



**CORPORATE SOCIAL
RESPONSIBILITY REPORT**

2016

CONTRIBUTING TO A SUSTAINABLE FUTURE



KATCO uses the in situ recovery (ISR) mining technique, which contributes to reducing its environmental footprint. It recycles effluent groundwater, develops hydrological profiles to protect nearby aquifers and conducts landscape restoration activities around wells. In addition, the Company is certified in accordance with the ISO 14001 environmental management standards.

KATCO has obtained the international OHSAS 18001 health and safety certification. Its approach to health and safety is enshrined in its health, safety and environment policy, which seeks to create a safe environment for the exploration, extraction, processing and transportation of uranium, as well as the development of infrastructure and facilities.

KATCO is unwavering in its commitment to protect the health of its employees and contractors. Its mining and production processes have been designed to minimise radiation exposure. The Company provides rigorous training on the use of personal protective equipment and has medical staff on-site to respond to emergencies.



**CSR PILLAR 3
ENVIRONMENT**

**CSR PILLAR 2
OCCUPATIONAL
SAFETY**

**CSR PILLAR 1
HEALTH AND
RADIATION
PROTECTION**

WELCOME

Welcome to the first corporate social responsibility (CSR) report for KATCO, the largest in situ recovery uranium miner in the world.

A joint venture between two of the world’s leading national nuclear operators, France’s AREVA and Kazakhstan’s Kazatomprom, KATCO represents a successful partnership between two entities committed to a sustainable future. It adheres to the transparency principles of the Extractive Industries Transparency Initiative, of which Kazakhstan is a member, and the policies and practices of the International Council on Mining and Metals.

In 2016, which marked the Company’s 20th anniversary and numerous operational milestones, KATCO maintained its focus on its CSR efforts and the needs of all stakeholders. It provided over 37,000 hours of mandatory safety and professional

development training to employees, further contributing to an outstanding safety record. It also expanded its network of domestic suppliers of high-quality goods and services, which benefits the uranium industry and the Kazakh economy; reduced its carbon footprint by recycling more water and using more renewable energy; and continued to invest in its communities in excess of local requirements.

Since 2009, as part of its commitment to pursuing international CSR standards, KATCO has invested KZT1.8 billion (US\$5.4 million) in community-based social development projects.

¹ US\$1 = KZT333.29 (effective rate as of 31 December 2016)

Social involvement in local communities is part of KATCO's philosophy. Its Subsoil Use Contract, developed with local authorities, includes social spending provisions that the Company exceeds each year by supporting long-term social development projects. Through consultations with communities, KATCO identifies the needs of stakeholders to allocate resources appropriately.

CSR PILLAR 4 SOCIAL INVOLVEMENT

CSR PILLAR 5 COMMITMENT TO EMPLOYEES

KATCO strives to be the employer of choice in South Kazakhstan. It invests in its staff through corporate training that focuses on professional skill development and personal growth. The Company's culture of continuous improvement rewards success by offering career advancement opportunities and providing performance-based compensation and bonuses that are in line with market rates.

CSR PILLAR 6 INNOVATION

Through investments in research and development and partnerships with leading academic institutions, KATCO identifies innovative ways to optimise production and reduce environmental footprint. These contribute to the development of international best practices in uranium mining and environmental protection.

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GENERAL DIRECTOR'S STATEMENT



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Dear stakeholders,

Welcome to KATCO's first corporate social responsibility (CSR) report, which covers 2016, when the Company celebrated its 20th anniversary. As part of our commitment to being a responsible corporate citizen, this marks the start of regular disclosure of our work in this area.

As the report's title suggests, KATCO's overriding focus is sustainability. Throughout our activities, we are guided by our mission, which is to be the benchmark for the global uranium mining industry by operating in a safe and sustainable manner, as well as by our vision and values. We rely on the commitment of our employees to continue building a sustainable future.

Being aware of our responsibility to all stakeholders – participants, employees, contractors, partners, authorities and the communities surrounding our facilities – we ensure that our CSR principles align with the principles of the International Council on Mining and Metals and the Extractive Industries Transparency Initiative.

Over the last 20 years, through cycles of prosperity and challenges, KATCO has made some significant achievements that have enabled it to become the world leader in ISR uranium mining. The year 2016 was a challenging one for the Company due to the difficult situation in the market: nonetheless, we optimised costs, enhanced quality and improved on-time delivery. Thanks to our commitment, efforts and performance-oriented approach, we produced more than 4,000 tons for the fourth year in a row, thus maintaining our leading position.

As part of the mission to be an industry benchmark, KATCO invests heavily in measures to protect health and limit radiation exposure to the greatest extent possible. We conduct regular monitoring of employees and conditions at and around our sites and submit the findings to the authorities. In 2016, not one of our employees exceeded the regulatory limits, while the average individual exposure level among local residents was

0.40

Lost-time injury frequency rate in 2016

around 1 mSv, about the same as background radiation on earth.

At KATCO, nothing is more important than safety: it has always been and remains our supreme priority. Our commitment to safety covers employees, contractors and site visitors. In 2016, the Company achieved its target rate of zero fatal accidents, but did experience two lost-time incidents due to a collision involving a trailer and a drilling rig platform, in which two people were injured. After such events, we always conduct root-cause analysis to avoid a repeat in the future. As such, our lost-time injury frequency rate (LTIFR) was 0.40, although this marked an ongoing improvement overall since 2012, when the LTIFR was 1.09. Throughout our activities, we continuously strive to improve our safety culture for the wellbeing of all stakeholders.

Environmental protection is one of KATCO's main areas of focus. Since obtaining the ISO 14001, OHSAS 18001 and ISO 50001 international certifications in 2015, the Company has maintained its compliance with these. We monitor our ecological footprint through regular analysis of physical, radiological and biological conditions and strive to reduce it wherever possible, including by using solar panels and optimising energy and water consumption. In addition, AREVA and Kazatomprom work together to study natural attenuation and develop efficient remediation solutions.

Regarding social development, our philosophy is to pursue long-term sustainable community initiatives with a strong focus on education, employment and healthy lifestyles. Recent examples include the opening of a kindergarten for 50 children in Tasty, which the Company had financed, and the establishment of a sewing shop to create employment for disabled people. In addition, we source goods, services and works from local partners. In 2016, we spent more than

> KZT 19 bn

KATCO's spending on local purchases in 2016

KZT19 billion (around US\$57 million) in Kazakhstan, of which KZT7 billion (around US\$21 million) went to suppliers in South Kazakhstan. The Company is also the largest taxpayer in the region.

Our people are our most valuable asset. We are committed to helping them reach their full potential, and its objective is to be the employer of choice in South Kazakhstan. In 2016, 85% of our staff underwent training for various skills.

As part of the drive to ensure a sustainable future, the Company is dedicated to using innovation to streamline production processes in ways that comply with best practice in health, safety and environmental protection. I am proud to report that 2016 was the third year of an R&D innovation investment programme between AREVA and Kazatomprom, which is proving particularly successful.

The achievements highlighted in this report are the result of the hard work, continuous improvement and dedication to a culture of individual and collective responsibility of our employees. I am grateful for their commitment to all that we do and our values: integrity, reliability, mutual care and respect, and openness to change.

I look forward to announcing further progress in our sustainability journey and continuous improvement in our performance, especially concerning safety of our people and operations.

Gerard Fries
General Director



“Throughout our activities, we are guided by our mission, which is to be the benchmark for the global uranium mining industry by operating in a safe and sustainable manner, as well as by our vision and values.”

ABOUT KATCO

In February 1996, JV KATCO LLP was established to produce uranium in Kazakhstan, which has reserves of 1.7 million tons of uranium, the largest in the world. AREVA owns 51% of the joint venture and Kazatomprom 49%. The partnership has enabled KATCO's processing plants to become the largest and most technically advanced in situ recovery (ISR) production facilities in the world.

KATCO's primary objective is to explore and develop the Tortkuduk North, Tortkuduk South and Muyunkum South uranium fields in South Kazakhstan to produce and sell uranium oxide (U_3O_8).

After signing a Subsoil Use Contract in 1999, which initiated the exploration, development and production of uranium resources from the Muyunkum deposits, KATCO began building a pilot ISR mine and uranium processing plant. Once it was complete, in 2004, the Company embarked on the full industrial development of its mining and processing activities. In 2006, the Muyunkum South processing plant went into full operation. In 2007, the processing complex at Tortkuduk was commissioned.

Following a 2008 agreement between AREVA and Kazatomprom to increase uranium production, KATCO became the world's largest ISR mining operator. In 2009, its annual output exceeded 3,000 tons. In 2010, the "Fast Track" project was initiated to accelerate the development of the Tortkuduk processing complex. In 2013, annual output reached 4,000 tons. Since then, it has exceeded that level for four years in a row.

In April 2016, KATCO produced its 30,000th ton of uranium and accounted for around 7% of annual global output.

In 2014 and 2015, the Business Quarterly magazine ranked KATCO 48th among the 500 largest companies in Kazakhstan. In 2015, it was the 26th largest taxpayer and the number one tax contributor among uranium miners in the country.

