



1. General Information about JSC Atomredmetzoloto

1.1. About the Company

1.1.1. General Information

MAIN AREAS OF OPERATION

JSC Atomredmetzoloto (ARMZ Uranium Holding Co., Mining Division of ROSATOM, Company, Holding Company, ARMZ) is the successor to the world's largest uranium mining complex created in the USSR – celebrated its 10th anniversary in 2017.

- It manages Russian uranium mining assets in the Trans-Baikal Territory (PJSC PIMCU), Republic of Buryatia (JSC Khiagda) and the Kurgan Region (JSC Dalur);
- It possesses unique competencies and performs integrated operations ranging from geological exploration, pilot and design work to recultivation and decommissioning of production facilities;
- It implements a number of non-uranium projects, including construction of a lead-zinc works on Novaya Zemlya Archipelago, associated scandium mining, pyrite cinder processing, etc.

ARMZ Uranium Holding Co. also includes the projected enterprises, namely, JSC The First Ore Mining Company, JSC Elkon MMP, JSC Lunnoye and JSC «UMC Gornoe».

A significant contribution to the Holding Company's business is made by subsidiaries being LLC ARMZ Service, JSC RUSBURMASH,

JSC VNIIPromtehnologii and LLC United Uranium Plants.

KEY LAWS AND REGULATIONS GOVERNING THE COMPANY'S BUSINESS

In its business, JSC Atomredmetzoloto relies on provisions of its Articles of Association, internal documents and applicable laws including the following regulations:

- Civil Code of the Russian Federation (part one) No. 51-FZ dd. 11/30/1994;
- Federal Law No. 208-FZ dd. 12/26/1995 «On Joint-Stock Companies»;
- Federal Law No. 317-FZ dd. 12/1/2007 «On ROSATOM State Atomic Energy Corporation»;
- Federal Law No. 13-FZ dd. 2/5/2007 «On Features of Management and Disposal of Assets and Stocks of Companies in Nuclear Power Use and Amendments to Certain Laws of the Russian Federation»;
- Federal Law No. 170-FZ dd. 11/21/1995 «On Nuclear Power Use»;
- Federal Law No. 223-FZ dd. 7/18/2011 «On Procurement of Goods, Work and Services by Certain Types of Companies»;

- Federal Law No. 135-FZ dd. 7/26/2006 «On Protection of Competition»;
- Federal Law No. 39-FZ dd. 4/22/1996 «On Securities Market»;
- Presidential Decree No. 556 On Restructuring of the Nuclear Power Industry of the Russian Federation dd. 27.04.2007;
- «Regulation No. 454-P on information disclosure by securities issuers» approved by the Bank of Russia on 30.12.2014.

MEMBERSHIP IN ORGANIZATIONS AND ASSOCIATION

JSC Atomredmetzoloto is a member of the World Nuclear Association.

