **42%** in H1-2022 with corresponding decrease in income tax expense. Such significant changes were due to positive effect of decrease in income tax rates related to the profit tax in excess of established profitability (50% in H1-2022 compared to 75% in H1-2021).

Net profit

In H1-2022, the net profit amounted to USD **841** million and increased by **32%** compared to USD **637** million in H1-2021. The net profit for H1-2022 increased a little higher than the Adjusted net profit mostly due to more stable UZS foreign currency exchange rate to USD in H1-2022, which led to recognition of *Foreign exchange gain* in the amount of USD **6** million compared to *Foreign exchange loss* in the amount of USD **17** million in H1-2021.

Cash and cash equivalents

At 30 June 2022, cash and cash equivalents amounted to USD **165** million and increased by **931%** compared to USD **16** million at 31 December 2021. Fluctuation was mainly caused by one-off cash transfer of USD **124** million to the non-Gold segment executed at the end of 2021 as part of re-organisation of State Enterprise "Navoi Mining and Metallurgical Combinat".

Net Debt

Following the Company's CAPEX expansion, the outstanding balance of *Borrowings* as at 30 June 2022 increased to USD **1,824** million, up **2%** compared to balance as at 31 December 2021. At the same time due to compensating and more significant increase of cash and cash equivalents balance (see above) the *Net Debt* decreased to USD **1,659** million as at 30 June 2022 or **6%** compared to USD **1,768** million as at 31 December 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Key highlights (cont'd)

Net Debt / Adjusted EBITDA

At 30 June 2022, the Net Debt to Adjusted EBITDA ratio decreased to 0.5-x (or 17%) compared with 0.6-x at 31 December 2021. The Company calculates Net Debt / Adjusted EBITDA as Net Debt at the respective period ended divided by Adjusted EBITDA calculated for last twelve months. Due to absence of trailing twelve months Adjusted EBITDA for H1-2021 information for H1-2021 was omitted.

TCC

In H1-2022, the Company's TCC reached USD **652** per ounce and increased by **8%** compared to USD **604** per ounce in H1-2021. Increase in TCC was mostly attributable to rise of all cash costs items within *Cost of sales*, except for *Royalty expenses*, due to internal indexation of basic salary for all production employees and substantially higher prices in H1-2022 of fuel, raw materials and spare parts. The overall inflation effect was USD **108** per ounce that was enhanced by further USD **21** per ounce increase due to lower gold grade (**1.18** gram per ton in H1-2021 compared to **1.10** gram per ton in H1-2022) and USD **18** per ounce of decrease in non-cash items within *Cost of sales*.

The change was partially offset by USD **70** per ounce decrease in TCC due to substantial drop of *Royalty expenses* as a result of decrease in applicable tax rate from 15% in H1-2021 to 10% in H1-2022 that was supported by USD **29** per ounce of *Translation adjustment* attributable to cash items within *Cost of sales*.

AISC

In H1-2022, AISC of USD **751** per ounce remained flat compared to H1-2021 (USD **750** per ounce). The factors added to the growth of TCC in H1-2022 have been counterbalanced by lower sustaining stripping and capital expenditures in this period compared to H2-2021. The positive effect due to decrease in sustaining capex was supported by USD **18** per ounce of decrease in non-cash items previously excluded from TCC but added back in calculation of AISC.

Net cash generated from operating activities

In H1-2022, net cash generated from operating activities was USD **990** million and increased by USD **64%** compared to USD **604** million in H1-2021. Significant increase in Adjusted EBITDA in the amount of USD **158** million (proxy of *Net cash generated from operating activities before changes in working capital*, that was increased by USD **164** million) was additionally supported by decrease of current income tax payments by USD **238** million due to positive effect of decrease in income tax rate related to the profit tax in excess of established profitability (75% in H1-2021 compared to 50% in H1-2022) and slightly offset by movements in working capital in the amount of USD **16** million (PoP).

Free cash flows

In H1-2022, the free cash flow amounted to USD **651** million and increased from USD **131** million in H1-2021 by USD **520** million or **397%**. Of the increase USD **386** million relates to the positive effect on *Net cash generated from operating activities* (see explanation above), coupled with USD **134** million decrease of cash outflow from Investing activities.

CAPEX

In H1-2022, CAPEX cash outflows decreased by USD **143** million compared to H1-2021. This was mainly caused by the fact that the *Expansion of GMZ-2* – one of the most expensive and time-consuming projects of the Company – has been substantially completed by the end of 2021. The other projects which are continued at GMZ-2 in H1-2021 – *Development of Muruntau pit (stage V)* and *Construction of a mining on the basis of the Balpantau and Tamdibulak deposits* are of significantly lesser magnitude.

MANAGEMENT DISCUSSION AND ANALYSIS

External factor analysis

The Company's financial results are substantially affected by changes of gold sales prices and depreciation/appreciation of UZS compared with USD, the currency of gold sales and all Company's borrowings.

Gold prices

The overall market situation and gold prices change dynamic are key factors that have direct effect on the Company's financial results, its profitability and cash flow from operating activities.

In H1-2022, the average London Bullion Market Association ("LBMA") gold price was USD **1,874** per ounce, 4% higher than the average price of H1-2021 that was USD **1,806**.

LBMA gold prices in H1-2022 vs. H1-2021, \$/oz



LBMA Min/Max and Average gold prices in H1-2022 vs. H1-2021, \$/oz



Source: London Bullion Market Association.

MANAGEMENT DISCUSSION AND ANALYSIS

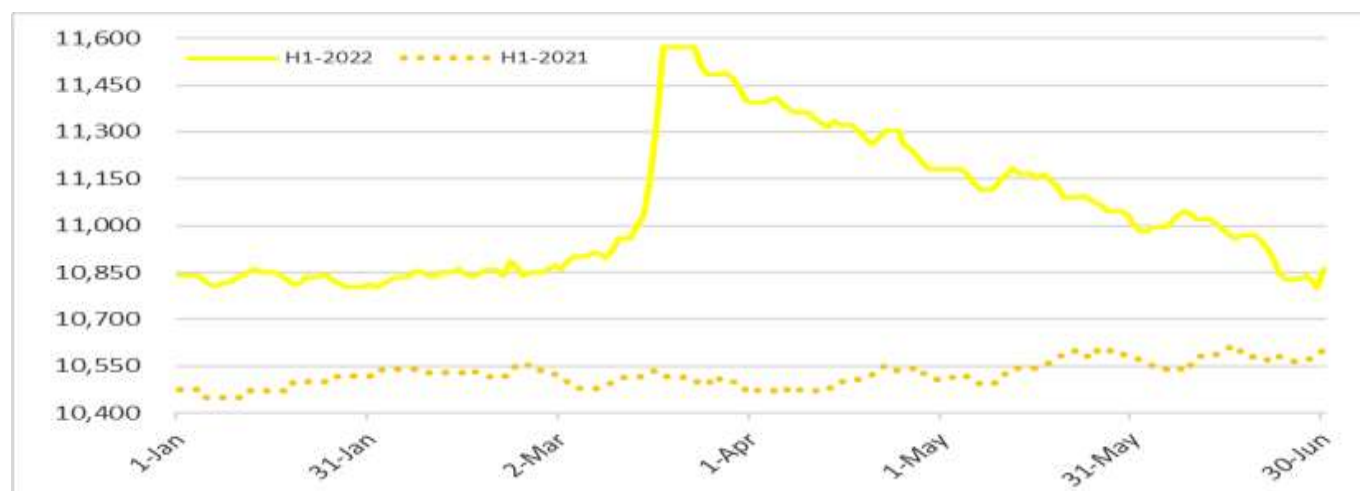
External factor analysis (cont'd)

