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Independent auditor's report

To the Shareholder and the Board of Directors of the JSC "Almalyk Mining and Metallurgical Complex"

Opinion

We have audited the preliminary opening consolidated statement of financial position of JSC "Almalyk Mining and Metallurgical Complex" (the Company) and its subsidiaries (the Group), as at 1 January 2020 and related notes of JSC "Almalyk Mining and Metallurgical Complex" (the Company) and its subsidiaries (the Group) as at 1 January 2020 to the preliminary opening consolidated statement of financial position, including a summary of significant accounting policies. It has been prepared as part of the Group's conversion to International Financial Reporting Standards (IFRS).

In our opinion, the accompanying preliminary opening consolidated statement of financial position of the Group as at 1 January 2020 is prepared, in all material respects, in accordance with the basis set out in Note 2, which describe how IFRS have been applied under IFRS 1, including the assumptions management has made about the standards and interpretations expected to be effective, and the policies expected to be adopted, when management prepares its first complete set of financial statements as at 31 December 2021.

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 for the preliminary opening consolidated statement of financial position section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Republic of Uzbekistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe, that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - Basis of accounting and restriction on use

We draw attention to the fact that Note 2 explains why there is a possibility that the opening consolidated statement of financial position may require adjustment before constituting the final opening statement of financial position. Moreover, we draw attention to the fact that, under IFRS, only a complete set of financial statements comprising a statement of financial position, statement of comprehensive income, statement of changes in equity and cash flow statement, together with comparative financial information and notes, can provide a fair presentation of the Group's financial position, results of operations and cash flows in accordance with IFRS. Our opinion is not modified in respect of this matter.

This report is intended solely for the information and use of the Board of Directors of the Group in connection with its conversion of the basis of the preparation of the financial statements to IFRS. It should not be used for any other purpose or by other parties.

Responsibilities of management and the Board of Directors

Management is responsible for the preparation of this opening consolidated statement of financial position in accordance with the basis set out in Note 2, and for such internal control relevant to the preparation of the opening statement of financial position that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the opening consolidated statement of financial position

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 this financial statement

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 preliminary opening consolidated statement of financial position, 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 Group'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 Group'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 preliminary opening consolidated statement of financial position 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 Group to cease to continue as a going concern.

We communicate with the 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.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The partner in charge of the audit resulting in this independent auditor's report is Paul Cohn.

Tashkent, Uzbekistan

29 October 2020

Audit company "Ernst & Young MChJ"

«Ernst & Young» Audit Organization LLC

Certificate authorizing audit practice in the territory of the Republic of Uzbekistan registered by the Ministry of Finance of the Republic of Uzbekistan Under #AФ-00816 dated 17 April 2019

A. Azamov

Anvarkhon Azamov

Auditor qualification certificate authorizing for audit №04880 dated

16 February 2018 issued by the Ministry of Finance of the Republic of Uzbekistan

Partner, Head of Uzbekistan practice

«Ernst & Young» Audit Organization LLC

JSC "ALMALYK MINING AND METALLURGICAL COMPLEX"**PRELIMINARY OPENING CONSOLIDATED STATEMENT OF FINANCIAL POSITION***(in millions of Uzbek Soums)*

| | Notes | As at 1 January 2020 |
|---|-------|----------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 6 | 11,230,824 |
| Exploration and evaluation assets | 7 | 1,126,418 |
| Mining assets | 8 | 2,683,169 |
| Investments in joint ventures and associates | 9 | 128,956 |
| Equity investments at Fair value through profit or loss | 10 | 97,957 |
| Long-term advances paid and other non-current assets | 11 | 280,505 |
| Total non-current assets | | 15,547,829 |
| Current assets | | |
| Inventories | 12 | 4,354,218 |
| Trade accounts receivable | 13 | 202,763 |
| Advances paid | 14 | 494,843 |
| Tax assets other than income tax | 15 | 210,114 |
| Restricted short-term deposit in banks | 16 | 252,946 |
| Other current assets | | 7,644 |
| Cash and cash equivalents | 17 | 979,792 |
| Total current assets | | 6,502,320 |
| TOTAL ASSETS | | 22,050,149 |

The accounting policies and explanatory notes on pages 3 through 43 form an integral part of this preliminary opening consolidated statement of financial position.


JSC "ALMALYK MINING AND METALLURGICAL COMPLEX"

PRELIMINARY OPENING CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
(in millions of Uzbek Soums)

| | Notes | As at 1 January 2020 |
|---|-------|----------------------|
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 18 | 356,130 |
| Retained earnings | | 8,745,133 |
| Other reserves | | 1,037,579 |
| Attributable to equity holders of the parent company | | 10,138,842 |
| Total equity | | 10,138,842 |
| Non-current liabilities | | |
| Borrowings, non-current | 19 | 5,097,324 |
| Employee Defined Benefit liability, non-current | 20 | 729,440 |
| Asset Retirement Obligation, non-current | 21 | 1,357,625 |
| Deferred tax liabilities | 22 | 858,616 |
| Total non-current liabilities | | 8,043,005 |
| Current liabilities | | |
| Trade accounts payable | 23 | 1,052,547 |
| Contract liabilities | 24 | 1,018,995 |
| Borrowings, current | 19 | 629,066 |
| Payable to employees | 25 | 213,921 |
| Dividends payable to shareholders | 26 | 210,618 |
| Income tax payable | | 338,390 |
| Tax payable other than income tax | 15 | 327,252 |
| Employee Defined Benefit liability, current | 20 | 48,040 |
| Other current liabilities | 27 | 29,473 |
| Total current liabilities | | 3,868,302 |
| Total liabilities | | 11,911,307 |
| TOTAL EQUITY AND LIABILITIES | | 22,050,149 |

On behalf of the management:


A. Kh. Khursanov
 Chairman of the Board
 29 October 2020


N. K. Ten
 Chief Accountant
 29 October 2020

The accounting policies and explanatory notes on pages 3 through 43 form an integral part of this preliminary opening consolidated statement of financial position.