Press release

"Increasing investment attractiveness in Kazakhstan's mining industry" conference brought together industry leaders, government agencies and diplomatic missions in Astana

Astana, Kazakhstan – February 25, 2024

The conference on **"Increasing investment attractiveness in Kazakhstan's mining industry"**, organized by the Kazakhstan Chamber of Mines, was held today in Astana, the capital of Kazakhstan on February 22nd 2024. The event brought together industry leaders, government representatives and diplomatic missions to discuss key aspects of legislation and proposed future policies related to mineral exploration, mining operations and mineral processing technology.

President K. K. Tokayev has repeatedly stressed the importance of the development of the mining industry in Kazakhstan for national prosperity. Many member companies of the Kazakhstan Chamber of Mines have been attracted to invest in the minerals industry in Kazakhstan following the introduction of the new Code of the Republic of Kazakhstan "On Subsoil and Subsoil Use" in 2018. This Code provides much greater clarity and efficiency of licencing and regulation of mining and exploration activities, and is key to the strategy of Kazakhstan emerging as a world leader in the field of mineral resources extraction.

The Conference was focussed on sharing the experience of key mining companies, in working with the new Subsoil Use Code, and discussing the recently proposed changes to the Code. Within the framework of the Conference, a plenary session and two panel discussions were held, at which high-ranking representatives of the industry, government agencies and diplomatic missions spoke.

Minister of Industry and Construction of the Republic of Kazakhstan K.B. Sharlapayev opened the Conference and stressed the importance of simplifying legislation and procedures to further enhance the investment attractiveness of the industry. He also announced a package of upcoming amendments to the Subsoil Code, which are aimed at improving conditions for investors. The Minister commented: "The package of upcoming amendments to the Subsoil Code, taking into account proposals offered by stakeholders and mining related businesses, provides for more than 100 changes aimed at improving conditions for investors. We strive to further develop and strengthen the mineral resource complex, considering it the cornerstone of Kazakhstan's economic prosperity."

The Conference was also attended by the Ambassadors of the United States, Great Britain and Canada, who support the development, exploration, cooperation and reforms of the new Code. They expressed their comments and suggestions on maximizing Kazakhstan's potential in attracting investment and reiterated that a stable and transparent judicial and tax regime are required to provide certainty to incoming investors and companies. In addition, it was noted that foreign investments should be considered as an engine for economic growth, and contributing to an increase in the tax revenue base.

Mr. Tim Barry, a member of the Advisory Board of Directors of the Kazakhstan Chamber of Mines, noted the importance of exploration of copper reserves in the world and the problems faced by companies in their development. He stressed that Kazakhstan has the potential to become an important player in the global copper market by not only discovering new commercial deposits but also creating the enabling environment through Governmental support and policies to bring discovery about. "There are 40 large but undeveloped deposits in the world, where the total reserve is estimated at about 470 million tons. They could meet global demand if it weren't for problems associated with their development. We need to increase copper supplies, and Kazakhstan is becoming a very important player in the market in this regard. As an example, the large Aktogay deposit in East Kazakhstan Oblast, produces over 200,000 tons of copper annually. But in order to meet the global need for copper in the next decade and beyond, we need to have several such large mines, developed each year."

Panel sessions were devoted to the legal framework affecting investments in the subsoil use of Kazakhstan and geological and environmental aspects affecting investment decisions.

Mr. Baymishev R.N., president of the Kazakhstan Chamber of Mines, in addressing the Conference, stressed that new global investors have arrived: "Today, we have some of the world's leading mining companies, who have market capital values measured in billions of dollars investing in mineral exploration in Kazakhstan such as Rio Tinto, Fortescue, Teck, and BHP. Member companies of the Chamber are conducting exploration over an area exceeding 25 thousand square kilometers, the volume of investments has exceeded the annual government spending on GIIN and these sums continue to grow, along with corresponding tax and social payments. Additionally, subscription bonuses at the end of 2 auctions exceeded 7.8 million US dollars. Today, the relevant ministry is able to solve almost all investor issues on the principle of "one window", since after a long break associated with industry divisions and other MPS, it united geologists, subsoil use and industry. That is, by supporting the manufacturing industry at the legislative level, it is impossible to destroy the investment climate in exploration. We need to minimize the negative consequences, which are even indicated in the draft National Development Plan until 2029."

Mrs. Bizhanova G.K., Member of the Board, Deputy Chairperson of the Board of the National Chamber of Entrepreneurs "Atameken," conveyed the key message that "the state has initiated changes in legislation regulating various aspects of such a complex process as subsoil use. The foundation of these changes was laid by the constitutional reform that took place in 2022, which established that the right to subsoil and natural resources of the country belongs to the people of Kazakhstan. This right is exercised by the state on behalf of the people. Accordingly, the legal environment will be shaped based on this principle." She also emphasized the need for developing a strategy for the development of the mining and metallurgical complex (MMC). "Today, the absence of an industry strategy creates conditions for frequent changes in legislation, the adoption of new regulatory documents that are not taken into account in the subsoil users' business strategies. The National Plan for the Development of Kazakhstan until 2029 should serve as the basis for the strategy. The Agency for Strategic Planning and Reforms presented it for discussion. Our Chamber 'Atameken' actively participates in its refinement," Mrs. Bizhanova noted in her speech.

Among the key speakers was the Director of the Department of the Ministry of Industry and Construction of the Republic of Kazakhstan Mr. Almas Kushumov, who drew the attention of the participants to the amendments to the Code "On Subsoil and Subsoil Use in RoK", as announced by the Ministry to improve the investment climate. In his speech, Mr. Kushumov also focused on the issues of electronic auctions, "In August and December last year, electronic auctions were held for 84 lots for exploration of solid minerals. Such leading companies as Rio Tinto, Fortescue, Kratos Resources, Cove Capital, Esan, Kazakhmys Corporation, ERG Exploration, Qazgeology and others participated in the auction. The subscription bonus of the auction amounted to 3.5 billion tenge."

At the end of the session, East Star Resources CEO Alex Walker, thanked all participants and noted that while there is still a gap between the intentions of the President and senior Ministers, and the draft changes to of the legal framework, which needs to be continually addressed, Kazakhstan is still a great place to be an explorer and both companies and Government need to continue to work together to find practical solutions under a changing system. The Chamber of Mines would like to be a source of information and support to all parties in this process.

The Conference gathered together over 160 participants and formed a platform for the exchange of experiences, and discussion of strategies for the development of the mining industry. The Conference participants confirmed the interest of international investors in Kazakhstan and expressed confidence in its potential to attract investment and further develop the mining industry.

For media inquiries and additional information about the Conference, please contact:
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About the KCM:
The Kazakhstan Chamber of Mines was established in March 2023 to represent the interests of prospectors, developers and producers of minerals in Kazakhstan. The Chamber strives to promote responsible mining practices, advocate for the creation of a favorable investment climate and develop cooperation within the industry to contribute to the long-term prosperity of Kazakhstan. The founders include both Kazakhstani and international

exploration and mining companies, including representatives of companies whose shares are listed on the London, Australian and Canadian Stock Exchanges.