UZS vs USD

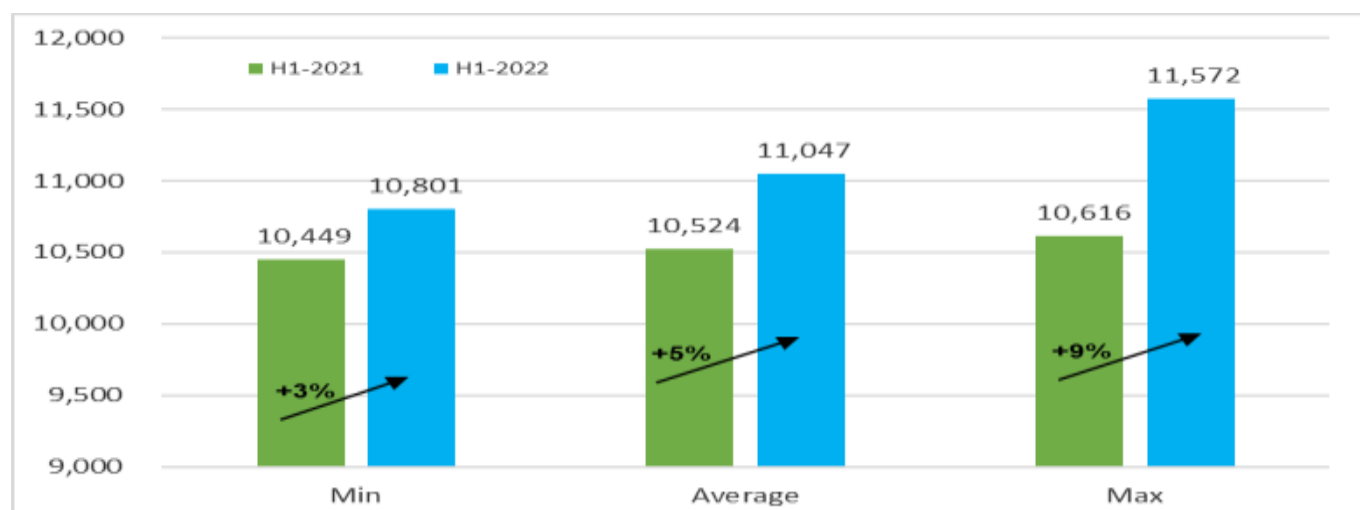
The Company's gold sales is directly linked to USD, whereas most significant portion of the Company's operating expenses are nominated in UZ Som ("UZS"). The depreciation of UZS against USD has positive effect on the Company's margin following decrease in operating expense denominated in local currency, while appreciation of UZS has opposite effect on the same KPI's. In addition to that, all Company's borrowings are USD-denominated and change in USD exchange rate has corresponding effect on *Foreign currency (gain)/loss* as presented in the Statement of profit and loss and *Effect of translation to presentation currency* as presented in the statement of other comprehensive income.

In H1-2022, the average UZS/USD exchange rate was equal to UZS **11,047** and increased by **5%** compared to UZS **10,524** in H1-2021.

Movement of UZS vs USD exchange rates in H1-2022 vs H1-2021



Min/Max and Average UZS vs USD exchange rates in H1-2022 vs H1-2021



Source: London Bullion Market Association.

MANAGEMENT DISCUSSION AND ANALYSIS

Production highlights

Cost center / Deposit	Mining method	Rock moved, Mm ³			Ore mined, Mt			Grade, g/t			Ore processed, Mt			Gold produced, koz		
		H1-2022	H1-2021	PoP	H1-2022	H1-2021	PoP	H1-2022	H1-2021	PoP	H1-2022	H1-2021	PoP	H1-2022	H1-2021	PoP
GMZ-2		52.8	54.7	(3)%	22.6	17.3	31%	1.15	1.20	(4)%	25.3	23.5	8%	828	789	5%
Muruntau ¹	Open pit	52.8	54.7	(3)%	22.6	17.3	31%	1.15	1.20	(4)%	25.3	23.5	8%	828	789	5%
GMZ-3		35.3	36.3	(3)%	3.7	3.5	6%	2.01	2.02	–	4.0	3.9	3%	201	201	–
Kokpatas	Open pit	18.2	19.8	(8)%	2.2	2.0	10%	1.95	2.00	(2)%	N/A					
Daugyztai	Open pit	17.1	16.5	4%	1.5	1.5	–	2.02	2.10	(4)%						
GMZ-4		3.9	4.0	(3)%	1.2	1.3	(8)%	2.68	2.64	1%	1.4	1.4	–	107	109	(2)%
Marzhanbulak	Open pit	2.7	2.6	1%	0.2	0.2	–	1.16	1.33	(13)%						
Urtalik	Open pit	0.8	1.0	(20)%	0.2	0.3	(33)%	1.16	1.10	5%						
Zarmitan	UGM ²	0.2	0.2	(8)%	0.4	0.4	–	4.29	4.19	2%	N/A					
Gzhumsai	UGM	0.1	0.1	–	0.3	0.3	–	3.89	4.04	(4)%						
Urtalik	UGM	0.1	0.1	–	0.1	0.1	–	3.46	3.92	(12)%						
Heap leach					N/A			0.51	0.57	(11)%	13.4	10.7	25%	145	122	19%
TSKvZ ³	LGO ³				N/A			0.58	0.66	(12)%	5.6	5.8	(3)%	54	70	(23)%
GMZ-7	NMT ⁴				N/A			0.47	0.47	–	7.8	4.9	59%	91	52	75%
Other		29.0	27.2	7%	4.3	3.2	34%	N/A			3.5	2.0	75%	115	78	47%
TOTAL		121.0	122.2	(1)%	31.8	25.3	26%	1.11	1.18	(6)%	47.6	41.5	15%	1,396	1,299	7%

¹ Including Balpantau and Myutembai deposits.

² Underground mine ("UGM").

³ Heap leach gold shop ("TSKvZ") used in production process low grade ore ("LGO") mined at Muruntau deposit and other stockpiles.

⁴ GMZ-7 used in production process Newmont tails from TSKvZ ("NMT").

MANAGEMENT DISCUSSION AND ANALYSIS

Gold sales

Millions of US Dollars, unless otherwise stated	UoM	H1-2022	H1-2021	PoP
Gold sales	MUSD	2,616	2,349	11%
Gold sales	Koz	1,396	1,299	7%
Gold realised sales price	USD/oz	1,875	1,809	4%
LBMA gold price fixing	USD/oz	1,874	1,806	4%

In H1-2022, the Company's revenue from gold sales amounted to USD **2,616** million, **11%** increase compared to USD **2,349** million in H1-2021. The key driver of increase in gold sales was **7%** rise in volume of gold sales with the overall contribution in the amount of USD **181** million, while remaining **4%** or USD **86** million increase in gold realised price.

Weighted average gold realised sales price in H1-2022 amounted to USD **1,875** per ounce, a **4%** increase compared with USD **1,809** per ounce in H1-2021. Gold realised sales price was generally in line with Average LBMA gold price fixing with slight deviation due to uneven distribution of sales quantity throughout the respective reporting periods.

Gold sales – breakdown per cost centers

Key cost centers	Gold sales, koz			Gold sales, MUSD		
	H1-2022	H1-2021	PoP	H1-2022	H1-2021	PoP
GMZ-2	828	789	5%	1,552	1,428	9%
GMZ-3	201	201	–	377	364	4%
Heap leach	145	122	19%	272	220	24%
GMZ-4	107	109	(2)%	200	197	2%
Other	115	78	48%	215	140	54%
TOTAL	1,396	1,299	7%	2,616	2,349	11%

MANAGEMENT DISCUSSION AND ANALYSIS

Cost analysis

In H1-2022, the Company's cost of gold sales increased by 13% compared with H1-2021 and amounted to USD 1,060 million. Total cash operating costs were generally in-line with cost of gold sales and also increased by 14% compared with H1-2021 and reached USD 929 million. Increase in cash operating costs was attributable to rise of all cash costs line items within *Cost of sales*, except for *Royalty expenses* due to internal indexation of basic salary for all production employees and high inflation in H1-2022 with fundamental effect on the cost of raw material used in the Company's production process, spare parts usually produced by foreign suppliers and oil and gas products, prices for which are heavily impacted by the crude oil open-market prices. The overall effect of inflation was USD 170 million that was partially compensated by USD 37 million of effect of *Translation to presentation currency* and USD 91 million decrease of *Royalty expenses*. For more details, including other individually less significant but still notable effects please refer to the information as presented just after the table below and on the next page.

Millions of US Dollars	H1-2022	H1-2021	PoP
Consumables	283	195	45%
Royalty	263	354	(26)%
Labour	170	127	34%
Fuel	104	54	93%
Utilities	84	71	18%
Other	25	16	56%
Total cash operating costs	929	817	14%
Depreciation and amortisation	168	159	6%
Total cost of production	1,097	976	12%
Change in work in progress and finished goods	(37)	(34)	9%
Cost of gold sales	1,060	942	13%

MANAGEMENT DISCUSSION AND ANALYSIS

Cost analysis (cont'd)

Consumables

In H1-2022, consumables expenses increased by **45%** compared with H1-2021 and amounted to USD **283** million against USD **195** million respectively. It was due to increase in gold production and higher prices on main consumables. In particular, price of grinding balls increased by **50%**, usage - by **18%**, with an overall effect of USD **35** million. Price of sodium cyanide increased by **24%**, usage - by **18%**, with an overall effect of USD **10** million. Price of chemical reagents increased by **39%**, usage - by **15%**, with an overall effect of USD **9** million.

