



Mining complex in East Kazakhstan region

Investment opportunity

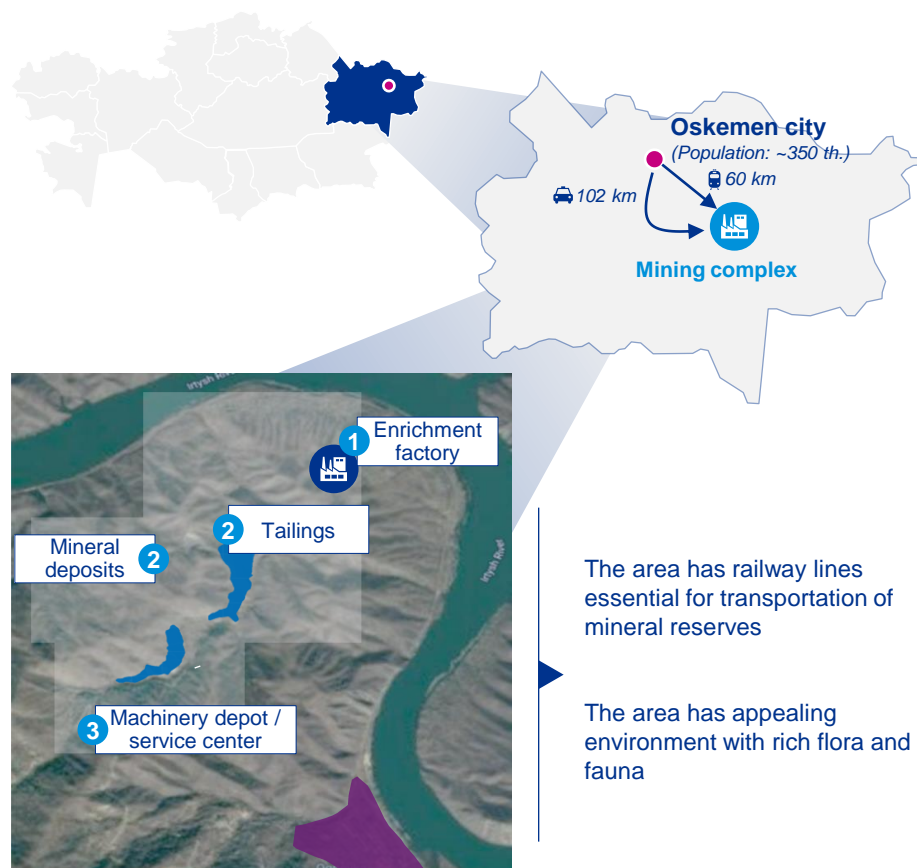
August 2022



Overview of the investment opportunity

Target's location

East Kazakhstan



Overview of the Target

Mining complex in East Kazakhstan region is a privately owned company used to be a part of the Processing Plant during Soviet Union period. The complex has been fully modernized in 2007



Deal scope

1



Enrichment factory.

- **300 000 tons/year** – capacity of the factory
- Fully modernized in 2007 and has all necessary equipment for continuous enrichment:
 - *technology equipment*
 - *facility repair*
 - *electricity network and station*
- Part of equipment has been manufactured during Soviet Union with the highest quality, and not subject to sufficient wear and tear as it is made of chemically resistant steel alloy

2



Mineral reserves:

- **Tailings**
- **Mineral deposits**

- **Tailings preserve more than 6.2 mln t of mineral formations** (*tantalum, niobium, lithium and tin*) formed due to processing of rare metal ores in the enrichment factory throughout 50 years
- **The deposits** are located on the same area and also contains mineral reserve **potential of 12 mln t ore** (*tantalum, niobium, tin, beryllium and lithium*)

3



Machinery depot and service center

- The area has a **depot located 18 km** from the deposits with a machinery fleet essential for mining operations:
 - *dump trucks*
 - *mining machinery and other special machinery*
- **Service center of 8000 m2** designed for repair and maintenance purposes:
 - *machinery and mining equipment repair shop*
 - *carpenter shop*
 - *lathe facilities*

Investment highlights

Investment highlights



Existing facilities in good condition

- » Due to the modernization program held in 2007 all the facilities of the factory were renewed and all equipment including mechanisms, infrastructure and supportive facilities are in good conditions
- » Since the Target is an already established mining complex, no major capital expenditures are required (estimated CAPEX required is only 6.5 mln USD)