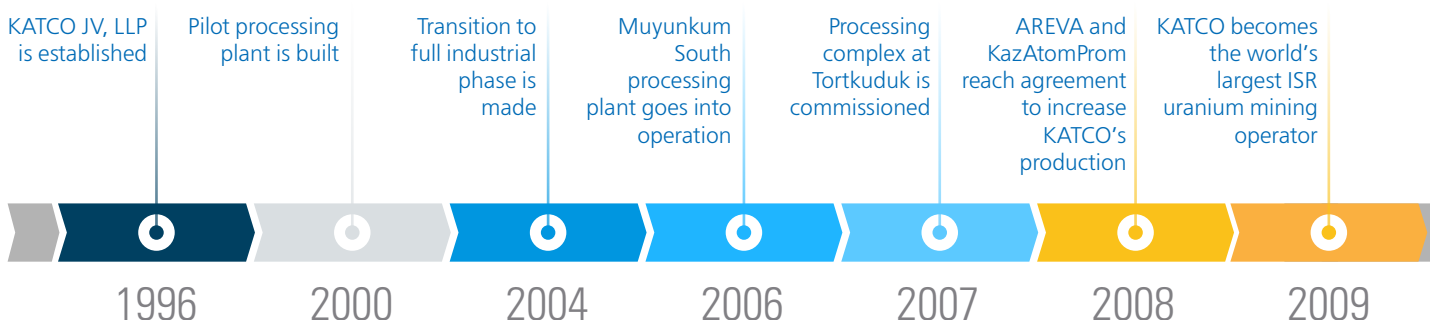
Of the workforce of 1,266 employees at the end of 2016, more than 51% come from the Sozak district, where KATCO's mining sites are located. More than 98% of employees are Kazakh nationals: over 70% are from South Kazakhstan, 17% from Almaty and 11% from other regions of the country. Less than 1.5% of employees are expatriates, primarily French nationals.

KATCO manages its talent pipeline by developing partnerships between Kazakhstan's technical schools and universities and higher education institutions in France, as well as internally through AREVA's corporate university programme.



7%

KATCO's share of annual global uranium production



ABOUT ISR

The ISR method was created in the early 1960s and became widespread in uranium mining in the 1990s. In recent years, the process has accounted for almost half of uranium extraction worldwide.

The ISR mining technique is a closed-cycle method for extracting uranium from low-grade deposits in which the ore is dissolved by injecting a leaching solution into the wells. It circulates in the layer between two impermeable layers of clay. Minerals are then recovered by circulating groundwater with a liquid solution containing acid or carbonate through a series of injection and extraction wells until the uranium in the ground has been depleted. In some cases, oxygen is added to mobilise the uranium. The solution that captures the uranium is then pumped to the surface and sent to the processing plant.

ISR is the preferred technique for mining uranium throughout Kazakhstan and is also widely used in Australia and the United States. The method is gaining in popularity because it is safer, is more environmentally friendly and has reduced uranium production costs significantly. It mitigates accident risks for employees and decreases exposure to dust and radiation for staff and local communities.

URANIUM IN SITU RECOVERY



20 YEARS

The "Fast Track" project to expand Tortkuduk's processing complex begins

KATCO produces 10,000th ton of uranium

KATCO reaches annual output of 4,000 tons and produces its 20,000th ton of uranium

KATCO commissions calciner to produce uranium oxide (U_3O_8)

KATCO obtains international ISO 14001 and OHSAS 18001 certifications

KATCO produces its 30,000th ton of uranium and more than 4,000 tons for the fourth year in a row

2010

2011

2013

2014

2015

2016



WORLD'S LARGEST ISR OPERATOR

KEY FIGURES

1,266 

NUMBER OF EMPLOYEES
AT END-2016

0.40

LOST-TIME INJURY FREQUENCY
RATE (LTIFR) IN 2016

77%

SOCIAL SUSTAINABILITY
RATING FOR 2016*

1.98 mSv

AVERAGE ANNUAL EXPOSURE
RATE FOR GROUP A
PERSONNEL IN 2016

* A scoring system that Kazatomprom uses across all of its enterprises to drive improvements in CSR

4,003 tons 

URANIUM OUTPUT IN 2016



KZT **1.2** bn

SOCIAL INVESTMENTS IN THE SOZAK DISTRICT SINCE 2010



OHSAS 18001
ISO 14001
ISO 50001

FRANCE AND KAZAKHSTAN IN PARTNERSHIP

KATCO is a uranium mining joint venture that represents a successful industrial partnership between France's AREVA, a uranium mining expert and world leader in nuclear energy, and Kazakhstan's Kazatomprom, the national nuclear operator.

AREVA transforms nuclear materials so that they can be used to support the development of society, first and foremost in the field of energy. The group offers products, technologies and services with high added value throughout the entire nuclear fuel cycle, with activities encompassing mining, uranium chemistry, enrichment, fuel recycling, logistics, dismantling and engineering.

As the first link in the nuclear fuel cycle, AREVA's mining activities prospect for, produce and sell uranium worldwide. The group is one of the world's leading uranium producers and operates mines in Canada, Kazakhstan and Niger.

Because it adopts a responsible approach to mining, AREVA performs its extractive operations in a manner that respects both people and the environment. The group also supports sustainable economic

development in the regions where it operates.

Kazatomprom is the national nuclear operator of Kazakhstan and is fully owned by the Samruk-Kazyna sovereign wealth fund. Kazatomprom is strategically focused on maintaining key positions in the world nuclear power market, diversifying its activity into the front end of the nuclear fuel cycle, participating in the development of foreign assets and moving into allied high-technology fields. Today, it is the largest uranium producer in the world, accounting for 21% of global output.

KATCO is managed by a 10-member Committee of Directors (CODIR) and a "Supervisory Board", which has seven members: four representatives from AREVA and three from Kazatomprom. The partnership follows its compliance policy.



49%

Stake in KATCO

KEY FIGURES

24,689 tons

Uranium output in 2016

KZT 108.0 bn

Revenues in 2016

26,257

Headcount at end-2016





51%

Stake in KATCO

KEY FIGURES

11,186* tons

Uranium output in 2016

€ 4.0 bn

Revenues in 2016

36,241

Headcount at end-2016

Mukhit Kelimbetov,
Deputy General Director, KATCO



"In 2016, KATCO developed a vision for the future and a 'one team' approach. Our aim is that this will help us to achieve our goal of being a socially responsible mining company. Our community investments are a priority, not out of obligation, but because they are a contribution to the country's future and critical to our success."

Saule Davletova, Deputy General
Director (Human Resources), KATCO



"KATCO has built a truly diverse, dedicated and professional workforce over the years. It is the driving force of the Company today: our greatest asset in working towards our objectives really is our employees. A central part of KATCO's CSR commitment and management philosophy is investment in people. As part of this, we seek to carefully select, develop and empower individuals with the competencies needed to lead others as managers. I am proud of the inspiration shown by KATCO's managers and the achievements of all employees, both individual and collective."

* Financially consolidated share to which 447 tons, AREVA's share in COMINAK, should be added

CSR SYSTEM

KATCO promotes sustainable development by making firm commitments regarding social, environmental and economic responsibility. To this end, the Company has developed a CSR approach based on six pillars.

Guiding KATCO in its CSR work are policies in numerous areas – human resources, diversity, health, occupational safety and the environment – as well as a Compliance Policy. They help to bring operations into line with legislation and human rights and environmental protection standards. The Company's efforts target continuous performance improvement in every field, particularly occupational safety and the environment, and take into consideration the expectations of stakeholders directly or indirectly concerning its operations.

CSR pillars

KATCO's CSR Policy is founded on six core pillars that have been developed over the past 20 years: health and radiation protection, occupational safety, environment, social involvement, commitment to employees, and innovation. The Company is governed by international standards and complies with human rights and environmental protection norms. It takes into consideration stakeholders and targets continuous improvement across each pillar using key performance indicators (KPIs).

Compliance Policy

KATCO's overall approach to CSR begins with its CSR and Compliance policies. They outline the Company's code of conduct in terms of:

- Compliance with international treaties
- Conflicts of interest
- Insider trading
- Corruption, gifts and unfair advantage
- Payments
- Political financing
- Philanthropy, donations and humanitarian activities
- Competition
- Threats against persons and property

All employees are required to respect the principles of the CSR and Compliance policies.

Main stakeholders



Health, Safety and Environment (HSE) Policy

One overriding priority for KATCO is the health and safety of employees, contractors and communities, which also drives its active environmental protection efforts. The Company's HSE Policy is designed as a blueprint for all environments in which employees work and live. KATCO also applies continuous improvement approaches in its HSE Policy by conducting root cause analyses and applying lean concepts to achieve the best results possible.

The management bears a key responsibility for identifying, mitigating and, where possible, eliminating risks associated with operations. The ultimate objective is to ensure risk-free environments for employees.

Stakeholder engagement

KATCO's key stakeholders are groups of individuals on whom the Company's economic, environmental and social performance has or could have a significant impact.

Approach to engagement

KATCO engages with stakeholders in the following ways:

- Participants: Supervisory Board meetings
- Customers: customer satisfaction and feedback ways
- Employees: employee engagement surveys
- Business partners: partnerships with suppliers, including regular audits to ensure compliance with KATCO's policies and applicable laws



Meeting with the Akim of South Kazakhstan

- Local and state authorities: continuous dialogue with the relevant bodies
- Communities: close communication with local residents

CSR management

KATCO's overall approach to CSR involves oversight strategies and reporting mechanisms to ensure adherence to international best practices. The Company has governance bodies in place to ensure that CSR policies and obligations are met.