These effects were compensated by USD **9** million *Translation to presentation currency* and USD **15** million reversal of provision for low grade ore net realisable value.

Royalty

In H1-2022, the royalty expenses decreased by **26%** compared to H1-2021 and amounted to USD **263** million and were in line with decrease of applicable royalty tax rate from 15% in H1-2021 to 10% in H1-2022, which was slightly offset by increase in metal sales revenue in H1-2022 by **11%** compared to H1-2021.

Labour

In H1-2022, the labour costs increased by **34%** and amounted to USD **170** million compared to USD **127** million in H1-2021. This was caused by **10%** increase of average number of employees as well as indexation of basic salary in August and December of 2021 financial year. As a result, the basic salary rose by approx. 30% and fully affected H1-2022 financial results. Effect of *Translation to presentation currency* improved labour costs by USD **6** million.

Fuel

In H1-2022, the fuel expenses increased by **93%** compared to H1-2021 and reached USD **104** million. The major factor was the hike in fuel prices, effectively by more than **55%**, which added to the cost another USD **40** million. Further, fuel consumption rose by **14%** due to increase in the average distance of rock mass transportation and higher ore processing (increase by **15%** compared to H1-2021).

Utilities

In H1-2022, the utility expenses increased by **18%** compared to H1-2021 and amounted USD **84** million. The increase was mainly due to indexation of electricity (10% from 1 January 2022 and almost in 2-times from 1 June 2022) which was enhanced by **7%** increase in production volume. Effect of *Translation to presentation currency* slightly decreased utility expenses by USD **3** million.

Other

In H1-2022, other expenses increased by **56%** and amounted to USD **25** million. Increase was generally in line with inflation of most significant line items such as consumables.

Depreciation and amortisation

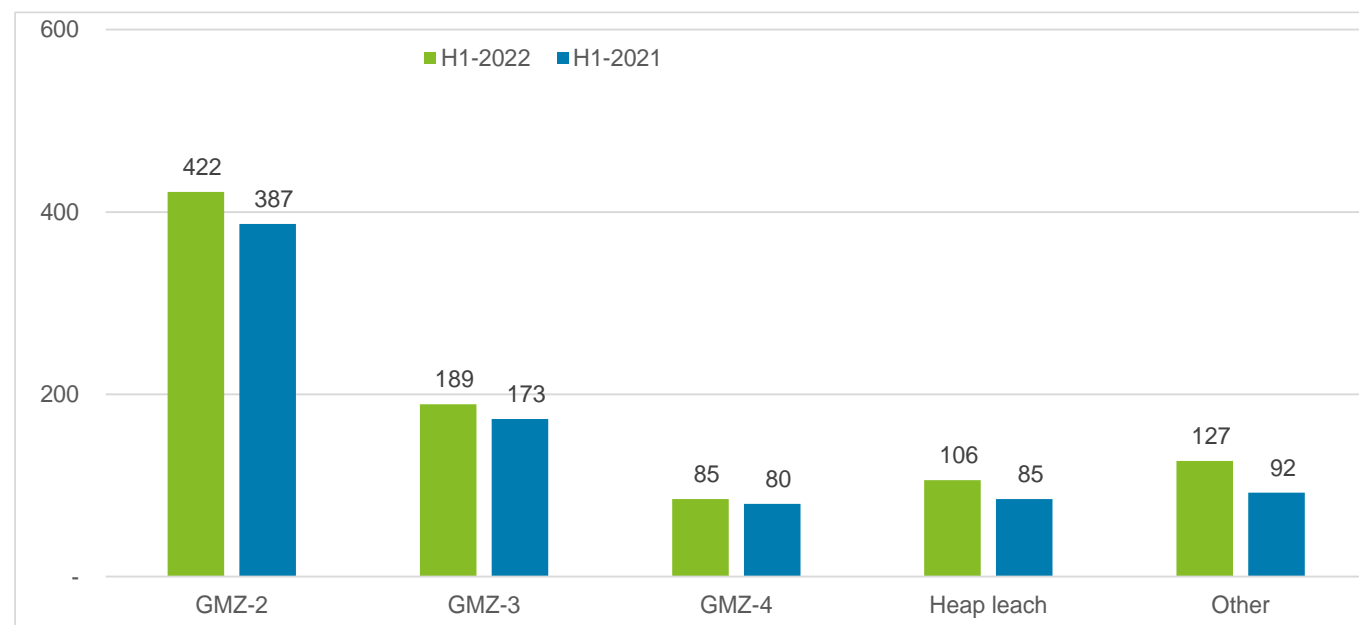
In H1-2022, depreciation and amortisation charges were stable and increased only by **6%** and amounted to USD **168** million against USD **159** million in H1-2021. Despite almost **20%** increase of the overall base for depreciation, as a result of CAPEX additions reflected in second half of 2021 and first half of 2022 financial years, the overall increase of depreciation charge in UZS was only **11%**, which was partially compensated by **5%** effect of *Translation to presentation currency*. Significant disproportion (20% vs. 11%) was due to revision of remaining useful life starting from 1 January 2022, which led to the increase of useful life of old and usually expensive property, plant and equipment items and corresponding decrease of depreciation charge.

MANAGEMENT DISCUSSION AND ANALYSIS

Cash operating costs – breakdown per cost centers

	GMZ-2			GMZ-3			GMZ-4			Heap leach			Other		
	H1-2022	H1-2021	PoP	H1-2022	H1-2021	PoP	H1-2022	H1-2021	PoP	H1-2022	H1-2021	PoP	H1-2022	H1-2021	PoP
Consumables	110	69	59%	65	48	35%	21	18	17%	48	31	55%	39	29	34%
Royalty	156	215 (27%)		38	55 (31%)		20	30 (33%)		27	33 (18%)		22	21	5%
Labour	60	43	40%	39	33	18%	28	23	22%	13	9	44%	30	19	58%
Fuel	52	23	126%	22	13	69%	7	3	133%	6	4	50%	17	11	55%
Utilities	39	34	15%	15	14	7%	5	4	25%	13	9	44%	12	10	20%
Other	5	3	67%	10	10	–	4	2	100%	(1)	(1)	–	7	2	250%
TOTAL	422	387	9%	189	173	9%	85	80	6%	106	85	25%	127	92	38%

Operating costs per cost centers H1-2022 vs. H1-2021, Millions of USD



MANAGEMENT DISCUSSION AND ANALYSIS

Total cash costs

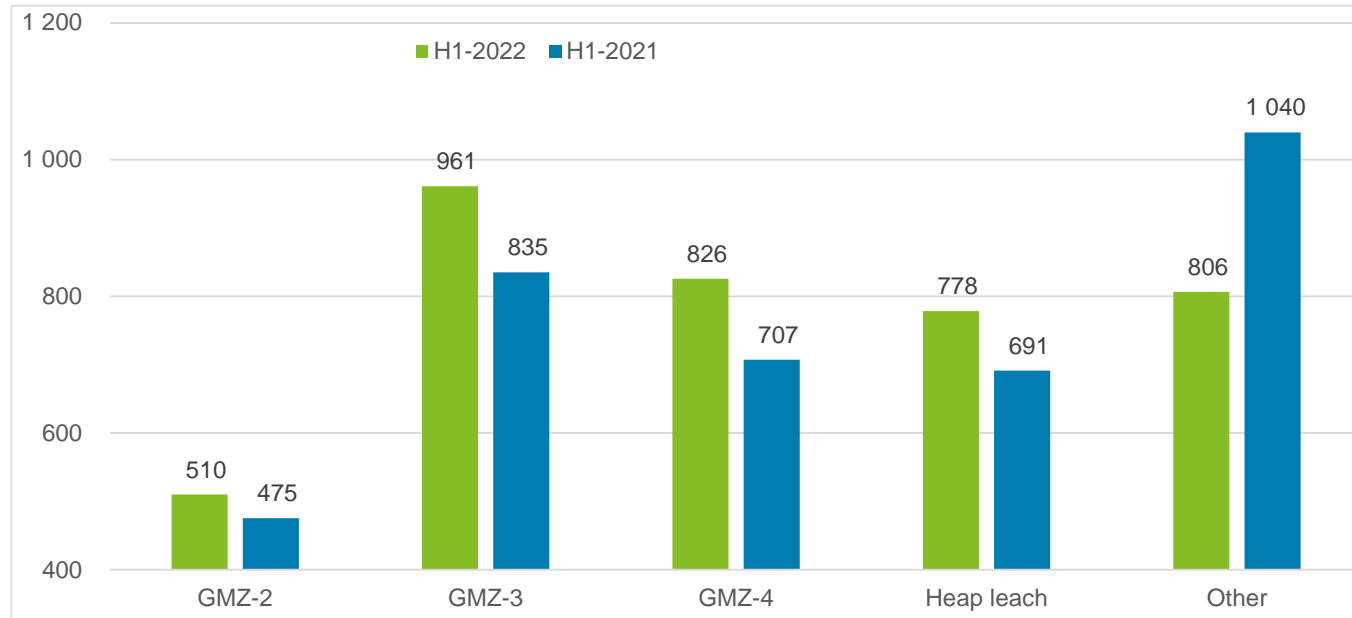
Millions of US Dollars, unless otherwise stated	UoM	H1-2022	H1-2021	PoP
Cost of gold sales before by-product deduction	MUSD	1,069	951	12%
Less: revenue from by-product sales	MUSD	(9)	(9)	–
Cost of gold sales	MUSD	1,060	942	13%
Adjustments:				
Depreciation and amortisation	MUSD	(168)	(159)	6%
Effect of depreciation and amortisation in change in inventories	MUSD	–	9	(100)%
Less: non cash items within cost of gold sales				
Unused vacations	MUSD	(2)	(6)	(67)%
Change in defined benefit obligation	MUSD	4	(1)	N/A
Change in obsolescence provision and release of net realisable value provision for low grade ore	MUSD	15	–	N/A
TCC	MUSD	909	785	16%
Gold sold	Koz	1,396	1,299	7%
TCC per ounce	USD/oz	652	604	8%

