

APPROVED
Minutes of the in-person
UMP JSC Executive Board meeting
No. 46/1464 dated November 04, 2024

TANTALUM RAW MATERIALS PROCUREMENT PROCEDURE

1. This Procedure for the Procurement of Tantalum Raw Materials (hereinafter referred to as the Procedure) is intended to select a supplier of tantalum raw materials when making a purchase under a special procurement procedure based on subparagraph 4) of paragraph 1 of Article 73 of the Procedure for Procurement by the Joint-Stock Company National Welfare Fund Samruk-Kazyna and legal entities, fifty or more percent of the voting shares (participatory interests) of which are directly or indirectly owned by Samruk-Kazyna JSC on the basis of ownership or trust management (Appendix No. 3 to the Minutes of the in-person meeting of the Board of Directors of Samruk-Kazyna JSC dated March 3, 2022 No. 193).

This Procedure describes and regulates the procedure for the procurement of tantalum raw materials according to a special procurement procedure.

The Chairman of the Negotiation Team and the members of the Negotiation Team shall bear personal responsibility for the implementation of the tasks assigned to the Negotiation Team.

2. The following documents shall be used to apply this Procedure:

2.1. Procedure for procurement by the National Welfare Fund Samruk-Kazyna Joint Stock Company and legal entities, fifty or more percent of voting shares (participatory interests) of which directly or indirectly belong to Samruk-Kazyna JSC on the right of ownership or trust management (Appendix No. 3 to the Minutes of the in-person meeting of the Board of Directors of Samruk-Kazyna JSC dated March 3, 2022 No. 193) (hereinafter – the Procedure of the Fund).

2.2. The Regulation for PQ Conduction of TO, BO Raw materials Potential Suppliers of UMP JSC (hereinafter referred to as the PQ Regulation).

The following terms and corresponding definitions are used herein:

3.1. **Argus Metals:** International independent pricing agency providing information on prices and market conditions, <https://metals.argusmedia.com/>.

3.2. **Asian Metal:** International independent pricing agency providing information on prices and market conditions, <https://www.asianmetal.com/Tantalum/>.

3.3. **Responsible Minerals Initiative, RMI:** Responsible Minerals Initiative.

3.4. **Secondary tantalum raw materials:** tantalum scrap in the form of recycled capacitors, cut-off, stampings, chips, spent sputtering targets, waste from the production of parts/products, etc., in accordance with paragraph 3 of the Classifier of Tantalum Raw Materials No. 78-09-07/5772 dated 20.12.2022.

3.5. **Requests:** official letters completed in accordance with the form in Appendix 1 hereto, sent by an employee responsible for purchasing raw materials divisions to potential suppliers who have passed the PQ to submit quotations for the supply of tantalum raw materials.

3.6. **Initial tantalum raw materials:** Mineral tantalum-containing concentrates, in accordance with par. 1 of the Classifier of tantalum raw materials No. 78-09-07/5772 dated 20.12.2022.

3.7. **Negotiation Team:** a permanent Negotiation Team, which is determined by the order of the UMP JSC Chairman of the Executive Board.

3.8. **Preliminary qualification, PQ:** the process of assessing potential suppliers for compliance with the qualification requirements determined in accordance with Regulation for PQ Conduction of Potential TO, BO Raw materials Suppliers of UMP JSC.

3.9. **Responsible Program Minerals Assurance Process, RMAP:** RMI lead program that provides a unique approach to help companies make informed choices about responsible sourcing of minerals in their supply chains. RMAP uses independent third-party audits of smelters' management systems and sourcing practices to verify compliance with RMAP standards (e.g., Process for assessing responsible supply of minerals. Standard for tin and tantalum).

3.10. **Intermediate tantalum raw materials:** Semi-finished products or products containing tantalum for further processing (tantalum pentoxide, potassium fluorotantalate, tantalum hydroxide, synthetic concentrate, ingots, etc.), in accordance with par. 2 of the Classifier of tantalum raw materials No. 78-09-07/5772 dated 20.12.2022.

3.11 **Conflict-affected and high-risk areas, CAHRA:** Areas defined by the presence of armed conflict, widespread violence or other risks of harm to the population.

3.12. **OECD Guidelines:** OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. Third Edition.

3.13. **OECD:** Organization for Economic Co-operation and Development.

3.14. **iTSCi (International Tin Supply Chain Initiative):** an international initiative on the tin supply chain.

3.15. **Responsible Business Alliance, Inc.:** the world's largest industry coalition focused on corporate social responsibility in global supply chains; RMAP audit services company.

4. The procedure for a special procurement procedure is carried out among potential suppliers who are in the pool of potential suppliers who have passed the PQ in accordance with the PQ Regulations.