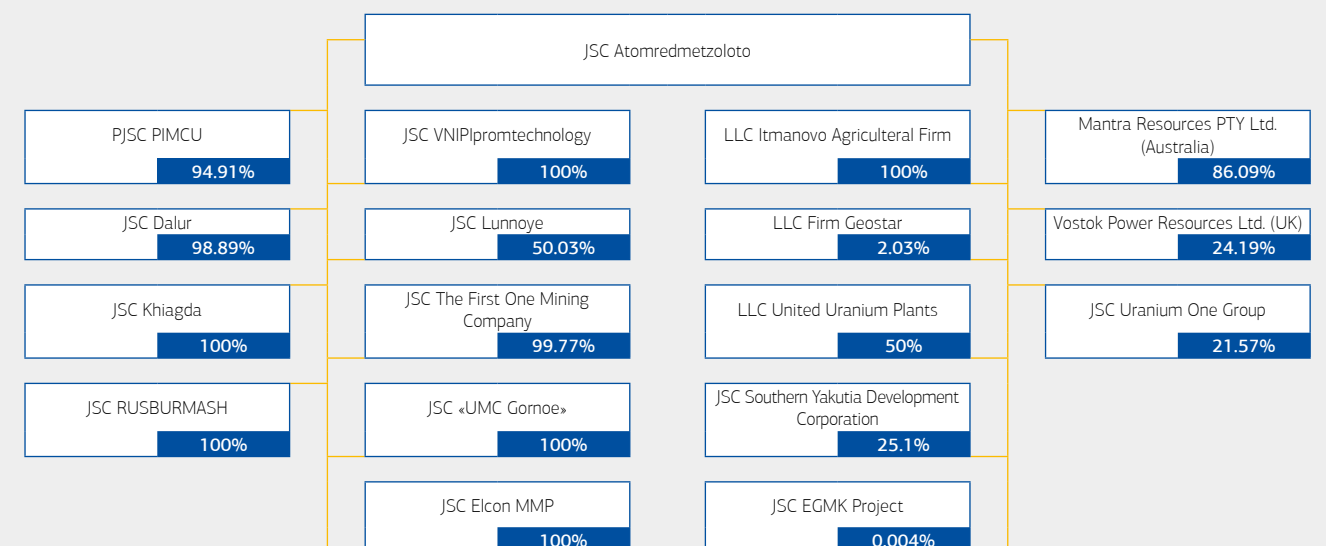
EXTERNAL ARTICLES OF ASSOCIATIONS, PRINCIPLES AND OTHER INITIATIVES

The Company exists in accordance with the Russian Business Social Articles of Association.

Please see section 1.1.2. for more information about the history of Atomredmetzoloto. Historical Background of the Report 2014.

1.1.2. Holding Structure

Figure 10. Diagram showing JSC Atomredmetzoloto's Subsidiaries as of 31 December 2017



1.1.3. Mission and Values

The mission of JSC Atomredmetzoloto is to provide competitiveness of long-term raw material deliveries for the development of Russian technologies, above all in nuclear power engineering.

ARMZ's business vision relies on its status of the national producer guaranteeing satisfaction of feedstock needs of its primary stockholder, ROSATOM, at a competitive cost and without geopolitical risks.

Primary competitive edges of the company are as follows:



- feedstock base of unique scale capable of profitable extraction of valuable components (uranium and other strategic metals);



- advanced production assets and scientific potential, and skilled team with many years of experience in the mining industry;



- full range of competencies for managing the lifecycle of development and operation of deposits, including under severe natural and climate conditions.

1.2. Market Presence

The primary business line of ARMZ is the production of natural uranium.

Stable positions of ARMZ in the uranium market are guaranteed by stable demand for its products on part of the Russian nuclear industry, diversified mineral resource and production base, and systemic efforts to increase its business performance. Additional contributions to their stability are favorable global prospects of nuclear power. Its development would be contributing to mid- and long-term growth of demand for uranium.

The Company is actively developing its non-uranium businesses (those associated with servicing both

core businesses and new ones). The servicing activities feature production of heat and electric power, sulfuric acid, mining equipment (PJSC PIMCU), drilling and exploration services (JSC RUSBURMASH), design and engineering (JSC VNIIPromtehnologii). Consumers of these products and services are Mining Division enterprises, other ROSATOM entities and external partners (Russian and foreign companies).

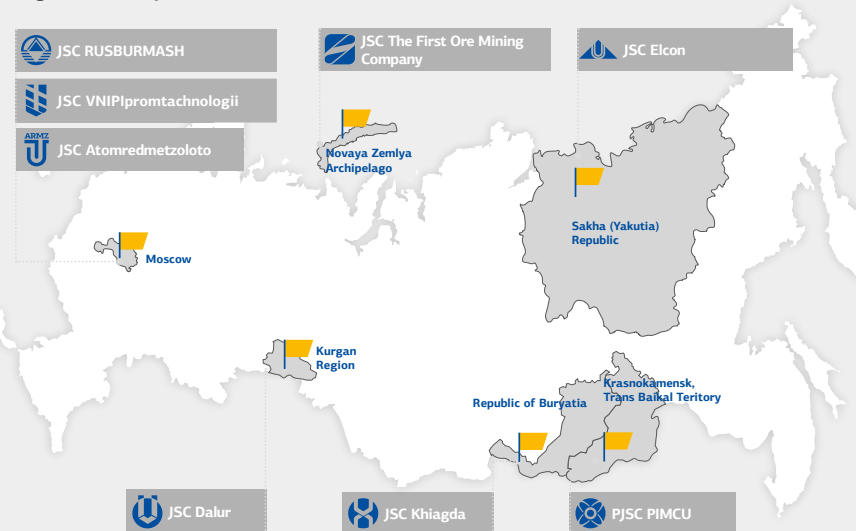
Scandium production (in the form of high-purity scandium oxide) was started in 2017 at JSC Dalur's site within the new business launch framework. The Company has improved

its operations to increase its feedstock product portfolio subject to the needs of the nuclear industry and its external partners. In 2017, ROSATOM approved the division's strategic initiatives for development of rare metal productions (titanium, lithium, etc.).

ARMZ also continues assessing the potential of new prospective markets and developing projects and initiatives related to entering these markets. They will be included into disclosures as the relevant projects and initiatives are implemented.