General Meeting of Participants

The General Meeting of Participants (GMP) is the highest executive body of the Company. The GMP's areas of authority are determined by Kazakh company law and the KATCO Charter.

Supervisory Board

The Supervisory Board is responsible for overall oversight of KATCO and the General Director. It consists of four members appointed by AREVA and three by Kazatomprom.

Technical Committee

This consultative body of KATCO is assigned to prepare technical and economic recommendations for the GMP and Supervisory Board.

General Director

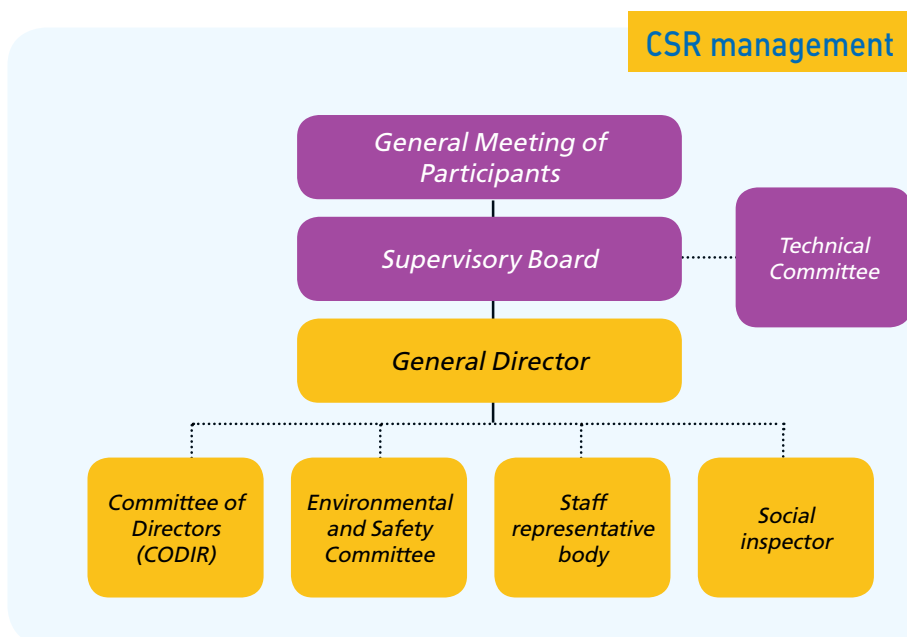
The ultimate responsibility for day-to-day activities lies with the General Director, whom the participants appoint to provide leadership on KATCO's policies and culture of responsibility.

Committee of Directors

Assisting the General Director is the Committee of Directors, KATCO's executive body. Its members include the General Director, Deputy General Director and Deputy General Director for human resources, Directors of finance, geosciences, HSE, legal, operations, purchasing and South Tortkuduk project Director. Meetings are held weekly and are also attended by site directors.

Environmental and Safety Committee

The Environmental and Safety Committee is responsible for changes to and the



implementation of HSE policies. In line with ISO 14001 and OHSAS 18001 requirements, CODIR reviews HSE performance and the Committee's recommendations.

Staff representative body

KATCO's HR Policy is based on the principles of discussion and consultation. The Company has a staff representative body to which nine employee representatives are elected for three years. They and KATCO top managers meet to discuss safety and HR issues twice a year and approve a collective agreement every three years.

Social inspector

The social inspector, an employee representative, conducts technical evaluations as an additional internal control check on health and safety standards.

Responsible mining worldwide

In addition to the executive oversight provided by internal governance bodies, KATCO is party to numerous international initiatives.

Extractive Industries Transparency Initiative (EITI)

As Kazakhstan is a member of the EITI, KATCO participates in local multilateral processes and declares its payment of taxes, mining rights and profits in accordance with EITI requirements.¹

International Council on Mining and Metals (ICMM)

The ICMM is an international organisation committed to a safe, fair and sustainable mining industry. KATCO strives to incorporate the ICMM's 10 principles of sustainable development and position statements. In 2014, the Company was audited by Ernst & Young to verify AREVA's alignment with the ICMM principles. AREVA received the highest rating: A+.²

Key actions to ensure responsibility

Materiality and key priority issues

KATCO seeks to prioritise reporting topics according to stakeholder expectations. Criteria for evaluation are based on the ICMM's 10 principles of sustainable development, as well as GRI reporting standards.

Ethical reporting

To monitor operations, KATCO has created an Internal Control department, which reports to the General Director. It covers all aspects of the Company's activities, focusing particularly on compliance. KATCO provides an annual ethics report for its majority participant. It includes a signed statement from CODIR attesting to a dedicated review of the previous year's activities.

¹ See: www.eiti.org

² See: www.icmm.org

1. HEALTH AND RADIATION PROTECTION



***“MANAGING RISK
THROUGH PREVENTION
POLICIES”***

POLICY AND OBJECTIVES



"The Company believes that a positive and safe work environment is vital for sustainable development. KATCO's philosophy behind designing, constructing, commissioning, operating and decommissioning facilities is 'safety first'."

Policy

For KATCO, the health and wellbeing of employees, contractors and local communities is an overriding priority. The Company strives to make working environments safe and limit radiation exposure to the greatest extent possible.

KATCO follows three main principles regarding radiation protection: justification, optimisation and limitation of exposure. This means that the Company assesses the risk of exposure to ionising radiation before beginning an activity. The aim is to keep exposure 'as low as reasonably achievable' (ALARA).

Objective

The Company believes that a positive and safe work environment is vital for sustainable development. KATCO's philosophy behind designing, constructing, commissioning, operating and decommissioning facilities is 'safety first'.

Risk assessment


KATCO assesses risks throughout its operations. For specific areas, the Company measures and regularly monitors gamma and alpha exposure levels using established technology and following international standards.


Risk reduction through compartmentalisation


KATCO employees are classified according to categories of exposure. Group A personnel ("exposed employees") are directly exposed to ionising radiation and work in such places as plant facilities. Group B personnel work in areas where there is potential for exposure. KATCO maintains a strict zoning and monitoring regime for all work functions. Employees who work across zones follow sanitary rules for personal protective equipment (PPE) and approved cleaning protocols required in the respective areas.


What is radioactivity?


Examples of natural radioactivity


-  **Rainwater**
0.3 to 1 Bq per litre

-  **Mineral water**
Up to 400 Bq per litre

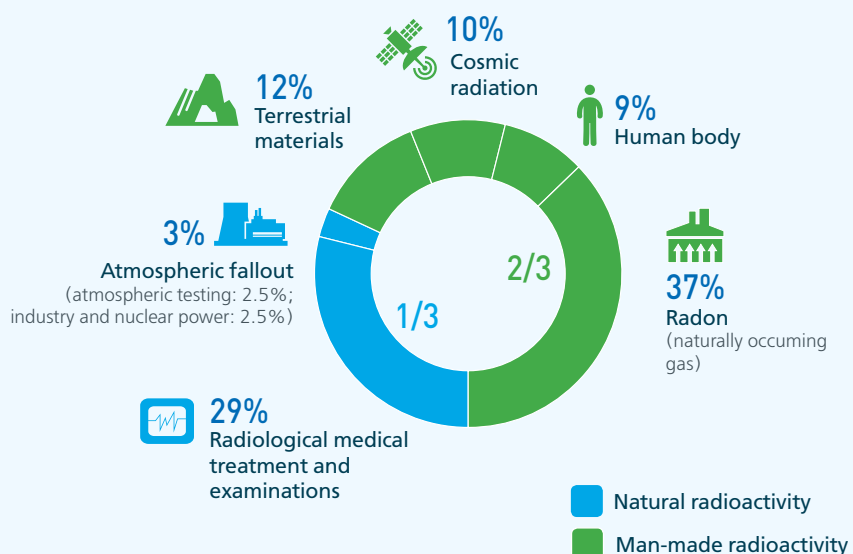
-  **Seawater**
10 to 13 Bq per litre

-  **Milk**
0.3 to 1 Bq per litre

-  **Human body**
About 130 Bq per kilogram

-  **Radium (1 gram)**
37 billion Bq

Sources of exposure



ACHIEVEMENTS IN 2016

Monitoring employees

The Company pays specific attention to the radiation exposure levels of Group A personnel to ensure compliance with the regulatory limits. Employees in Group A wear individual dosimeters that certified laboratories check quarterly. If the regulatory levels are exceeded, a staff member's activities are reviewed and measures are taken to reduce exposure. Each quarter, Group A personnel are provided with instructions concerning safe working methods and the use of PPE to limit exposure.

Monitoring communities

Each year, in accordance with Kazakh regulations, KATCO conducts regular environmental monitoring involving certified laboratories. In addition, public sanitary and epidemiological teams carry out water and soil sample tests. Kazakhstan's results of these tests are presented to the Committee of Atomic and Energy Supervision and Control every year.