5. The procedure for the special procurement procedure provides for the following sequential activities:

5.1. Submission of requests for quotations for the supply of tantalum raw materials.

- 5.2. Consideration by the Negotiation Team of received price (commercial) offers for the supply of tantalum raw materials.
- 5.3. Conducting negotiations.
- 5.4. Determination of the marketing price for tantalum raw materials.
- 5.5. Summing up the negotiations.

6. An employee of the department responsible for purchasing raw materials, if there is a need for raw materials, at least once a month sends requests for quotations for the supply of tantalum raw materials to potential suppliers, who have passed the PQ.

If there is at least one received price (commercial) offer, the Negotiation Team shall consider such price (commercial) offer.

When considering submitted price (commercial) offers, the Negotiation Team has the right to request additional information for the purpose of clarifying the information. In order to optimize the negotiation procedure, correspondence between UMP JSC and potential suppliers is permitted by e-mail.

Potential suppliers have the right to submit additional price (commercial) offers for price reduction, which may be submitted an unlimited number of times.

The Negotiation Team accepts final price (commercial) offers for consideration. In doing so, the current situation on the tantalum-niobium raw material market must be taken into account.

7. Determining the marketing price for tantalum raw materials, information on current prices of which is not available on Argus Metals, Asian Metal, is carried out by the Negotiation Team on the basis of received price (marketing) offers, taking into account the criteria for selecting a supplier of tantalum raw materials (Table 2 hereof).

Determining the marketing price of tantalum raw materials, current prices of which are available on Argus Metals, Asian Metal, is carried out by the Negotiation Team by deriving an arithmetic mean price based on data from independent pricing agencies Argus Metals, Asian Metal, taking into account the estimated cost of transportation and the criteria for selecting a supplier of tantalum raw materials (Table 2 hereof).

The decision on accepting the cost of raw materials as the marketing price for each received price (commercial) offer is made by the Negotiation Team from an economic point of view based on the price/quality ratio, taking into account the criteria for selecting a supplier of tantalum raw materials (Table 2 hereof).

8. In order for the Negotiation Team to consider a price (commercial) offer for the supply of tantalum raw materials, the potential supplier must submit the following documents (in Russian or English).

8.1. Potential suppliers who are residents of the Republic of Kazakhstan and/or registered as a legal entity under the laws of a country other than the Republic of Kazakhstan shall submit documents in accordance with the Table 1:

Table 1. Documents required to be submitted by residents and/or non-residents of the Republic of Kazakhstan.

	Initial Tantalum raw material	Intermediate tantalum raw material	Secondary tantalum raw materials
1	<p>Price (commercial) offer (on official letterhead) indicating/confirming the following:</p> <ul style="list-style-type: none"> - price for 1 kg of Ta or Ta₂O₅ in raw materials (conversion coefficient of Ta₂O₅ to Ta – 0.819); - the content of Ta or Ta₂O₅ in raw materials; - content of Nb₂O₅ in raw materials; - specific activity in raw materials; - the amount of raw materials offered in kg Ta or Ta₂O₅; - terms of payment; - delivery terms: delivery basis, delivery period; - possibility of providing a free sample. 	<p>Price (commercial) offer (on official letterhead) indicating/confirming the following:</p> <ul style="list-style-type: none"> - price for 1 kg of Ta or Ta₂O₅ in raw materials; - the content of Ta or Ta₂O₅ in raw materials; - the amount of raw materials offered in kg Ta or Ta₂O₅; - terms of payment; - delivery terms: delivery basis, delivery period; - possibility of providing a free sample. 	<p>Price (commercial) offer (on official letterhead) indicating/confirming the following:</p> <ul style="list-style-type: none"> - price per 1 kg of Ta in raw materials; - Ta content in raw materials; - the amount of raw materials offered in kg Ta; - terms of payment; - delivery terms: delivery basis, delivery period; - possibility of providing a free sample.
2	<p>Technical specifications for raw materials together with a warranty obligation to provide the following documents guaranteeing the quality of the goods and/or their origin:</p> <ul style="list-style-type: none"> - Document (s) confirming the origin and legality of the Goods, in accordance with the requirements of the RMAP Program, indicating information about the deposits (e.g. exact or approximate quantity, names, coordinates, region of production). The advisability of conducting an on-site audit for compliance with the requirements of RMAP and/or the OECD Guidelines, including its economic component, is considered by the Negotiation Team. - A document (s) confirming the quality of the Goods offered for sale (for example: a quality certificate, a laboratory report with mandatory indication of data on the content of tantalum and niobium). - A document (s) confirming the fact that the Goods offered for sale do not belong to the 7th hazard class cargo (for example: a radiation survey certificate, a radiation safety certificate). 	<p>Technical specifications for raw materials together with a warranty obligation to provide the following documents guaranteeing the quality of the goods:</p> <ul style="list-style-type: none"> - A document (s) confirming the quality of the Goods offered for sale (for example: a quality certificate, a laboratory report with mandatory indication of data on the content of tantalum and niobium). - A document (s) confirming the origin and legality of the Goods, in accordance with the requirements of the RMAP Program and/or the OECD Guidelines. The criticality of the absence of this document is considered by the Negotiation Team. 	<p>Technical specifications for raw materials together with a warranty obligation to provide the following documents guaranteeing the quality of the goods:</p> <ul style="list-style-type: none"> - A document (s) confirming the quality of the Goods offered for sale (for example: a quality certificate, a laboratory report with mandatory indication of data on the content of tantalum and niobium). - A document (s) confirming the fact that the raw materials do not contain or are not contaminated with any harmful substances such as: antimony, cadmium, tellurium, selenium, thallium, arsenic, mercury, or their compounds (for example, a statement from a potential supplier or a corresponding certificate).
3	<i>Photographs with description of primary</i>	<i>Photos with description of intermediate tantalum raw</i>	Photos with description of secondary tantalum raw

