



Minister Sharlapayev K.B.

The Ministry of Industry and Construction
of the Republic of Kazakhstan
010000, Astana, A. Mambetov Street, 32
30 December 2023

Kazakhstan Chamber of Mines

240 Dostyk Ave, Almaty
Republic of Kazakhstan, 50000

Subject: Regarding: Export Restrictions Related to Mining Contracts for Mineral Resources

Dear Mr. Sharlapayev,

We would like to draw your attention to concerning developments regarding potential changes in legislation related to the extraction of mineral resources. In December 2023, the Mazhilis approved amendments proposing a ban on the export of "raw materials" without a clear definition of this term. This could impose restrictions on mining companies and create unfavorable conditions for investors.

While we support the idea of supporting local industries, the mechanisms outlined in the proposed amendments lack clarity, and the introduction of a complete export ban is deemed excessive. The adoption of these amendments without consulting the industry raises serious concerns. We propose exploring alternative methods, such as granting local producers preferential rights to purchase at market prices.

The introduction of restrictions without proper analysis and consultations contradicts commitments to investors. These actions could have a detrimental impact on the development of the mining and exploration sector, especially in light of the MET growth and challenges with the Mining Code.

We suggest discussing alternative solutions that support local producers without creating adverse consequences for investors and the industry as a whole. We want to caution against potential unintended consequences that may arise from the export ban on critical mineral resources:

Risk of Corruption: The imposition of the export ban may create favorable conditions for corruption, as export permits become tools of influence, particularly for smaller companies without political influence.

Loss of Revenue and Tax Revenue Reduction: The ban may lead to a direct loss of export revenue and a decrease in tax revenues, impacting the economy and the funding of government projects.

Impact on the Mining Industry: The industry may face job losses and reduced income, including the postponement of the development of new deposits.

Investor Trust: The export ban could undermine investor trust, reducing the number of companies willing to invest in Kazakhstan.

International Trade Relations: The ban may restrict Kazakhstan's trade relations with other countries, affecting exports and prompting retaliatory trade measures.

Risk of Illegal Trade: The ban may stimulate illegal mining and smuggling, threatening income and the environment.

Difficulties in Economic Diversification: The ban may hinder efforts to diversify the economy, diverting attention and investments from other promising sectors.

We urge a detailed analysis and discussions, taking into account the President's directives and the risks outlined above. We are ready to provide the necessary information and support for the development of a more balanced and effective solution.

Sincerely,

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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.