MANAGEMENT DISCUSSION AND ANALYSIS

TCC – breakdown per cost centers

	GMZ-2			GMZ-3			GMZ-4			Heap leach			Other		
	H1-2022	H1-2021	PoP	H1-2022	H1-2021	PoP	H1-2022	H1-2021	PoP	H1-2022	H1-2021	PoP	H1-2022	H1-2021	PoP
TCC, MUSD	422	375	13%	193	168	15%	88	77	14%	113	84	35%	93	81	15%
Gold sold, koz	828	789	5%	201	201	–	107	109	(2)%	145	122	19%	115	78	48%
TCC, USD/oz	510	475	7%	961	835	15%	826	707	17%	778	691	13%	806	1,040	(22%)

TCC per cost centers H1-2022 vs. H1-2021, \$/oz



MANAGEMENT DISCUSSION AND ANALYSIS

TCC – breakdown per cost centers (cont'd)

GMZ-2

In H1-2022, TCC increased by **7%** or USD **35** per ounce compared to H1-2021. The growth was mainly caused by inflated prices of raw materials, utilities and fuel and effect of processing of lower grade ore compared to the previous period. The total impact of these factors was USD **130** per ounce which was partially offset by decrease in *Royalty expenses* and *Translation adjustment* effect.

GMZ-3

In H1-2022, TCC increased by **15%** or USD **126** per ounce compared to H1-2021 mainly due to higher prices of raw materials, utilities and fuel. Inflation factor was partially compensated by decrease in *Royalty expenses* and *Translation adjustment* effect.

GMZ-4

In H1-2022, TCC increased by **17%** or USD **119** per ounce mainly due to higher prices of raw materials, utilities and fuel. Inflation factor was partially compensated by decrease in *Royalty expenses* and *Translation adjustment* effect.

Heap leach

In H1-2022, TCC increased by **13%** and or USD **87** per ounce mainly caused by inflated prices of raw materials, utilities and fuel and effect of processing of lower grade ore compared to the previous period. It was partially offset by decrease in TCC due to decrease in *Royalty expenses* and *Translation adjustment* effect.

Other

In H1-2022, TCC decreased by **22%** or USD **234** per ounce compared to corresponding period of 2021. In H1-2021 higher costs per ounce have been incurred due to GMZ-5 start off and ramping up the level of production. By the beginning of 2022 the planned production level was achieved and corresponding costs per ounce dropped down accordingly.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative and selling expenses

In H1-2022, the Company's administrative and selling expenses increased by **27%** compared with H1-2021 and amounted to USD **47** million against USD **37** million in H1-2021.

The fluctuation was mostly driven by the increase in *Professional services* by USD **4** million mostly due to acquisition of audit and consulting services associated with preparation of IFRS accounts as well as *Labour* costs by USD **3** million due to increase in average number of head count as well as increase in indexation of basic salary. Taxes other than royalty and income tax expenses increased by USD **2** million (or **22%**), mostly due to increase in taxable base (due to significant portion of incurred CAPEX was put into the operations during second half of 2021 and first half of 2022 financial years) that led to the corresponding increase in property tax.

Millions of US Dollars	H1-2022	H1-2021	PoP
Labour	21	18	17%
Taxes other than royalty and income tax	11	9	22%
Professional services	4	–	N/A
Transportation costs	2	2	–
Banking and depositary service	2	2	–
Other	7	6	17%
Total	47	37	27%

MANAGEMENT DISCUSSION AND ANALYSIS

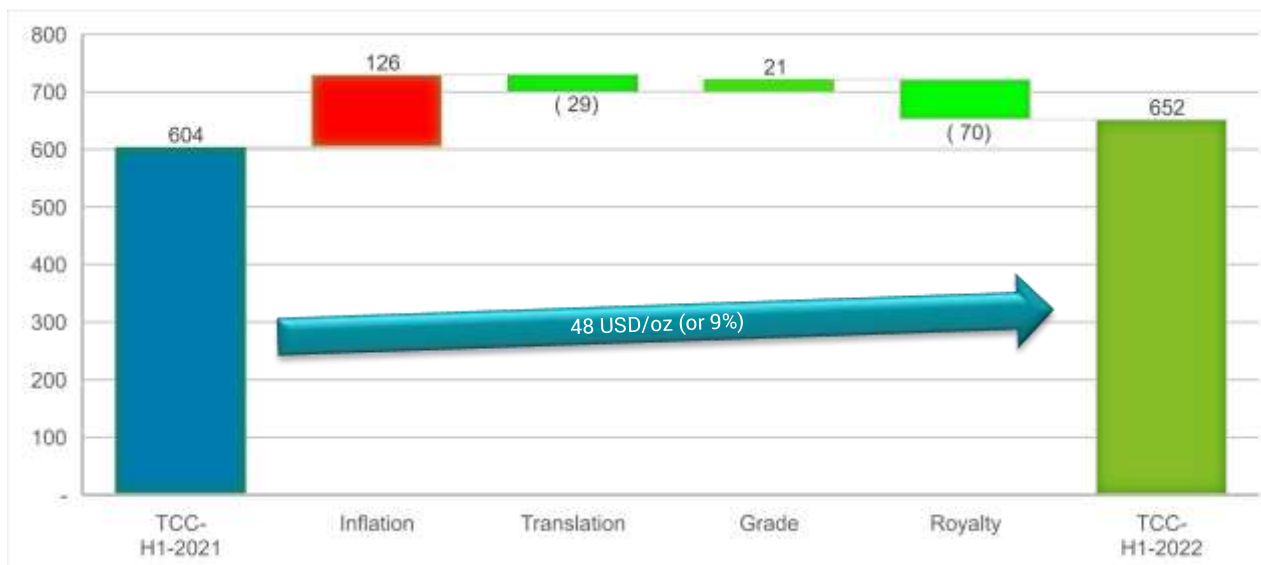
All in sustaining costs

Millions of US Dollars, unless otherwise stated	UoM	H1-2022	H1-2021	PoP
TCC	MUSD	909	785	16%
Adjustments:				
Administrative and selling expenses	MUSD	47	37	27%
Sustaining capital expenditures	MUSD	20	35	(43)%
Sustaining stripping assets	MUSD	82	105	(22)%
Unwinding of discount on environmental obligations	MUSD	5	4	25%
Adding back expenses excluded from TCC or expenses presented within other operating expenses:				
Unused vacations	MUSD	2	6	(67)%
Research and development expenses	MUSD	2	2	–
Change in defined benefit obligation	MUSD	(4)	1	N/A
Change in obsolescence provision and release of net realisable value provision for low grade ore	MUSD	(15)	–	N/A
AISC	MUSD	1,048	975	7%
Gold sold	Koz	1,396	1,299	7%
AISC per ounce	USD/oz	751	750	0%