	<i>tantalum raw material are not required.</i>	<i>material are not required.</i>	materials.
4	Letter on the absence of changes and relevance of data in the submitted documents in accordance with the PQ Regulation.	Letter on the absence of changes and relevance of data in the submitted documents in accordance with the PQ Regulation.	Letter on the absence of changes and relevance of data in the submitted documents in accordance with the PQ Regulation.
5	Written consent to conduct a remote conformity assessment and/or on-site audit of the extraction and/or transportation sites of raw materials for compliance with the requirements of the OECD Guidelines (if the planned raw materials for supply originate from CAHRA and/or the transportation route lies within CAHRA and/or it is known that there are limited mineral reserves in the region).*	Written consent for remote conformity assessment and/or on-site audit of the manufacturer for compliance with the RMAP and/or OECD Guidelines. Economic feasibility of conducting an on-site audit of the manufacturer in accordance with the RMAP requirements and/or the OECD Guidelines are considered by the Negotiation Team.	<i>Not required.</i>

* Determination of the affiliation of countries of origin of raw materials to CAHRA – in accordance with the UMP JSC’s countries worldwide list and their belonging to conflict affected and high-risk areas (CAHRA).

9. Potential suppliers shall submit their price (commercial) offers with the relevant documents attached to the e-mail address tender@ulba.kz within five working days from the date of sending the Request. Price (commercial) offers shall be password protected.

In the event that potential suppliers submit price (commercial) offers after the expiration of the specified period, these price (commercial) offers shall be subject to consideration by the Negotiation Team at the next meeting, to arrange no later than 1-2 working days from the date of receipt of such price (commercial) offers.

10. The Negotiation Team shall review the received price (commercial) offers taking into account the marketing price determined in accordance with paragraph 7 hereof and make a decision on the purchase of tantalum raw materials.

11. The decision on the selection of the supplier shall be made by the Negotiation Team by open vote and shall be deemed adopted if a majority of votes from the total number of members of the Negotiation Team present at the meeting are cast in favor of it. In the event of a tie, the decision voted for by the Chairman of the Negotiation Team or, in his absence, the Deputy Chairman shall be deemed adopted.

12. Should a subsidiary of NAC Kazatomprom JSC (TH Kazakatom AG) participate in the procurement procedure of tantalum raw materials, the price (commercial) offer of this company will be a priority, if the prices indicated in the submitted price (commercial) offer are equal and the quality of the raw materials is equal.

13. The Negotiation Team shall review all received price (commercial) offers, taking into account the additional commercial offer separately, and make a decision on the purchase of tantalum raw materials from the supplier who has provided the most economically attractive price (commercial) offer in terms of price/quality ratio, taking into account the criteria defined in the Table 2.

Table 2. Criteria for selecting suppliers of tantalum raw materials.