Focus on radiation control

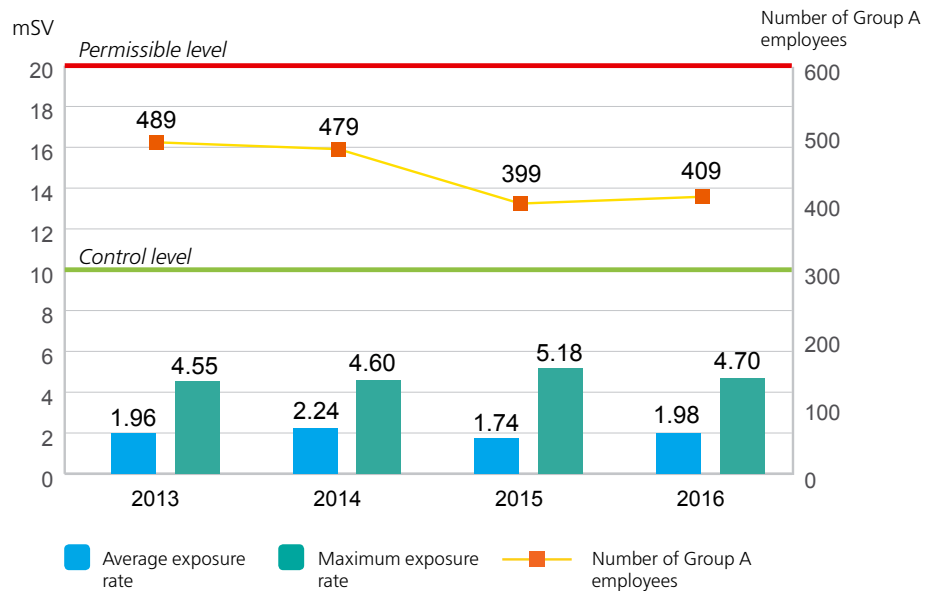
In 2016, as part of an ongoing mandate, the HSE function sought to improve radiation control at KATCO's mining sites. A review of the personnel classification system was conducted and an updated pass entry system was introduced to control access to Group A and Group B work zones. In addition, steps were taken to better integrate medical services on sites and a hazard warning system was introduced at production facilities.

Investing in protection, delivering results

In 2016, KATCO spent KZT147.8 million (US\$443,367) on PPE for employees, which is in line with European norms.

Over the year, not one of the Group A and Group B employees exceeded regulatory

Individual exposure rate at KATCO, 2013 - 2016



KZT 147.8 mln

KATCO's spending on PPE in 2016

1 mSv

Average individual dose in local communities in 2016



Process of entering laboratory analysis data



Laboratory at Tortkuduk site

2,446

Medical consultations at
Muyunkum in 2016

5,046

Medical consultations at
Tortkuduk in 2016



Control of radon measurement device at the plant

exposure limits. The average annual level of exposure for Group A personnel was 1.98 mSv, around one tenth the maximum of 20 mSv set by international standards. These figures are part of a multi-year downward trend in exposure levels among Group A personnel.

Analysis in the communities surrounding KATCO's facilities in 2016 also showed that radiation levels were below regulatory limits. Exposure dose levels ranging from 0.12 to 0.15 $\mu\text{Sv/h}$ were recorded, about the same as the background radiation on earth. Digital displays have been installed near the Tortkuduk and Muyunkum sites to provide information about potential radiation in the area.

Raising awareness about health

Since its creation, KATCO has played an active role in public health awareness programmes. These include vaccination campaigns among employees, the observation of World Health Day and World Cancer Day, the promotion of information about diseases and infections, such as tuberculosis and anthrax, and preventative measures. The Company has also increased its focus on occupational health. In 2016, medical teams performed 2,446 medical consultations at Muyunkum and 5,046 at Tortkuduk.

KATCO seeks to promote and encourage healthy lifestyles. In May 2016, as part of the KatcoAthleTour programme, the Company organised the KATCO Marathon, which also raised funds for disadvantaged children in the Sozak district.

2. OCCUPATIONAL SAFETY



**“CREATING SAFE,
HEALTHY WORKING
ENVIRONMENTS”**

POLICY AND OBJECTIVES



"KATCO uses specialised medical units to respond to and anticipate the health needs of its employees on an ongoing basis. They are on call 24 hours a day, seven days a week to provide services in the event of an emergency and are equipped in accordance with international standards."

Policy

KATCO is committed to promoting and protecting the safety and health of its employees, eliminating accidents in the workplace and creating a positive working environment. As part of this, the Company believes in the importance of strong labour relations. A constant emphasis on risk management and best-practice procedures throughout operations ensures that KATCO remains focused on its 'safety first' approach.

Objective

The Company strives to implement rigorous labour and safety standards in all facilities for all employees and contractors, with a view to meeting its foremost safety objective: zero fatal accidents.

Collective leadership for safety culture

While the management team bears ultimate accountability for safety in the workplace, KATCO regards it as being the responsibility of everyone involved, including employees, partners, contractors and site visitors. All workplaces are engaged in a process of "bottom up, top down" exchange, involving safety visits, meetings, training and standards

to ensure that procedures are relevant, understood and followed by everyone involved in mining and production processes.

In 2014, as part of the drive to address near misses and hazardous factors in the workplace, KATCO introduced a "stop card" reporting system. It aims to minimise risks for employees, involve all personnel in identifying potential issues, and further improve the Company's safety culture. The system enables any member of staff to report near misses, possible unsafe conditions and other such factors so that they can be dealt with accordingly. To encourage its use, various incentives are given, such as "stop card of the month/quarter" and prizes awarded on "Safety Day".

On-site medical assistance

KATCO uses specialised medical units to respond to and anticipate the health needs of its employees on an ongoing basis. They are on call 24 hours a day, seven days a week to provide services in the event of an emergency and are equipped in accordance with international standards. To maximise responsiveness, the Company has three medical units at its sites.

12 safety standards



UNDERGO SAFETY INDUCTION AND TRAINING



DO NOT USE ALCOHOL AND DRUGS



WEAR SAFETY BELTS IN VEHICLES



MOVE CAREFULLY



DEDICATE FIRST MINUTES TO SAFETY



WEAR PERSONAL PROTECTIVE EQUIPMENT



COMPLY WITH PICTOGRAMS



SMOKE ONLY IN DESIGNATED AREAS



HOLD ONTO HANDRAILS



KEEP FLOOR FREE OF LOOSE CABLES



WORK AT HEIGHTS WITH PROTECTION



SECURE LIFTING AND HANDLING AREA

ACHIEVEMENTS IN 2016

Safety performance

Each year, KATCO strives to improve safety by implementing various initiatives and promoting a culture of responsibility. To measure its performance, it uses the lost-time injury frequency rate (LTIFR)*, one of the most widely used workplace safety benchmarks worldwide. In 2016, the Company's LTIFR for employees and contractors was 0.40, marking an ongoing improvement from 1.02 in 2014 and 0.58 in 2015. At the same time, KATCO will focus unwaveringly on reducing the rate to zero.

Safety training

As part of its commitment to occupational health and safety, KATCO organises numerous training courses across all areas of the business. In 2016, 134 management and professional personnel and 227 non-management and professional personnel underwent 11,688 hours of mandatory internal safety training. In addition, as part of promoting a culture of individual and collective responsibility, the Company ran a course, "How to Improve My Safety and That of My Colleagues", in which over 100 employees took part.

Alongside providing internal instruction, KATCO hires external companies to run additional safety training. In 2016, such courses focused on radiation, industrial and occupational, and fire safety.

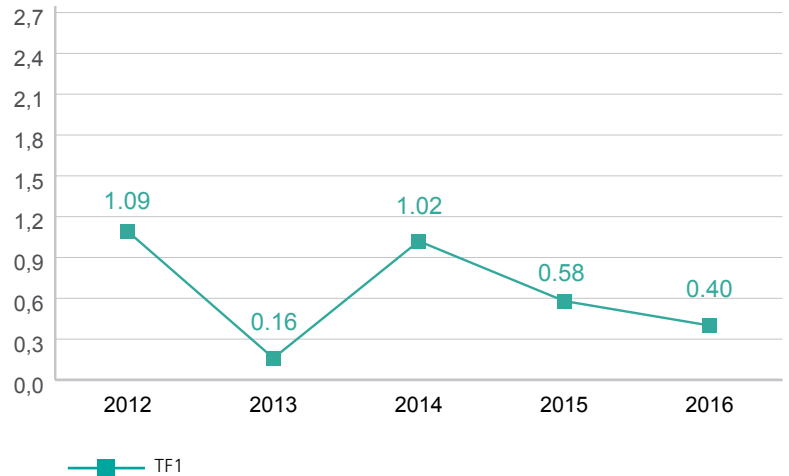
Joint commitment to safety

In June 2016, the Company held a Safety Day for all employees and contractors, its fourth since 2012. It aims to provide a forum for sharing information, discussing best practice, evaluating KATCO's operational successes and shortcomings, and identifying areas for improvement. In mid-November, the Company held a practical seminar focusing on its 'safety first' culture for contractors.