MANAGEMENT DISCUSSION AND ANALYSIS

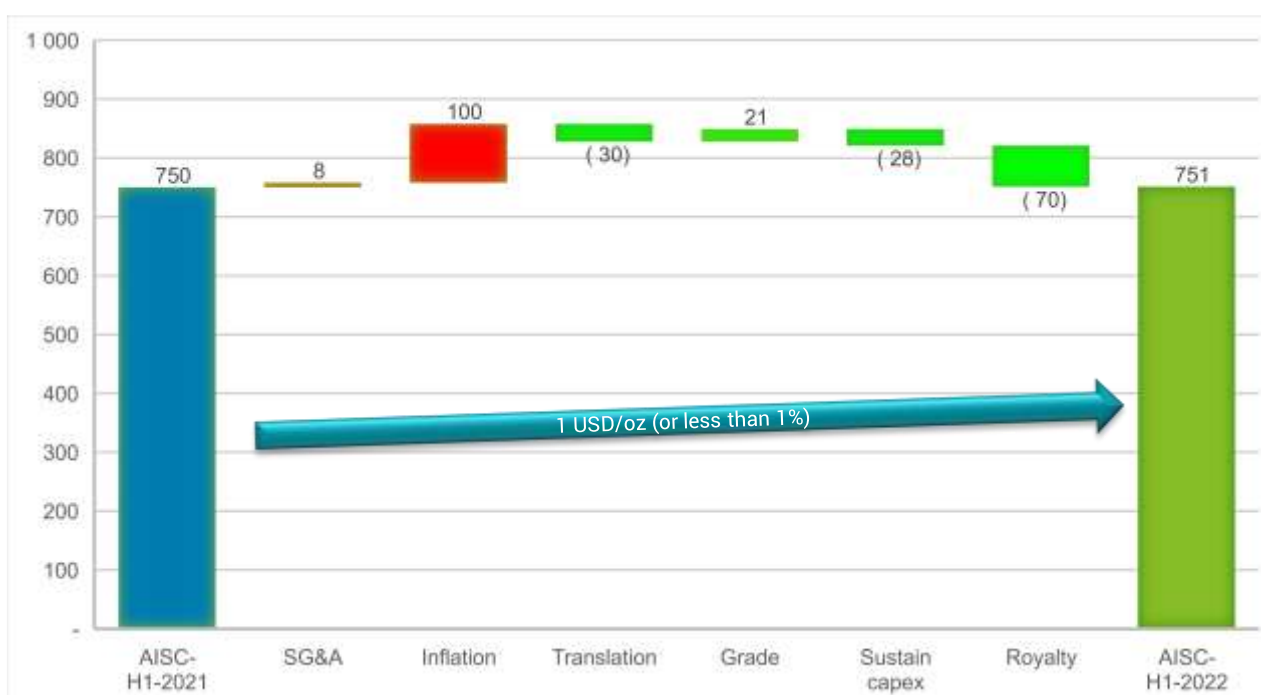
TCC

TCC bridge, USD/oz



AISC

AISC bridge, USD/oz

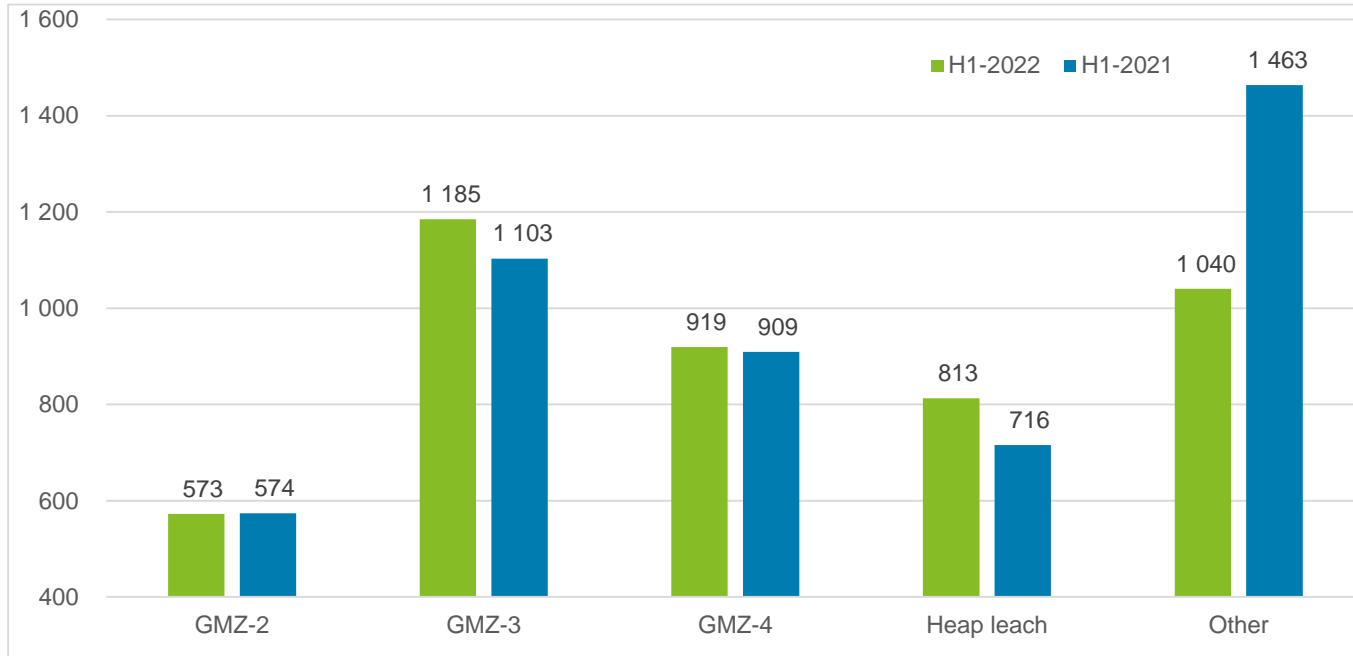


MANAGEMENT DISCUSSION AND ANALYSIS

AISC – breakdown per cost centers

	GMZ-2			GMZ-3			GMZ-4			Heap leach			Other		
	H1-2022	H1-2021	PoP	H1-2022	H1-2021	PoP	H1-2022	H1-2021	PoP	H1-2022	H1-2021	PoP	H1-2022	H1-2021	PoP
AISC, MUSD	474	453	5%	238	222	7%	98	99	(1%)	118	87	36%	120	114	5%
Gold sold, koz	828	789	5%	201	201	–	107	109	(2)%	145	122	19%	115	78	48%
AISC, USD/oz	573	574	(0%)	1,185	1,103	7%	919	909	1%	813	716	14%	1,040	1,463	(29%)

AISC per cost centers H1-2022 vs. H1-2021, \$/oz



MANAGEMENT DISCUSSION AND ANALYSIS

AISC – breakdown per cost centers (cont'd)

GMZ-2

In H1-2022, AISC of USD **573** was rather flat compared to H1-2021. The TCC growth has been smoothed down by lower level of sustaining stripping activities at the Muruntau pit.

GMZ-3

In H1-2022, AISC increased by **7%** and amounted to USD **1,185** per ounce. AISC dynamics was generally in line with TCC trend except for sustaining capital expenditures which remained in H1-2022 at approx. the same level as in corresponding period of 2021.

GMZ-4

In H1-2022, AISC increased just slightly by **1%** and amounted to USD **919** per ounce which was caused by lower level of sustaining capital expenditures compared to H1-2021.

Heap leach

In H1-2022, AISC increased by **14%** and amounted to USD **813** per ounce mainly in line with TCC fluctuation.

Other

In H1-2022, AISC decreased by **29%** and amounted to USD **1,040** per ounce mainly in line with TCC fluctuation.

MANAGEMENT DISCUSSION AND ANALYSIS

Other expenses

In H1-2022, other expenses amounted to USD 7 million of expenses and decreased by 71% compared to USD 24 million in H1-2021. Social and infrastructure maintenance works have been completed in 2021, no related expenses have been incurred in H1-2022.

