



Almaty, Kazakhstan

17 October 2023

Dear Mr. President, the leadership of the Parliament and the Government of the Republic of Kazakhstan!

The Kazakhstan Chamber of Mines, hereinafter referred to as the "Association," extends its sincere respect to you.

The Association brings together both national and international companies operating within Kazakhstan's mining sector. This includes the three biggest sub soil licence holders and the most active explorers engaged in genuine green fields exploration in Kazakhstan. A comprehensive list of our members is appended at the end of this letter, encompassing additional companies that have arisen, joined, or expanded their investments in connection with the adoption of the Republic of Kazakhstan's "On Subsoil and Subsoil Use" legislation, commonly referred to as the "Subsoil Code."

On September 15, 2023, the Congress of Geologists of Kazakhstan (hereinafter referred to as the "Congress"), **organized by the Committee of Geology of the Ministry of Industry and Construction of the Republic of Kazakhstan (hereinafter referred to as the "IPS")**, was held in Astana. **Members of the Association also took part in the Congress.**

Following the conclusion of the Congress, a group of five geologists independently drafted both the Resolution of the Congress and an Appeal to the leadership of the Republic of Kazakhstan. These documents underline the necessity of reevaluating the reform of subsoil use, reinstating regulatory mechanisms that were previously dismantled from the Soviet era, and implementing additional non-market obligations

The Association declares that Resolution and Appeal were not deliberated upon during the Congress, and the Congress delegates did not request, instruct, or grant authorization to the group of geologists to formulate the Resolution and Appeal in the name of the Congress delegates.

The Association is strongly opposed to these initiatives in the Resolution and this Appeal. The initiatives in the Resolution and Appeal undermine and sabotage the ongoing reform of the mining sector within the framework of the Subsoil Code, which came into effect in June 2018. The adoption of the initiatives set forth in the Resolution and the Appeal contrary to the instructions, statements and promises of the Leadership of the Republic of Kazakhstan and the practice adopted in the advanced OECD countries will drastically reduce investment or make it impossible to further invest in geological exploration and production of new discoveries in the Republic of Kazakhstan.

The Association advocates a comprehensive discussion of all initiatives in an open, transparent, democratic and practical manner, with the involvement of all interested parties.

The Association asks the leadership of the Republic of Kazakhstan to persistently, consistently and fully implement the subsoil use reform in the Subsoil Code without fundamental changes and revision of its content.

The idea and essence of the reform in the Subsoil Code are supported by the members of our Association, and are also supported in the OECD report from 2018 and the World Bank report from February 2023 (Kazakhstan Mining Sector Diagnostics Report).

Members of our Association were surveyed during the World Bank's Mining Diagnostics Report in Kazakhstan. All the problems of the implementation of the reform and recommendations are set out in this report. There are no calls or recommendations for a review of the reform. All recommendations are given in order to improve the implementation of the reform, including referring to the President's Address of September 1, 2021.

Members of the Association hope and believe that the theses of the President in the Address of September 1, 2023 on the legislative reform in the mining sector in 2018 and the need for urgent modernization of the management system of the mining sector **relate exclusively to improving the implementation of the reform** within the framework of public administration, **and not to the revision of the reform itself**, as inconsistencies in sectoral public policies force domestic and foreign investors to curtail their investments or invest with quick and short returns without reinvestment.

Sincerely yours and wishing you prosperity,

Kazakhstan Chamber of Mines Members

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About the Chamber:

The Kazakhstan Chamber of Mines was established in March 2023 to represent the interests of explorers, developers, and producers of minerals in Kazakhstan. The Chamber is committed to promoting responsible mining practices, advocating for a favorable investment climate, and fostering collaboration within the industry to contribute to the long-term prosperity of Kazakhstan. The founding members comprise both Kazakh and international exploration companies, including representation from entities listed on the London and Canadian Stock Exchanges.