Well-developed infrastructure and environment with rich flora and fauna

- » The factory is a city-forming entity that is the only large workplace for the nearby town settlement that is 1 km away. This provides both well-developed technical and social infrastructure around the complex
- » The area around the mining complex is located in a lovely natural area with a lake and diverse flora and fauna



Good financial potential of the project

- » Given the current mining potentials of reserves and pricing outlook for the minerals, the project is believed to have appealing long-term financial prospective
- » The scope of business is considered as a priority sector for Kazakhstan's economy, which gives an opportunity to use state business support program (subsidies, privileged financing etc.)



Completed research and exploration works

- » All necessary geological exploration works on the area of the tailings were held recently and results of reserves and concentration studies are ready
- » The report on geological exploration works held in 1984 by soviet scholars are available with detailed structure of the ore



Processing highly-demanded and useful materials

- » The components that are concentrated in the tailings (lithium materials, mica material and quartz feldspar material) are essential materials for the production of accumulators, welding electrodes and porcelain and faience products.

Estimated CAPEX



USD 6.5 mln

2 years
investment period

- » The CAPEX amount is estimated based on modernization required to be carried out and additional equipment that needs to be purchased to make the tailings processing possible

Enrichment factory	Tailings dam	Other
1) Repair and restoration works on the factory USD 2.5 mln	1) Equipment for the tailing dam USD 800 thousand	1) Ecological objects installment/purchase USD 50 thousand
2) New equipment purchase USD 2.2 mln		2) Infrastructure objects establishment USD 93 thousand
		3) Purchase of computers and other equipment USD 865 thousand

Mineral reserves: Tailings and mineral deposits

Estimated reserves of the Tailings dam

Block	Classification	Reserves		Li ₂ O		Nb ₂ O ₅		SnO ₂		Ta ₂ O ₅		BeO	
		m ³	t	Gr/t	t	Gr/t	t	Gr/t	t	Gr/t	t	Gr/t	t
Tailing dam №1 (Block 1)	C1	1,086,614	2,825,196	1,386	3,917	31	89	47	133	13	38	292	825
Tailing dam №2 (Block 2)	C1	1,291,107	3,356,878	1,931	6,482	31	105	44	148	19	66	305	1,025
Total	C1	2,377,721	6,182,074	1,682	10,399	31	194	45	281	17	104	299	1,850

Proven Reserves Category



The tailings are recommended to be classified as C1, since they simultaneously meet the following requirements:

- 1) the dimensions and characteristic shapes of the mineral bodies, the main features of the conditions of their occurrence and internal structure were clarified, the variability and possible discontinuity of the mineral bodies were assessed;
- 2) the contour of the stocks of minerals was determined in accordance with the requirements of industrial condition based on the results of testing explorations, taking into account the data of geophysical and geochemical studies and geologically substantiated extrapolation

Compound name	Definition
Li ₂ O	Lithium oxide
Nb ₂ O ₅	Niobium oxide
SnO ₂	Tin oxide
Ta ₂ O ₅	Tantalum pentoxide
BeO	Beryllium oxide

PRACTICAL USES OF THE MATERIALS

- Production of special glass, enamel, protecting coatings, accumulators and electrodes
- Production of fire-resistant materials, details for aviation, spaceships, electronic devices and capacitors
- Primarily used in metallurgy for alloys and production of metal products, foil. Also has vast use for coating of different details
- Production of complex and thin-walled items, constructions in chemical industry, biological plates and prothesis
- Primarily used as a supportive element in alloys with other metals to create more stable and durable materials

Estimated reserves of mineral deposits (tons)

	Ore	Li ₂ O	Nb ₂ O ₅	SnO ₂	Ta ₂ O ₅	BeO
B category reserves	567,900	179	45.5	365	74	377
C1 category reserves	8,320,500	12,714	556	5,257	914	5,371
C2 category reserves	3,236,700	2,955	744	2,500	230	2,458
Total reserves	12,125,100	15,848	1,347	8,123	1,218	8,205

Next steps

Next steps and communication

- » The purpose of this investment teaser is to understand the preliminary interest of potential interested parties.
- » If interested, please contact KPMG at the email and addresses listed on this page.
- » We would be happy to discuss this investment opportunity with you.



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