Millions of US Dollars	H1-2022	H1-2021	PoP
<i>Other income</i>			
Other revenue (non-metal sales)	7	5	40%
Other operating income	1	1	–
Total	8	6	33%
<i>Other expenses</i>			
Social and infrastructure costs	–	18	(100)%
Other costs (non-metal sales)	6	6	–
Loss from disposal of property, plant and equipment	–	1	(100)%
Charitable contribution	5	–	N/A
Other operating expenses	4	5	(20)%
Total	15	30	(50)%
Total other expenses	7	24	(71)%

MANAGEMENT DISCUSSION AND ANALYSIS

EBITDA and Adjusted EBITDA

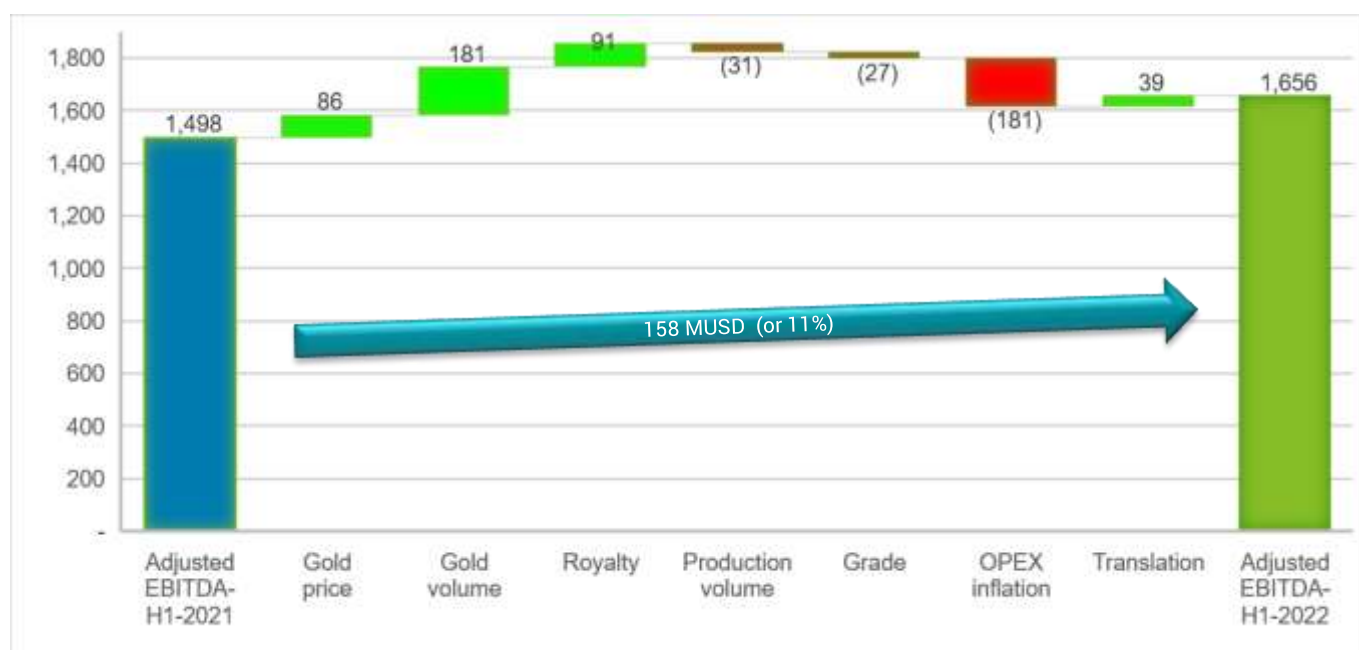
Millions of US Dollars, unless otherwise stated	UoM	H1-2022	H1-2021	PoP
Profit for the year	MUSD	841	637	32%
Adjustments:				
Income tax expense	MUSD	619	660	(6)%
Depreciation and amortisation	MUSD	169	151	12%
Finance income	MUSD	(2)	(1)	100%
Finance cost	MUSD	50	33	52%
EBITDA	MUSD	1,677	1,480	13%
Adjustments:				
Foreign exchange (gain)/loss	MUSD	(6)	17	(135%)
Loss from disposal of property, plant and equipment	MUSD	–	1	(100)%
Change in obsolescence provision and release of net realisable value provision for low grade ore	MUSD	(15)	–	N/A
Adjusted EBITDA	MUSD	1,656	1,498	11%
Revenue	MUSD	2,616	2,349	11%
Adjusted EBITDA margin	%	63.2%	63.8%	(0.6) pts

MANAGEMENT DISCUSSION AND ANALYSIS

EBITDA and Adjusted EBITDA (cont'd)

In H1-2022, the Company's Adjusted EBITDA amounted to USD **1,656** million and increased by **11%** compared to USD **1,498** in H1-2021. The key drivers of such increase were as follows:

Adjusted EBITDA bridge, Millions of USD



Gold price and volume

In H1-2022, the Company's revenue from gold sales amounted to USD **2,616** million, **11%** increase compared to H1-2021 when gold sales were equal to USD **2,349** million. The key driver of increase in gold sales was **7%** rise in volume of gold sales with the overall contribution in the amount of USD **181** million, while remaining **4%** or USD **86** million increase in gold realized price.

Weighted average gold realized sales price in H1-2022 amounted to USD **1,875** per ounce, a **4%** increase compared with USD **1,809** per ounce in H1-2021. Gold realised sales price was generally in line with Average LBMA gold price fixing with slight deviation due to uneven distribution of sales quantity throughout the respective reporting periods.

Royalty

In H1-2022, the royalty expenses decreased by USD **91** million or **26%** compared to H1-2021 and amounted to USD **263** million, which were fully in line with decrease of applicable royalty tax rate from 15% in H1-2021 to 10% in H1-2022. Effect was slightly offset by increase in metal sales revenue in H1-2022 by **11%** compared to H1-2021.

OPEX

In H1-2022, the major part of Company's cash operating costs (except for Royalty – see above) in UZS, the currency in that the major part of the Company's operating costs are nominated, increased by **49%**. Increase in cash operating costs was mostly attributable to substantial increase of all cash costs line items within

MANAGEMENT DISCUSSION AND ANALYSIS

EBITDA and Adjusted EBITDA (cont'd)

OPEX (cont'd)

Cost of sales (except for Royalty – see above) due to internal indexation of basic salary for all production employees and substantially higher prices in H1-2022 on raw materials, spare parts and fuel. For more details please refer to Section *Cost analysis*.

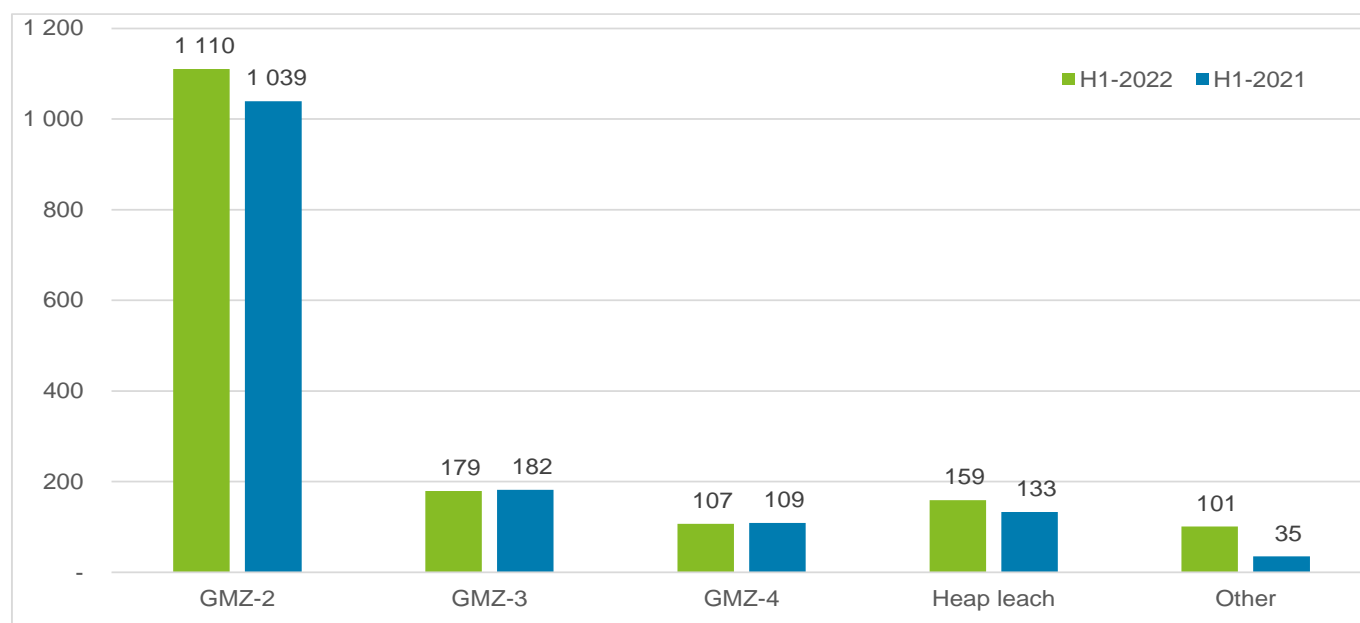
The cash operating expenses for H1-2022 increased by USD 200 million (with corresponding adverse effect on H1-2022 Adjusted EBITDA), of which:

- **Inflation** with total effect of USD 181 million;
- **Increase of production volume** with corresponding effect on production expenditures in the amount of USD 31 million was due to 7% increase in the Company's production activities;
- **Grade** with effect of USD 27 million;
- **Translation**. The increase in operating expenses (see above) were partially compensated by USD 39 million of effect of *Translation to presentation currency* due to depreciation of UZS against USD and 5% increase of average ex-rate (UZS/USD) for H1-2022 compared to H1-2021.