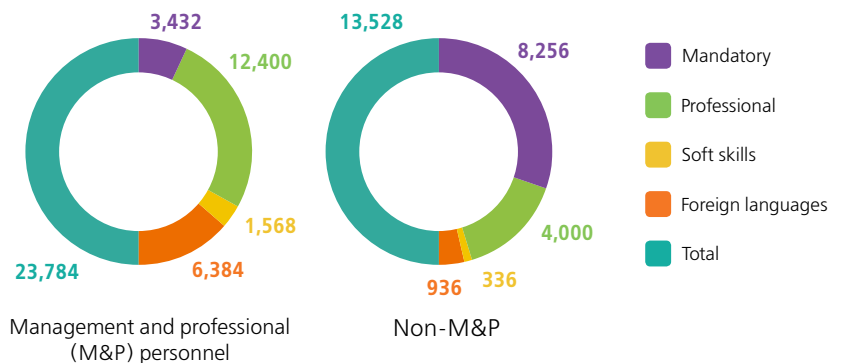
Safety initiatives

As part of the commitment to eliminating serious accidents in the workplace, KATCO formally tracks near misses at operating facilities. As many lost-time injuries are repeat incidents by nature, this enables the Company to learn about previous episodes and how to avoid them. In 2016, 54 near misses were recorded.

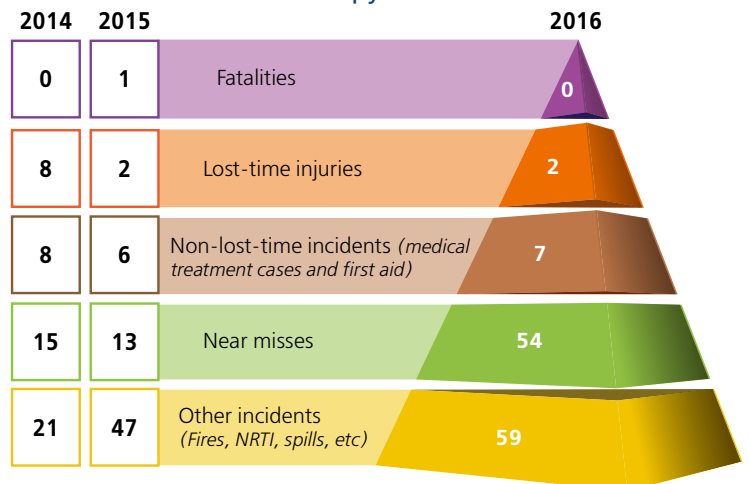
KATCO's lost-time injury frequency rate (LTIFR), 2012 - 2016



Breakdown of safety training hours at KATCO, 2016



Accident pyramid



* A lost-time injury is defined as a non-fatal injury that results in the loss of work time. The LTIFR is measured in the number of incidents per million man hours worked.

INTERVIEW

NURBOL AZEMKHAN,
HSE SUPERVISOR, KATCO



Please tell us about the range of your job responsibilities.

I currently work as a HSE supervisor. My primary responsibility is to prevent harmful incidents from occurring, including radiation exposure. I am also responsible for the HSE certification of our business units. We obtained OHSAS 18001 and ISO 14001 certificates in 2015 and will undergo an audit in May 2017. We expect our performance across our HSE indicators will have improved

substantially. This is part of our continuous drive to ensure stakeholder safety and operate in accordance with international best practices.

What practical training did you receive from KATCO to prepare you for the position?

After completing secondary school in the city of Kentau in South Kazakhstan, I applied for KATCO's university programme in France and

was fortunate to be one of three selected. The coursework consisted of theoretical training at a university in Nancy and practical training at AREVA's headquarters in Paris. It was invaluable in terms of developing relevant job skills. After the programme, I began working as a dosimetrist on site. The training for this helped me to understand the Company's safety culture and provided technical skills that I now use every day. Through the study programme, I also learned to speak French, which is extremely useful for communicating with my French colleagues.

How does KATCO implement its HSE policy?

KATCO prioritises the safety of its employees from day one. All new recruits are required to undergo rigorous introductory HSE and safety training sessions. Thereafter, KATCO provides mandatory safety training on a regular basis. If necessary, the Company introduces enhanced safety protocols, including additional safety training, to address risks that could arise during operations. It also displays the HSE policy and other visuals throughout facilities to remind people of the safety guidelines.



Safety Day, Muyunkum site

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“KATCO prioritises the safety of its employees from day one. All new recruits are required to undergo rigorous introductory HSE and safety training sessions. Thereafter, KATCO provides mandatory safety training on a regular basis.”

3. ENVIRONMENT



***“ACTING RESPONSIBLY
TO PRESERVE THE
ENVIRONMENT”***

POLICY AND OBJECTIVES



“Water is one of the most valuable natural resources and KATCO works to optimise its consumption. Water purification units have been installed to allow liquid waste to be reused on roads and for the watering of trees and plants.”

>100,000

Saxaul planted with KATCO's help as of end-2016

Policy

Environmental protection is an integral part of KATCO's business strategy. The Company fosters a culture of environmental risk prevention throughout its activities. Employees are required to act responsibly, carry out control measures and seek to improve KATCO's environmental track record where possible.

Objective

The Company's objective is to monitor, manage and mitigate the effect of its operations on the surrounding environment to the greatest extent possible.

Environmental protection process

Throughout its operations, KATCO follows regulatory requirements and seeks to protect the surrounding environment.

Initial inspection

At this stage, teams study the initial state of the site. This step consists of taking a detailed inventory of its various environmental components – physical, radiological, biological and socioeconomic – before the project is launched.

Project development

During this phase, the environmental footprint of the future mine (water, air, soil, flora and fauna, etc) is assessed through an ecological and social impact study. Guidelines of the reclamation stage for the site are drawn up. Specialised environmental teams are involved in preliminary studies concerning the technical infrastructure in accordance with KATCO's standards and international best practices.

Mining

Environmental monitoring is maintained and reinforced as uranium mining operations proceed. In 2015, KATCO obtained several key international environment and health

and safety certifications, including ISO 14001.

Remediation through research and development

KATCO's R&D experts study and assess operations to reintegrate the site into the natural environment upon the completion of mining operations.

Caring about nature

Part of the Company's environmental strategy is ensuring that the natural world continues along a sustainable path. The saxaul is a tenacious tree that needs 100 years just to reach four metres in height; it is a protected species in Kazakhstan. Because of its deep roots, this tree plays an essential role in preventing the degradation and erosion of sand dunes. In addition, its wood is an essential heating resource that is also frequently used for construction in Kazakhstan. KATCO has planted over 100,000 saxaul in the vicinity of its mining sites and the initiative continues to this day.

Regular water, air and soil monitoring are conducted in accordance with legal requirements. Dedicated programmes, including recycling and water consumption reduction schemes, and trainings are organised by KATCO.

Water management

Water is one of the most valuable natural resources and KATCO works to optimise its consumption. Water purification units have been installed to allow liquid waste to be reused on roads and for the watering of trees and plants.

ACHIEVEMENTS IN 2016



Improving environmental performance

In 2016, KATCO continued to work on identifying ways to improve its environmental performance. The volume of drilling waste was reduced to balance the utilisation of drilling mud and water development. A detailed investigation of all historical wells on its properties was conducted and a remediation programme was initiated. The Company worked to extend the scope of accreditation of its radio-ecological laboratory to constantly monitor environmental conditions at drill sites. KATCO also held a specialised training course, "Environmental Assessment and Monitoring", for managers and employees responsible for activities in this area.

In addition, on an ongoing basis, the Company regularly organises days when employees and contractors remove litter or light waste, such as paper and plastic bottles, from the steppe.

Reducing water consumption

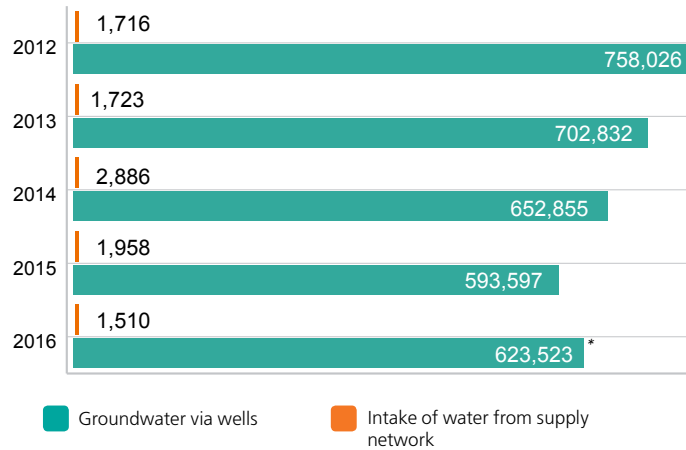
In uranium production worldwide, water consumption is decreasing overall. While the figure was up slightly year-on-year, it was down 17% from 758,026 m³ in 2012. The supply network water intake was 1,510 m³ in 2016, around half of the 2,886 m³ in 2014. Globally, water consumption trend per ton of U is decreasing.

Reducing electricity consumption

In 2016, KATCO used 91,039 MWh of electricity. While this marked an increase year-on-year, it is lower than the recent high of 94,060 MWh in 2014.