See also Our Strategy and Markets and Production Capital

Figure 11. Map of JSC Atomredmetzoloto's Assets in Russia



2nd place

of ROSATOM and JSC Atomredmetzoloto among the world's largest uranium-mining companies by mineral resource base*

4th place

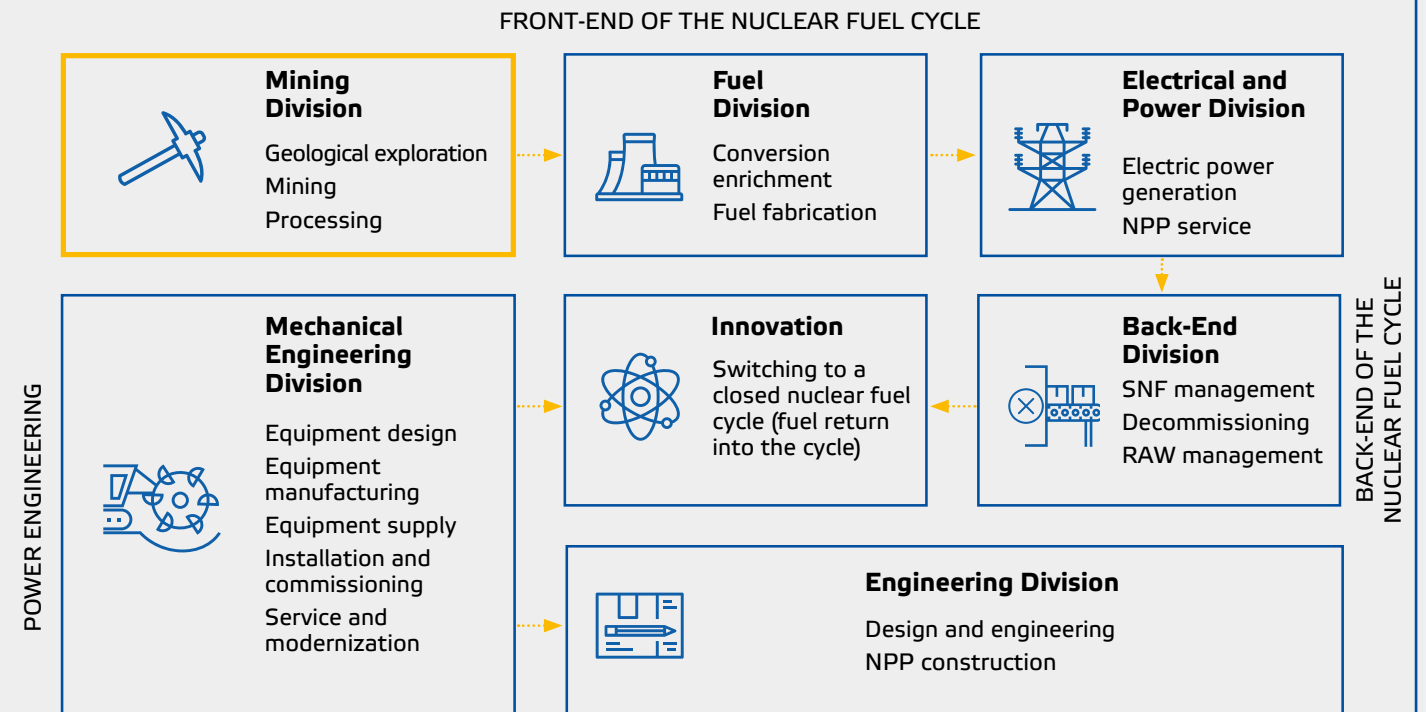
of ROSATOM among world's largest uranium-mining companies by production volume*

* Including Uranium One Group enterprises.

1.3. Role in ROSATOM's Production Cycle

For more details see section 1.1. About the Company and 2.1. Strategic vision and Targets.

Figure 12. JSC Atomredmetzoloto's Role in ROSATOM Production Cycle



1.4. Supply Chain

CONSUMER SATISFACTION ASSESSMENT

One of JSC Atomredmetzoloto's priorities is ensuring satisfaction of the end consumers of uranium raw materials (JSC TVEL and JSC TENEX), to which Russian raw materials are supplied under long-term contracts with LLC United Uranium Plants. JSC Atomredmetzoloto continuously monitors long- and short-term satisfaction of customers' natural uranium needs, as well as promptly responds to any of their requests and expectations.

To improve quality of its uranium products supplied to its end consumers, JSC Atomredmetzoloto is considering total product outputs with physical and chemical properties close to ASTM C 967-08.