Adjusted EBITDA – breakdown per cost centers

	GMZ-2			GMZ-3			GMZ-4			Heap leach			Other		
	H1-2022	H1-2021	PoP	H1-2022	H1-2021	PoP	H1-2022	H1-2021	PoP	H1-2022	H1-2021	PoP	H1-2022	H1-2021	PoP
Adjusted EBITDA, MUSD	1,110	1,039	7%	179	182	(2)%	107	109	(2)%	159	133	20%	101	35	189%

Adjusted EBITDA per cost centers H1-2022 vs. H1-2021, Million of USD



MANAGEMENT DISCUSSION AND ANALYSIS

Finance cost

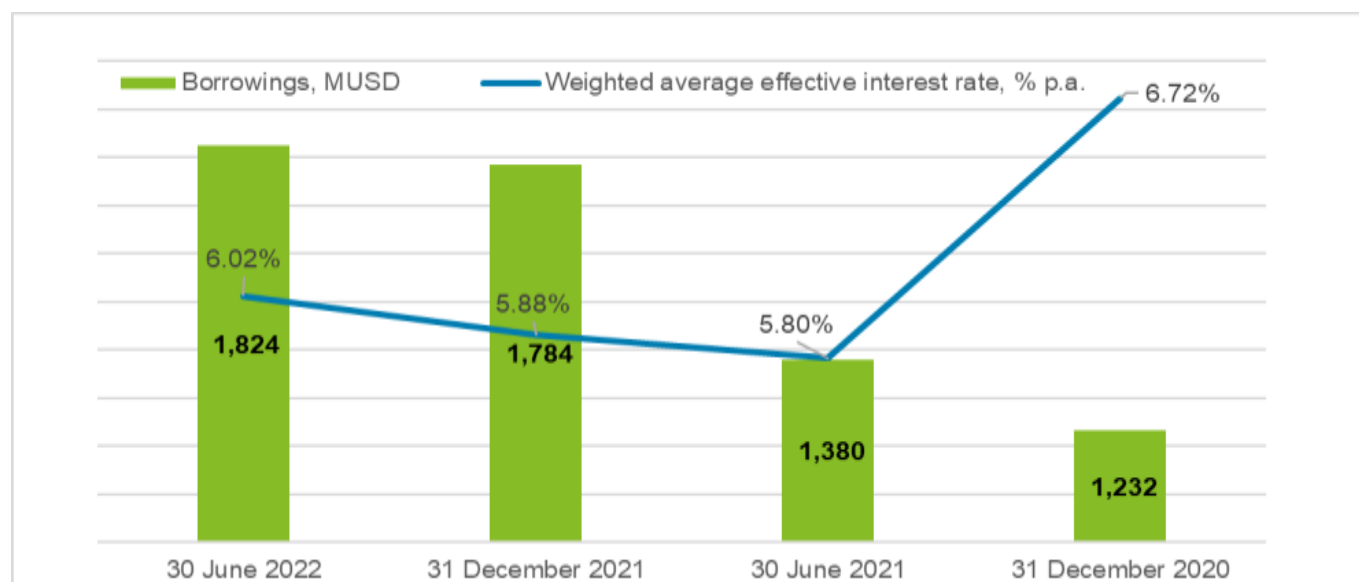
For the six months ended 30 June 2022, the Company's finance cost amounted to USD 50 million, compared to USD 33 million for the six months ended 30 June 2021. Interest expense rose by 39% mainly due to substantial increase of average outstanding borrowings by 38% (PoP).

Despite the increase interest expenses amount of interest included in the cost of qualifying assets of the Company decreased by USD 1 million or 8% period over period due to decrease of CAPEX by 26%.

The total amount of finance cost and its overall trend was slightly affected by small increase in weighted average effective interest rate from 5.80% in H1-2021 to 6.02% in H1-2022 due to notable increase in variable rates such as LIBOR or its analogy for certain of the Company's borrowings.

Millions of US Dollars	UoM	H1-2022	H1-2021	PoP
Interest expense on borrowings	MUSD	53	38	39%
Unwinding of discounted environmental obligations	MUSD	5	4	25%
Interest expense on pension obligations	MUSD	3	4	(25)%
Impairment of loans issued and account receivables	MUSD	1	–	N/A
Total interest expense	MUSD	62	46	35%
Less: amount included in the cost of qualifying assets	MUSD	(12)	(13)	(8)%
Total finance cost	MUSD	50	33	52%
Weighted average effective interest rate	% p.a.	6.02%	5.80%	0.22 ppts

Borrowings and weighted average interest rates



MANAGEMENT DISCUSSION AND ANALYSIS

Net profit and adjusted net profit

In H1-2022, the Company's net profit increased to USD **841** million or by **31%** compared to USD **641** for the respective period of 2021 (H1-2021). The increase was driven by significant increase of the Adjusted EBITDA by USD **158** million (see explanation above) that was additionally supported by decrease in income tax expense by USD **41** million as a combination of increased taxable base by USD **163** million and positive effect of changes in expected future income tax rate related to the profit tax in excess of the established profitability (H1-2022: 50% vs. H1-2021: 75%). In addition to that, in H1-2022 USD **16** million of non-cash profits such as (release of net realisable value provision for low grade ore and loss from the disposal of property, plant and equipment's) supported the increase in net profit.

Some increase in depreciation charge by USD **18** million (15%) and increase of finance costs by USD **17** million or **52%** (see explanation above) was partially compensated by foreign exchange gain in the amount of USD **6** million in H1-2022 compared to loss of USD **17** million for the respective period of 2021 (H1-2021) or additional profit in the amount of USD **23** million (PoP) and USD **1** million slight increase in finance income.

Millions of US Dollars, unless otherwise stated	UoM	H1-2022	H1-2021	PoP
Profit for the period	MUSD	841	637	32%
Foreign exchange (gain)/loss	MUSD	(6)	17	N/A
Effect of income tax on above mentioned items	MUSD	3	(13)	N/A
Adjusted net profit for the period	MUSD	838	641	31%
Revenue	MUSD	2,616	2,349	11%
Adjusted net profit margin	%	32.0%	27.3%	4.7 ppts

MANAGEMENT DISCUSSION AND ANALYSIS

Cash and cash equivalents

At 30 June 2022, the Company's cash and cash equivalents increased by **931%** and amounted to USD **165** million compared to USD **16** million as at 31 December 2021. Fluctuation was mainly caused by one-off cash transfer of USD **124** million to the non-Gold segment executed in the end of 2021 as part of re-organisation of State Enterprise "Navoi Miining and Metallurgical Combinat". No such one-off transactions occurred in In H1-2022.

Millions of US Dollars	30 June 2022	31 Dec. 2021	PoP
Cash in the Federal Treasury of Republic of Uzbekistan	144	5	2,780%
Current bank accounts, including:			
USD-denominated	1	1	–
UZS-denominated	14	10	40%
Deposits	1	–	N/A
Other cash equivalents	5	–	N/A
Total cash and cash equivalents	165	16	931%

Net debt and Net debt / Adjusted EBITDA

At 30 June 2022, the Company's borrowings increased by **2%** and amounted to USD **1,824** million compared to USD **1,784** million at 31 December 2021, but due to growth of cash and cash equivalents by **931%** or USD **149** million the Company's Net debt decreased by **6%** and reached USD **1,659** million compared to USD **1,768** million at the beginning of 2022 financial year.

For the six month ended 30 June 2022, the Company's Net debt / Trailing twelve months Adjusted EBITDA decreased to **0.5x** compared to **0.6x** for the year ended 31 December 2021.

Millions of US Dollars	30 June 2022	31 Dec. 2021	PoP
Long-term borrowings	1,510	1,055	43%
Short-term borrowings	314	729	(57)%
Total borrowings	1,824	1,784	2%
Less: cash and cash equivalents	(165)	(16)	931%
Net debt	1,659	1,768	(6)%
Trailing twelve months Adjusted EBITDA	3,191	3,033	5%
Net debt / Trailing twelve months Adjusted EBITDA	X 0.5	0.6	(11)%

MANAGEMENT DISCUSSION AND ANALYSIS

Statement of cash flows

Cash flow bridge, Millions of USD

	Opening balance	Operating cash flows	Investing cash flows	Financing cash flows	Effect of foreign exchange changes	Closing balance
H1-2022	16	990	(341)	(509)	9	165
H1-2021	198	604	(473)	(257)	2	74

Net cash generated from operating activities

In H1-2022, net cash generated from operating activities was USD **990** million and increased by USD **64%** compared to USD **604** million in H1-2021. Significant increase in Adjusted EBITDA in the amount of USD **158** million (proxy of *Net cash generated from operating activities before changes in working capital*, that was increased by USD **164** million) was additionally supported by decrease of current income tax payments by USD **238** million due to positive effect of decrease in income tax rate related to the profit tax in excess of established profitability (75% in H1-2021 compared to 50% in H1-2022) and slightly offset by movements in working capital (USD **16** million).