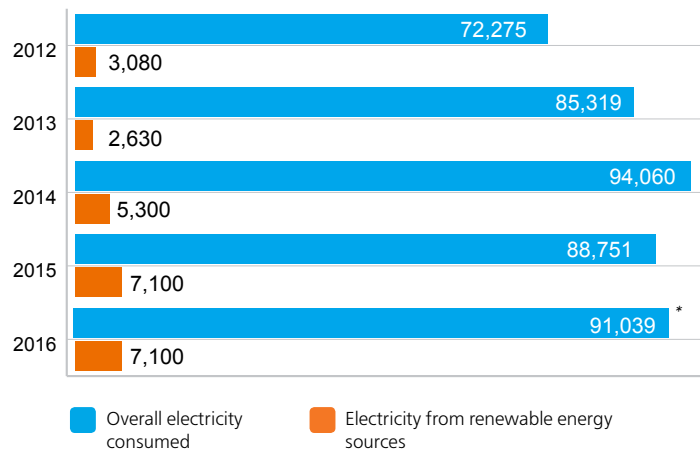
To reduce its overall electricity consumption, the Company seeks to use more renewable energy and introduce optimisation projects. In 2016, KATCO consumed 7,100 MWh of renewable energy. While largely unchanged year-on-year, this is more than double the 2,630 MWh in 2013.

KATCO's water consumption, 2012 - 2016 (m³)



* Slight increase is linked to a temporary technical solution introduced

KATCO's electricity consumption, 2012 - 2016 (MWh)



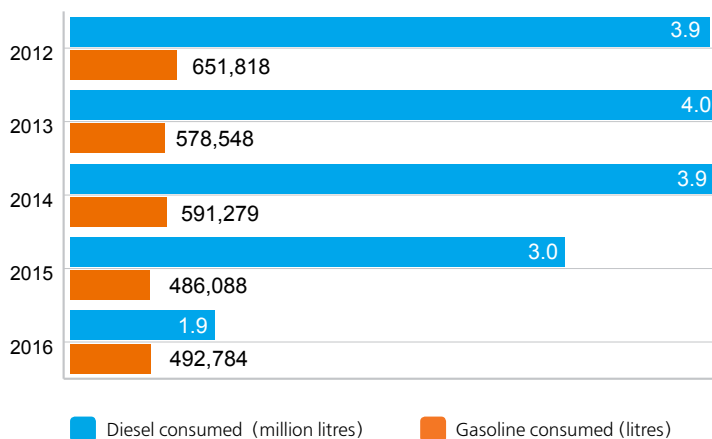
* Slight increase is due to less usage of diesel generators



Saxaul bushes



KATCO's fuel consumption, 2012 - 2016

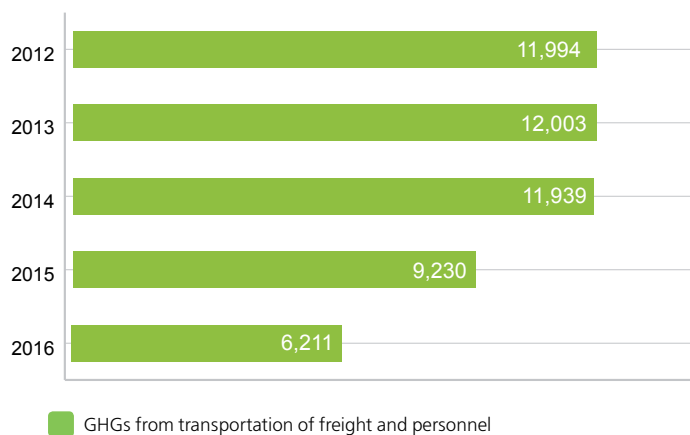


Lowering fuel consumption and greenhouse gas emissions

KATCO's direct greenhouse gas (GHG) emissions come mainly from fossil fuel use. The Company is seeking to reduce this and is making considerable progress in doing so by implementing environmentally friendly technology and various initiatives.

In 2016, KATCO decreased diesel use in its vehicles by 39% year-on-year: from 3,024,431 litres in 2015 to 1,884,448 litres in 2016. While its gasoline consumption rose slightly year-on-year to 492,783 litres, this is down from 651,817 litres in 2012. Direct GHGs from freight and personnel transportation equalled 6,211 tonnes equivalent of CO₂ in 2016. This figure has dropped considerably in recent years and is around half of the 12,003 tonnes in 2013.

KATCO's greenhouse gas emissions (GHGs), 2012 -2016 (tonnes equivalent of CO₂)



Supporting environmental education in the community

KATCO's engagement with local communities is often environmental in nature. On 12 November 2016, the Company held its third annual Ecological Week for students and teachers in the Sozak district. Specialists talked about the importance of the overall issue, as well as waste management and preventative actions by the Company. Students planted trees, while teachers were given first aid training.



Planting trees on site territory by KATCO employees



4. SOCIAL INVOLVEMENT



“AN ACCEPTED AND TRUSTED MEMBER OF THE COMMUNITY”

POLICY AND OBJECTIVES



“KATCO is committed to being a responsible corporate citizen by understanding and addressing the needs of community stakeholders.”

Policy

The communities where KATCO operates are its neighbours and key stakeholders, so it is important to be both an accepted and trusted member of them. The Company is the largest employer in the Sozak district where its facilities are located. KATCO is committed to being a responsible corporate citizen by understanding and addressing the needs of community stakeholders.

As part of the approach to engaging with local communities, the Company has agreements in place with district and regional authorities. Each year, it convenes a working group with government officials to identify and target specific needs for the 12 months ahead. The group prepares ideas for new projects, which the local mayor (*Akim*) then formally submits. KATCO maintains direct contact with the closest communities in the Sozak district, including Shu, Tasty, Sholakkorgan (a district centre) and Taukent.

Objective

KATCO's objective is to make strategic, long-term investments in the social and economic development of individuals and communities, based on needs identified in consultation with community representatives.

Broad portfolio of social projects

The Company is committed to supporting a diverse range of social initiatives. Areas of

focus include education, health and the wellbeing of the local population.

Charitable donations

KATCO offers support to children from low-income families, providing them with necessary school supplies and clothes, financing vacation camps, contributing furniture and other needed items to boarding schools, and sponsoring other educational projects. The Company assists in the continued education and training of local students by providing scholarships for higher education. It also regularly provides winter heating assistance to low-income families and identifies and contributes to small infrastructure projects that can make a big difference in communities.

Local procurement and long-term economic development

KATCO respects the local content requirements mandated in its Subsoil Use Contract. To that end, it has successfully negotiated with a foreign partner to localise its production of pipes, which the Company's mining operations use in significant quantities. This initiative has improved procurement efficiency and contributes to Kazakhstan's long-term economic development.

KZT 1.2 bn

KATCO's social investments in the Sozak district since 2010



Kindergarten for 50 children in Tasty



School for 200 pupils in Sholakkorgan

ACHIEVEMENTS IN 2016



Sewing shop in Sholakkorgan



Victory Day on 9 May



Children's Day in Tasty kindergarten



Nauryz in Sholakkorgan

Investing in community projects

In 2016, KATCO continued to develop its dialogue with the surrounding communities: Shu, Tasty, Sozak, Sholakkorgan and Taukent. It listened to representatives in consultation sessions and then sought to meet the needs voiced through targeted projects. Overall, the Company committed KZT48.3 million (US\$144,780) to initiatives aimed at improving health, education and social and economic wellbeing. Since 2010, it has invested over KZT1.2 billion (US\$7.3 million) in social development initiatives in the Sozak district.

Helping people with disabilities

In 2016, KATCO allocated KZT5.8 million (US\$17,400) to purchase and install sewing and textile equipment to provide employment opportunities for people with disabilities throughout the Sozak district. Twenty jobs were created. In addition, the Company donated more than KZT1.1 million (US\$3,000) to an organisation to support projects specifically related to helping elderly people with disabilities.

Providing heating fuel for families

In 2016, KATCO helped around 500 families to cover their winter heating needs.

Supporting local education

In 2016, for the fourth year in a row, KATCO provided higher education scholarships to two promising students from the Sozak district. It also allocated KZT980,000 (US\$2,940) to buy and install computers with internet connections for the residents of Sozak, Tasty, Shu and Taukent. Among other

things, they can be used to access information about the Company and apply for employment at it. Also in 2016, a kindergarten for 50 children in Tasty, which KATCO had financed, officially opened.

Sponsoring public celebrations

In 2016, KATCO gave KZT2.8 million (US\$8,400) to sponsor the local celebrations of Nauryz in March and Victory Day on 9 May. It provided KZT1.4 million (US\$4,400) to help organise Children's Day activities on 1 June in Shu and Tasty. The Company also donated a combined KZT2.9 million (US\$8,701) to sponsor the International Day of Older Persons and the International Day of Persons with Disabilities, both celebrated in the first half of October.

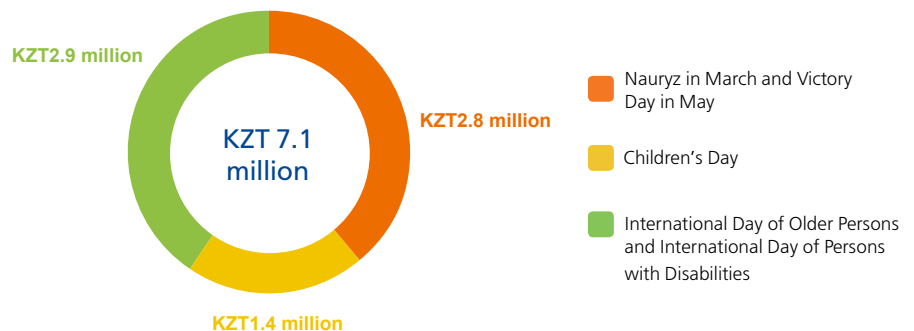
Water for communities

Since 2012, KATCO has provided ongoing support for projects to improve water access for nearby communities. It has financed the drilling of three water wells, one in Tasty and two in Shu.