ALL CONTRACTUAL OBLIGATIONS FOR THE SUPPLY OF PRODUCTS TO CUSTOMERS WERE PERFORMED IN FULL IN 2017.

CUSTOMER SERVICE

The Company maintains long-term contractual relations with its key customers being enterprises of ROSATOM, based on the principles of mutually beneficial and fruitful cooperation.

Streamlining of finished goods warehousing and shipping systems is used to improve product quality.

In December 2017, JSC Atomredmetzoloto relying

on assignment agreement with LLC United Uranium Plants became a party to the agreement with JSC Siberian Chemical Works allowing direct interaction with the works concerning organization of deliveries, railcar unloading and warehousing of uranium feedstock.

December 2017 saw preparations for assignment of the agreement to return empty TPCs from LLC United Uranium Plants to JSC Atomredmetzoloto's subsidiaries.



BUSINESS CASE: CUSTOMER SERVICE

In November 2017, JSC Atomredmetzoloto supplied its trial batch of uranium oxide concentrate produced by PJSC PIMCU to Uranium One Group, JSC for further supply to the PRC. This delivery allowed JSC Atomredmetzoloto to learn about the PRC's interest in Russian natural uranium and the prospect of developing further business and investment cooperation.

Due to liquidation of LLC United Uranium Plants in Q4,2017, JSC Atomredmetzoloto started preparation for switching to direct deliveries to JSC TVEL and JSC TENEX without using the agency system.

QUALITY MANAGEMENT

Product quality assurance remains one of the key priorities for JSC Atomredmetzoloto.

JSC Atomredmetzoloto's product quality depending on the form of the natural uranium concentrate complies

with TU 95,1981-2009, TU 95,2822-2002 and the Basic Specification. In 2017, JSC Atomredmetzoloto received no quality claims regarding product supplies from its customers (JSC TVEL and JSC TENEX) and its consignee (SCW, JSC).

To improve its product quality, JSC Atomredmetzoloto, in Q4,2017, started developing the possibility of processing ammonium polyuranate produced by JSC Khiagda into uranium oxide concentrate using PJSC PIMCU's production capacities.

1.5. Value Chain and Business Model

1.5.1. Value Chain

The value chain of the Mining Division is integrated into ROSATOM's harmonized value chain and is built in accordance with lifecycles of fuel and equipment.

The Holding Company creates the value via integrated operations ranging from geological exploration, pilot surveys and design work to reclamation and decommissioning of production facilities. Given its unique competencies and integrated operations, ARMZ offers its customers products compliant with the highest standards.

One must note that value created by ARMZ consists not only in obtaining the primary finished product being strategic natural feedstock but also in diverse economic, social and environmental effects for operation regions. On the one hand, the Company strives simultaneously to increase the positive effect of its operations and, on the other hand, to minimize its environmental impact.

For value chain details, see Annual Report 2016.

1.5.2. Business Model

The value chain underlies JSC Atomredmetzoloto's public business model.

The business model is a system that ensures creation of value on short-, medium- and long-term horizons and is aimed at achieving strategic goals.

The business model is a layout of ARMZ's business formulated as a process of transforming input resources (assets) into key results (uranium production, environmental protection costs, social payments to employees, etc.). There is also capital change presented, including transformation/gains of resources used and the company's contribution to achieving ROSATOM's strategic objectives and UN sustainable development objectives.