Criterion	For suppliers of the original tantalum raw materials	For suppliers of intermediate tantalum raw materials	For suppliers of secondary tantalum raw materials
Availability of documents confirming the origin and legality of the material, in accordance with the requirements of RMAP, or a guarantee obligation to provide these documents.	+	+	+
Availability of documents confirming the quality of the material offered for sale (quality certificate, laboratory report, etc.) or a guarantee obligation to provide these documents.	+	+	+
Availability of documents confirming the fact that the tantalum raw material offered for sale does not belong to hazard class 7, or a guarantee obligation to provide these	+		

documents.			
Availability of description of the material (photographs).			+
Availability of a document (s) confirming the fact that the raw materials do not contain or are not contaminated with any harmful substances, such as: antimony, cadmium, tellurium, selenium, thallium, arsenic, mercury, or their compounds (for example, a statement from a potential supplier or a corresponding certificate) or a guarantee obligation to provide these documents.			+
The result of calculating the cost of manufacturing 2-EB-melted Tantalum ingots with a diameter of 120 mm with a molten surface and VAR Tantalum ingots with a diameter of 210 mm with a treated surface.	+	+	+

The calculation of the cost of manufacturing 2-EB-melted Tantalum ingots with a diameter of 120 mm with a melted surface and VAR Tantalum ingots with a diameter of 210 mm with a treated surface shall be carried out by Tantalum Unit based on the technical characteristics of tantalum raw materials received together with price (commercial) offers of potential suppliers, on the day of consideration of price (commercial) offers by the Negotiation Team.

14. A potential supplier whose price (commercial) offer has been accepted by the Negotiation Team shall be sent a notification indicating the acceptance of the price (commercial) offer in the form of Appendix 3 hereto.

15. In the event of a supplier being excluded from the pool of potential suppliers due to failure to sign a contract or failure to fulfill its obligations under the contract, the resumption of such supplier's participation in the procurement of tantalum raw materials is possible, but not earlier than 12 months after re-passing the PQ.

16. The results of procurement under a special procedure shall be provided for in the plan for the procurement of goods, works, and services under a special procedure without using the procurement web portal before concluding the contract.

17. An agreement with a potential supplier whose price (commercial) offer is recognized as compliant with the requirements of UMP JSC shall be concluded in accordance with the regulations of the Fund's Procedure.

Enclosure:

- 1) Form of the request for quotation – 1 page, in English.
- 2) Sample letter about the absence of changes in the submitted documents and the relevance of the data – 1 page, in English.
- 3) Form of document on acceptance of the supplier's price offer – 1 page, in English.

Form of request for quotation

_____No. _____

Re: request for quotation**Attn.: Organizations and
companies leaders**

Dear Sirs,

Due to the demand for _____ (*name of goods*), we kindly ask you to submit your quotation on the following terms:

Name and short description of goods, works or services	
Additional features	
Quantity	
Unit	
Delivery terms	
Place of delivery	
Payment terms	

If you are interested to take part in the negotiations, we kindly ask you to send the below documents to the email _____ the following documents (recommended in English or Russian) no later than 00.00 hours 00.00.202__:

Documents according to the list

Based on the results of review of your quotation, personal negotiations will be held with you, the date of which will be informed additionally.

Enclosure: 1) Appendices according to the list

Title of the Company Head _____

Prepared by: _____

Tel.: _____

[On your Company's official letterhead]

**LETTER ON THE ABSENCE OF CHANGES IN THE SUBMITTED
DOCUMENTS AND RELEVANCE OF DATA**

The _____ counterparty (supplier/contractor) _____ hereby notifies about the relevance and completeness of the information in the submitted documents provided as part of the prequalification dated _____ (*month to be indicated*) 20__ and at the time of issuing this letter, and also confirms the relevance of information about shareholders/ultimate beneficiaries (participants).

Head of organization

[Full name, title, signature]

**Form of the document on acceptance of the supplier's price (commercial)
offer**

_____ No. _____

Procurement results notification
(specify the name of the Goods)

Attn.: Head of Organization

Dear Sir (Madame) _____,

The Negotiation Team of JSC UMP has decided to purchase _____ (*name of Tantalum raw material*) from the company _____, in accordance with the price (commercial) offer you submitted, under the following conditions:

Supplier	Delivery quotation	
	Quantity	
	Quality of Goods	
	Delivery basis (INCOTERMS 2010)	
	Payment terms	
	Delivery terms	
	Initial price	
	Price with discount	

Due to the urgent production need in the shortest possible time of delivery of _____ (*name of Tantalum raw material*), you are kindly requested to proceed to the delivery of the Goods before signing the contract.

For its part, UMP JSC guarantees the conclusion of the contract according to the regulations of the Procedure of procurement by the National Welfare Fund 'Samruk-Kazyna' Joint Stock Company and legal bodies, fifty and more percent of voting shares (participatory interest) of which directly or indirectly belong to Samruk-Kazyna JSC on the right of ownership or trust management, approved by the decision of the Board of Directors _____ (appendix to the Minutes of the Board of Directors No. _____).

We hope for understanding and further fruitful cooperation. Please send your reply to e-mail: tender@ulba.kz.

Title of the Company Head _____

Prepared by: _____

Tel.: _____