Net cash used in investing activities

In H1-2022, net cash used in investing activities decreased by **28%** and amounted to USD **341** million compared to USD **473** million in H1-2021. For more details please refer to Section *CAPEX breakdown* (see following page).

Net cash used in financing activities

In H1-2022, net cash used in financing activities almost doubled (increased by **98%**) and amounted to USD **509** million compared to USD **257** million in H1-2021. The increase was mostly due to following reasons:

- **Dividends paid.** In H1-2022, the amount of dividend paid was USD **454** million, increasing by USD **97** million or **27%** (PoP). Significant increase of dividends paid was due to improvements of profitability;
- **Cash paid as charity and sponsorship in accordance with the orders of state regulatory and supervisory authorities.** In H1-2022, amount of such payments reached USD **43** million and increased by USD **17** million showing **65%** increase compared to H1-2021;
- **Borrowings (proceeds minus repayments).** In H1-2022, the amount of net borrowing proceeds amounted to USD **25** million and decreased by **82%** compared to H1-2021. Magnitude and direction was in line with decrease in cash used in investing activities (see above), which in turn correlates with decrease in CAPEX.

MANAGEMENT DISCUSSION AND ANALYSIS

Statement of cash flows (cont'd)

Free cash flow ("FCF")

In H1-2022, FCF increased by 395% and amounted to USD 649 million compared to USD 131 million in H1-2021. Increase in net cash generated from operating activities from USD 604 million in H1-2021 to USD 990 million in H1-2022 or 64% (PoP) was boosted by decrease in net cash used in investing activities from USD 473 million in H1-2021 to USD 341 million was mostly due to decrease in purchase of property, plant and equipment and stripping assets by 33% and 9%, respectively. For more details please refer to Section *CAPEX breakdown*.

Millions of US Dollars	H1-2022	H1-2021	PoP, %
Net cash generated from operating activities	990	604	64%
Adjustments:			
Less: purchase of property, plant and equipment	(262)	(370)	(33)%
Less: purchase of stripping assets	(82)	(105)	(10)%
Add: proceeds from disposal of property, plant and equipment	3	2	50%
Total	649	131	395%

CAPEX breakdown

Millions of US Dollars	H1-2022	H1-2021	PoP
GMZ-2	82	211	(61)%
GMZ-3	8	11	(27)%
GMZ-4	27	26	4%
Heap leach	4	9	(56)%
Other	84	70	20%
CAPEX per local GAAP	205	327	(37)%
IFRS adjustments such as:			
Stripping assets capitalised (see details on the following page)	130	159	(18)%
Amount included in the cost of qualifying assets	12	13	(8)%
Other reclassifications and adjustments	58	49	18%
CAPEX per IFRS	405	548	(26)%
Net change in account payables directly associated with acquisition of property, plant and equipment	(1)	(11)	(91)%
Depreciation capitalised within property, plant and equipment and stripping assets	(60)	(61)	(6)%
Cash out associated with acquisition of property plant and equipment and stripping assets	344	473	(274)%

MANAGEMENT DISCUSSION AND ANALYSIS

Statement of cash flows (cont'd)

CAPEX breakdown (cont'd)

In H1-2022, CAPEX per local GAAP decreased by **37%** (or USD **122** million), of which **5%** (or USD **15** million) relates to the effect of *Translation to presentation* currency due to depreciation of UZS against USD.

GMZ-2

In H1-2022, GMZ-2 CAPEX decreased by **61%** (or USD **129** million), of which **5%** (or USD **10** million) relates to the effect of *Translation to presentation* currency.

The decrease was mainly caused by the fact that the *Expansion of GMZ-2* - one of the most expensive and time-consuming projects of the Company – has been substantially completed by the end of 2021. Following completion of the project, the processing capacity of the plant has been increased up to **50** Mt per year (from **40** Mt in 2019) and now is able to accommodate the increased mining at the Muruntau and Myutenbai open pits. As a result, the gold production has increased by **11%** in 2021 compared to 2019; in H1-2022 production at GMZ-2 comprised **828** koz (**5%** increase compared to H1-2021).

In H1-2022, the major projects the Company continued working on were *Development of Muruntau pit (stage V)* and *Construction of a mining on the basis of the Balpantau and Tamdibulak deposits*.

GMZ-3

In H1-2022, GMZ-3 CAPEX decreased by **27%** or USD **3** million. Despite a significant percentage change (PoP), the decrease in absolute values was very small without any individually material facts that contributed to this trend.

GMZ-4

In H1-2022, GMZ-4 CAPEX slightly increased by **4%** (or USD **1** million). Capital expenditures at the GMZ-4 production facility include measures to increase the mining rate at the Gzhumsai underground mine from **0.10** Mt of ore up to **0.65** Mt annually, together with the preparation for mining activities at lower horizons of Zarmitan and Urtalik underground mines.

Heap leach

Main construction works have been completed in 2020. Now the Company incurs just sustain capital expenditures of relatively insignificant value

Other

In H1-2022, CAPEX increased by **20%** (or USD **14** million). The increase was mainly related to development of certain deposits at *Auminzo-Amantoi ore field* as well as construction of the sulfide ore processing line at GMZ-5.

MANAGEMENT DISCUSSION AND ANALYSIS

Statement of cash flows (cont'd)

Stripping assets breakdown

Millions of US Dollars	H1-2022	H1-2021	PoP, %
Murantau – stage V	76	107	(29)%
Kokpatas	23	28	(18)%
Daugyztai	27	20	35%
Marzhanbulak	4	2	100%
Other individually insignificant	–	2	(100)%
Total stripping assets capitalised	130	159	(18)%
Depreciation capitalised within stripping assets	(48)	(54)	(11)%
Cash out associated with acquisition of stripping assets	82	105	(22)%

In H1-2022, total amount of capitalised stripping assets decreased by **18%** and amounted to USD **130** million compared to USD **159** million in H1-2021. Of USD **29** million decrease, the main contribution or USD **31** million came from Murantau deposit stage V. Slight increase of capitalised stripping at other locations partially offset this most substantial decrease.

Decrease in stripping assets capitalised at Murantau stage V is explained by significant increase of ore production at V stage by **128%**, with relatively stable volume of rock moved that automatically led to the decrease of current period stripping ratio from **27** in H1-2021 to **11** in H1-2022 with corresponding effect on the capitalised amount of stripping expenditures.

MANAGEMENT DISCUSSION AND ANALYSIS

Going concern

The Company's financial position, cash flows, the overall liquidity position and outstanding borrowings are presented in details in this Interim Management Report on pages 32 – 37. At 30 June 2022, the Company held USD 165 million of cash and cash equivalents, had a net debt in the amount of USD 1,659 million (of which only USD 314 million – short-term borrowings), with USD 1,198 million unused credit commitments. Please find more details as presented in note 7 to the condensed interim financial statements for the six months ended 30 June 2022 and 2021. In the assessment of the Company's going concern the management have considered the uncertainties of expected future cash flows have taken into account its future statement of financial position, the borrowings schedule of repayment, including future accrued interest, available credit facilities and probability of signing off new ones, forecasted compliance with covenants on the Company's net debt position, committed capital expenditures and general management plans for maintenance and future production expansion.

Based on the respective analysis the management of the Company concluded that no covenants will be breached in any of reasonable expected pricing scenarios for at least the following 12 months starting from the date of authorisation of the condensed interim financial statements for issuance.

Special tax regime

In addition to regular rates, the Company is subject to specific taxes. The table shows the rates for the Company specific taxes:

	2021 (H1-2021)	2022 (H1-2022)	2023+
Royalty (mineral extraction tax)	15%	10%	10%
Income tax in excess of established profitability	75%	50%	25%

Rates for 2021 (including H1-2021) were set in the Decree of the President of the Republic of Uzbekistan No. PP-4938 dated 30 December 2020 ("Decree №PP-4938"). Rates for 2022 (including H1-2022) were set in the Decree No. PP-73 dated 30 December 2021. Commencing 1 January 2023, the rates are based on a letter of the Ministry of Finance of the Republic of Uzbekistan No. 06/1-2216 dated 22 January 2020.