Encouraging a healthy lifestyle and fundraising

In May 2016, as part of the KatcoAthleTour programme, the Company organised the KATCO Marathon, which also raised funds for disadvantaged children in the Sozak district. For every kilometre covered, KATCO donated KZT100. More than 200 employees participated, raising KZT1.4 million (around US\$4,200). The funds were used to build a playground in the village of Shu and buy musical equipment for a local kindergarten in Tasty.

Breakdown of KATCO's funding for public celebrations in 2016



INTERVIEW

MAKSAT ISAYEV,
AKIM, SOZAK DISTRICT



Please tell us about your responsibilities as Akim (mayor) of the Sozak district.

My main responsibility is to improve life for residents of the district. First and foremost, I coordinate the implementation of national policies at the local level. I also work with the district's businesses to develop community investment strategies. This is especially important for me personally, as I live in the village of Sholakkorgan, in the district.

What processes does your team have in place for working with KATCO on social development?

KATCO and my office have been working together for quite some time. Each year, we meet to discuss priority areas for social investment and ways in which we can provide joint support to district residents. We are also in regular contact with the Company and community members to follow the progress of projects and consider new opportunities for investment. One matter discussed recently was how to develop entrepreneurship in the district.

Please tell us about community projects implemented with KATCO during your tenure.

Over the years, our work together has been extensive; there are many examples of projects that KATCO has implemented. For example, the Company built a new school for 200 students in the district centre and a new kindergarten for 50 children in the village of Tasty. For many years, KATCO has provided coal to residents of remote villages for winter heating needs. In addition, the Company has provided considerable financial and social assistance to veterans, people with disabilities, and disadvantaged families and supported countless celebrations of public holidays in the district.

How would you describe the relationship between KATCO and Sozak district communities?

KATCO has a strong, positive and longstanding relationship with Sozak communities. More than 50% of KATCO's workforce consists of people from the district, so the Company is considered an employer of choice. Its investments and contributions to local communities also regularly receive praise from both residents and the district administration.

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“KATCO has a strong, positive and longstanding relationship with Sozak communities. More than 50% of KATCO's workforce consists of people from the district, so the Company is considered an employer of choice”.

> 50%

Share of KATCO's workforce from the Sozak district

5. COMMITMENT TO EMPLOYEES



*"INVESTING IN PEOPLE,
CREATING VALUE"*

POLICY AND OBJECTIVES



"KATCO's commitment to employees is strongly reflected in the resources devoted to training, particularly to mandatory safety sessions."

Policy

KATCO believes that its employees make a crucial difference to its competitiveness. The Company is committed to offering them professional development and career opportunities and to respecting their rights. It follows a non-discriminatory human resources (HR) policy that complies with local labour laws and international best practices.

Objective

KATCO's objective is to be people-oriented and make employees proud to be a part of the Company.

Socially responsible HR policy

KATCO's HR policy is based on the principles of discussion and consultation, as it is vital in running a successful organisation. The Company has in place a collective agreement with employees, signed for three years (2015 - 2018), which outlines all of the benefits. Employee representatives are selected to act regarding benefits, working conditions, questions of compensation and occupational health and safety issues.

Commitment to KATCO's success

The Company expects employees to share its vision, be customer-oriented and adhere to its values: integrity, reliability, mutual care and respect, and openness to change. KATCO's success results from its employees complying with laws and regulations, taking pride in achieving and maintaining excellence, sharing knowledge with colleagues and systematically implementing lessons learnt. As part of this, the Company strives to create a positive and stimulating working environment.

Local hiring, local contracting

Of the 1,266 employees at the end of 2016, more than 50% were from the Sozak district and over 70% from South Kazakhstan, making KATCO the largest employer in the

local area and region. In addition, the Company provides hundreds of employment opportunities through contractors that engage people for various services, including drilling, catering, transport and maintenance. It holds its suppliers and contractors to the same high safety and compliance standards as employees.

Promoting diversity

KATCO employs people of 18 nationalities overall. It seeks to promote mobility by stimulating the exchange of knowledge and skills between junior and senior employees and between France and Kazakhstan. These help to foster a diverse and international outlook.

KATCO is committed to providing opportunities to everyone, from those just finishing their education to people nearing retirement age. It values senior employees and aims to harness the value of their experiences by ensuring that knowledge is transferred to younger staff members.

Training and professional development

KATCO's commitment to employees is strongly reflected in the resources devoted to training, particularly to mandatory safety sessions. The Company organises training in hard, soft and foreign-language skills, prioritising in that order. In addition, KATCO has an internal corporate management development programme for all manager and professional (M&P) personnel, while employees have access to AREVA's corporate university.

KATCO's training programmes are necessary to both develop internal capabilities and improve retention rates. In recent years, the Company has launched an initiative to provide continuous training to further develop the talent, skills and careers of individuals so they can enjoy the benefits of continued growth during their professional careers.

1,266

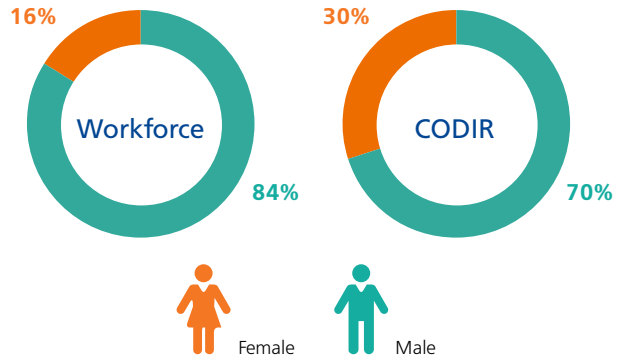
Employees at end-2016

ACHIEVEMENTS IN 2016

Sharing success through compensation and bonuses

KATCO's compensation packages are determined by annual salary surveys and are in line with Kazakh mining industry benchmarks. In addition, the Company maintains an incentive system that rewards performance. As part of this, M&P personnel have numerous short-term objectives linked to strategic goals. In addition, non-M&P personnel have individual performance plans outlining the actions and objectives needed to qualify for pay rises and bonuses. Each year, performance is evaluated and bonuses are distributed accordingly. In this manner, KATCO aligns compensation with individual and corporate performance closely.

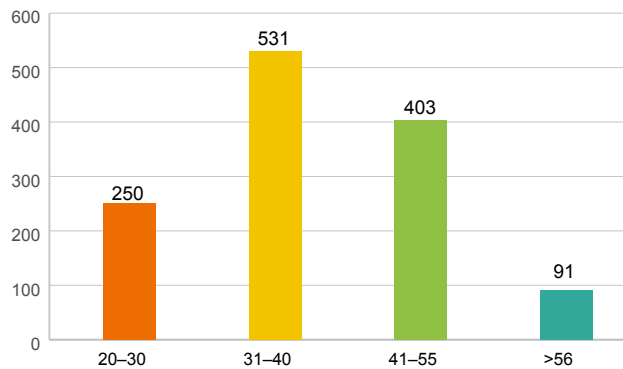
Breakdown by gender in 2016



Age diversity

At the end of 2016, KATCO's age distribution was as follows: 250 employees aged 20-30; 531 aged 31-40; 403 aged 41-55; and 91 aged 56 and above.

Breakdown of KATCO's workforce by age in 2016



Robust talent pipeline

KATCO has developed various initiatives to maintain a talent pool of promising recruits, including working with technical schools and universities in Kazakhstan and France. Each year, the Company takes 30 interns from higher education institutions in Almaty and South Kazakhstan. They are given a specific scope of work and held to the same standards as regular employees. These opportunities provide valuable on-the-job training and maintain KATCO's profile among graduates. The Company also regularly engages professional recruitment services to identify top talent in the industry.



3G internet



Fitness clubs



Sports areas



Billiard tables

Developing a well-trained workforce

In 2016, KATCO provided 37,312 hours of mandatory, hard-skills, soft-skills and foreign-language training to 1,047 employees overall. This included 23,784 hours for 662 M&P personnel and 13,528 hours for 385 non-M&P personnel.