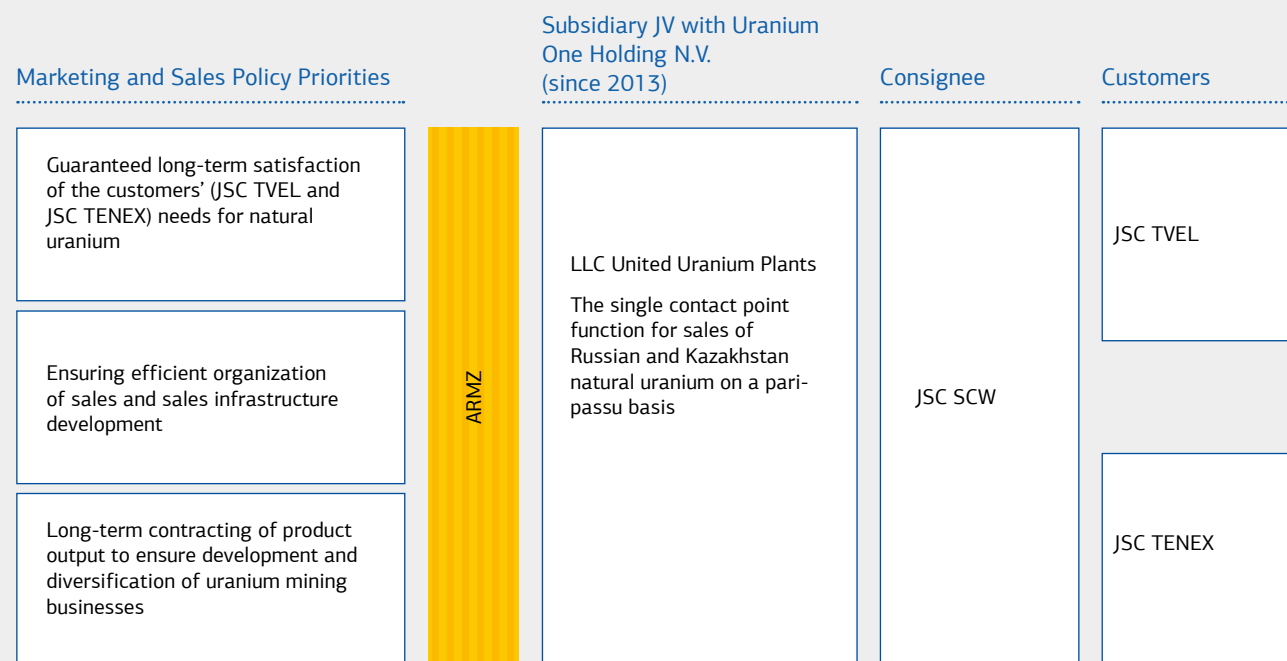
For details of JSC Atomredmetzoloto's business model, see Annual Report 2016.



YEAR 2017 SAW NO CHANGES TO SUPPLIERS' LOCATION, SUPPLY CHAIN STRUCTURE OR SUPPLIER RELATIONS.

JSC Atomredmetzoloto Supply Chain




Figure 13. ARMZ Uranium Holding Co.'s Supply Chain



ARMZ Business Model










Contribution in achievement of the UN Sustainable Development Goals

Resources*

Production capital 	3,005 Uranium production, tonnes <hr/> 3.1 Labour productivity, million RUB per person
Human capital 	6,957 Number of employees <hr/> 59,447 Average monthly salary, RUB
Nature capital 	520 Environmental protection expenses, million RUB <hr/> 517.1 Uranium mineral resource base (Russian assets), ktonnes
Financial capital 	4.9 Capital expenditures, billion RUB <hr/> 22.1 Revenue, billion RUB
Social capital 	212.6 Social payments to employees, million RUB <hr/> 7.7 Charity spending, million RUB
Intellectual capital 	345 Innovation projects spending, million RUB <hr/> 6.5 Intangible assets, billion RUB

Value chain






Activities

-  Prospecting works
-  Obtaining subsoil use rights
-  Geological exploration
-  Pre-design engineering
-  Design of production facilities
-  R&D, innovations
-  Construction of production facilities
-  Operation of production facilities: uranium mining and processing
-  Reclamation and decommissioning

Products

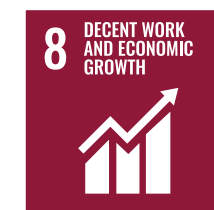
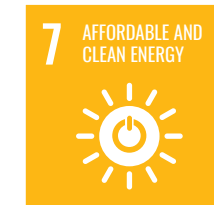
-  Uranium concentrate
-  Thermal energy
-  Sulphuric acid
-  Coal (thermal)
-  Electrical power
-  Manufacturing of mine machinery
-  Drilling, geological exploration, design and engineering services

Key results*

2,917 Uranium production, tonnes <hr/> 2.8 Labour productivity, million RUB per person	Production capital 
7,347 Number of employees <hr/> 61,992 Average monthly salary, RUB	Human capital 
411.5 Environmental protection expenses, million RUB <hr/> 523.9 Uranium mineral resource base (Russian assets), ktonnes	Nature capital 
4.9 Capital expenditures, billion RUB <hr/> 17.8 Revenue, billion RUB	Financial capital 
212.9 Social payments to employees, million RUB <hr/> 7.0 Charity spending, million RUB	Social capital 
209 Innovation projects spending, million RUB <hr/> 6.4 Intangible assets, billion RUB	Intellectual capital 

Change in capitals

2% Reduction of uranium unit production cost
66% Employee engagement rate
77% Reduction of borrowed funds
57% Level of support for nuclear energy in the Russian Federation
102% Integrated investment activities efficiency indicator



* As of 2016

* As of 2017