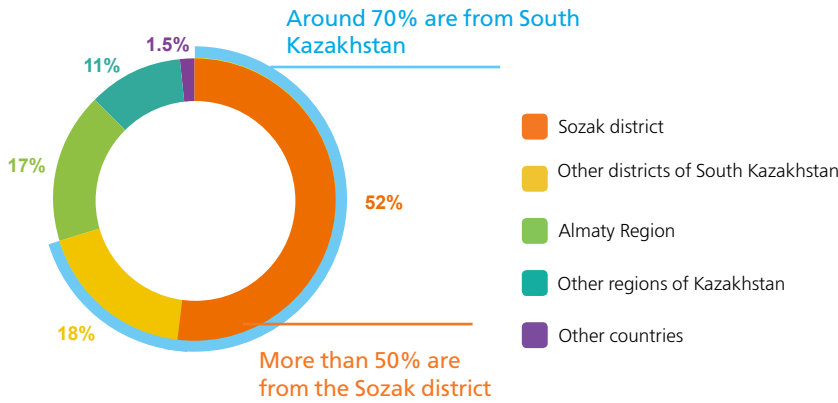


"Shanyrak" base camp, Tortkuduk site



Performance training

Breakdown of KATCO's workforce by provenance in 2016

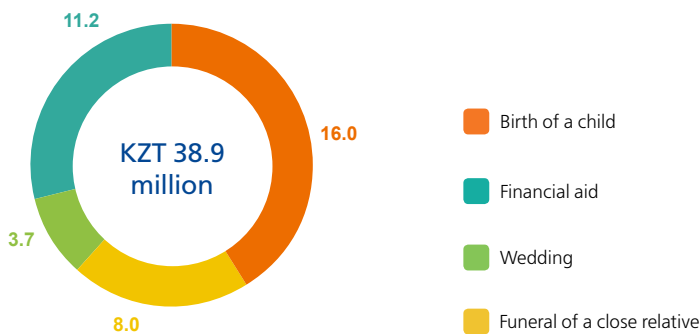


The Company strives to develop its training programmes based on industry best practices and internally identified needs. In 2016, it added a cross-cultural module to the soft-skills training module to develop the capabilities of the management team.

Providing a comfortable place to work

KATCO seeks to ensure that conditions on site are comfortable for employees. As of 2016, all sites had 3G internet connections. Facilities available for employees include fitness clubs, sports areas, billiard tables, saunas, cinemas, libraries and music rooms.

Breakdown of KATCO's social payments to employees in 2016 (million KZT)



General assistance social support fund

In addition to the social benefits package that employees receive, KATCO maintains a general assistance social support fund for employees in certain extenuating circumstances, based on specific needs. A committee reviews applications and determines the nature of the aid and conditions.

In 2016, through the fund, KATCO disbursed nearly KZT16 million (US\$48,000) to families of 141 employees, to help them to cover expenses associated with the birth of a child. This figure has increased by more than 20% over the last two years. In addition, the fund allocated more than KZT11 million (US\$33,000) for general assistance, as well as financial support for weddings to 27 members of staff.



Saunas



Music rooms



Libraries



Cinema



KATCO football team



Cinema in "Shanyrak" base camp, Tortkuduk site

6. INNOVATION



***"SUSTAINABILITY
THROUGH INNOVATION"***

POLICY AND OBJECTIVES



“For the Company, innovation means continuously improving production methodologies and approaches to achieve better outcomes that meet international standards for health, safety and environmental protection.”

7

AREVA global technical centres

Policy

KATCO is committed to securing its future through successful innovation and new mining projects. For the Company, innovation means continuously improving production methodologies and approaches to achieve better outcomes that meet international standards for health, safety and environmental protection. The Company believes that innovations result from working closely together and integrating multicultural technical expertise through combined teams.

Objective

KATCO's objective is to become more efficient and sustainable by developing innovation projects focusing on health, safety and the environment throughout its activities.

Strong focus on R&D

KATCO has made numerous investments in developing scientific-technical collaborations between AREVA and Kazatomprom.

Centres of excellence

As a leading global operator, AREVA has brought its own technical expertise to the KATCO joint venture, primarily through its seven global technical centres of excellence in France, Germany and the United States. They generate leading research on industrial applications in the fields of materials, corrosion and welding; chemistry and radiochemistry; component qualification; and thermal hydraulic testing. This research greatly benefits the KATCO partnership.

Mine closure

One of the primary innovation areas and research vectors of the R&D unit is mine closure. All of KATCO's mining sites are covered by specific remediation plans that are updated as the Company devises innovations in processes to restore the ground to its natural state. Accordingly, KATCO specifically seeks to develop innovations across its mine remediation approach, which limits a former mining site's impact on the environment and population to a level that is as low as reasonably achievable, by:

- establishing a remediation plan as early as possible (studies, options and costs);
- dismantling mining facilities;
- restoring the landscape;
- implementing an environmental and radiological monitoring plan.

When closing a mine, there are both technical considerations and social aspects. For this reason, all actions are implemented in accordance with existing regulations, in consultation with the authorities and with the involvement of all stakeholders.

The “Master Plan”

KATCO benefits from innovative management approaches tested in other contexts and brought to the partnership by AREVA. One example is the “Master Plan”, a “bottom-up” tool that empowers employees to identify areas for improvement and devise innovative solutions, which the management then reviews.

In 2016, as part of the “Master Plan”, employees identified 100 potential optimisation projects. Of these, 74 projects have received approval in principle.

ACHIEVEMENTS IN 2016



"In 2016, KATCO's R&D projects focused on optimising mine production while maintaining the quality of aquifers."

Developing new, actionable knowledge

In 2016, KATCO's R&D projects focused on optimising mine production while maintaining the quality of aquifers. Projects included:

1. Leaching optimisation. This study focused on optimising reagent consumption during ISR, particularly ways to reduced sulphuric acid consumption and the use of other reagents to better oxidise the ore and transfer the uranium into the leaching solution.
2. Mine flow management. KATCO's R&D teams conducted numerous

studies using 3D transport modelling to better assess the behaviour of leaching solutions in the aquifer, with a view to improving production efficiency and environmental performance.

3. Technical water management and aquifer recovery. The R&D team on this project developed sophisticated hydrodynamic and hydro-geochemical profiles of the mines to determine how to ensure safe use and protect water.

100

projects identified in "Master Plan"



INTERVIEW

VIKTORIYA SELEZNEVA,
GEOSCIENCE COORDINATOR (EXPERT IN R&D)



What is the importance of R&D at KATCO?

The R&D function is vital for the strategic development of KATCO. The work of R&D began from the earliest days of the Company in 2009. Despite the volatility in the market and business cycles, our focus today remains the same: to find ways to solve the key technical challenges to the safe and environmentally sound production of uranium in Kazakhstan. I have been a part of the team from the early days and I am proud of what we have accomplished.

How is KATCO's R&D function unique?

There was a strong starting point for R&D at KATCO, owing to the strengths of the Soviet system in developing scientific and technical professionals. This made it easier for AREVA's French technical experts to immediately begin collaborating with Kazatomprom's team and the various technical institutions in Kazakhstan. Today, the R&D function works across companies to develop new understandings and technologies. There has been a true scientific-technical collaboration

in developing innovations that benefit both participants. Each new project at KATCO passes through a review of the R&D function so that projects can benefit from the accumulated skills and know-how of our two joint venture partners. This allows projects to be optimised for past lessons learnt and best practices.

What are the R&D function's most important priorities today?

We are busy developing new ways of doing our primary mining work, which currently applies the technology known as ISR. Although these are a long way off, we envision the development of even more superior technology that is more efficient and sustainable for the environment. Our research across our main R&D projects today is our future. In addition, it will provide the basis for our technological advancement in mining uranium, but also will potentially allow us to tap into new revenue streams, such as with the concurrent mining of rare earth metals.

What drives KATCO's success?

KATCO has a number of policies that guide decision-making. Among the most important ones are the Company's Compliance Policy and its HSE policy. They reinforce each other and have contributed to a unique culture at KATCO that encourages personal and collective responsibility for safety. They have set the bar high in terms of performance. We have a responsibility to consider the effect of our actions on ourselves, our colleagues, the community and the environment, and we view them as part of our philosophy: they are central to our success.

”

“Our focus today remains the same: to find ways to solve the key technical challenges to the safe and environmentally sound production of uranium in Kazakhstan. I have been a part of the team from the early days and I am proud of what we have accomplished.”

METHODOLOGY AND REPORTING SCOPE

This corporate social responsibility (CSR) report describes KATCO's approach to sustainability and corporate responsibility. It describes the actions and resulting outcomes from 2016 that the Company considers material to its business, as well as the impact on all stakeholders and the environment.

The scope of this report is based on an assessment of material issues, the use of feedback from internal and external stakeholders and KATCO's management committee (CODIR), where the Company identified the relevance and boundaries of the entire range of aspects contained in this report. KATCO has provided relevant data categorised under those aspects and

reported it to the fullest extent possible. From this process, the Company identified six main pillars, which formed the basis for the content of this report.

In all cases, data relates to the 2016 calendar year unless otherwise stated. KATCO published this, its first, CSR report in June 2017. While developing it, the Company considered and engaged the following stakeholders where possible: participants, employees, business partners, environmental groups and the communities where it operates. Employees were engaged as part of the report preparation process, namely during interviews where key individuals representing a broad range of functions at KATCO participated in

identifying relevant topics for the report. The Company also engaged with employees in the production process for this report to provide key statistics, data and other information relevant to its sustainability performance in 2016.

This report was prepared with the help of an independent consultancy that analysed key reporting statistics and conducted interviews with KATCO's management and key personnel. As this is KATCO's first report of its kind, the data contained herein has not been externally verified in accordance with the Global Reporting Initiative (GRI) G4 guidelines, which the Company hopes to implement in the future.





**CORPORATE SOCIAL
RESPONSIBILITY REPORT**

2016