



KAZAKHSTAN EXPERIENCE IN INTRODUCTION OF THE CRIRSCO STANDARDS

Ankara,
2017

GKZ system

The existing classification system and estimation methods for mineral reserves and resources – GKZ system- was incorporated by law in Republic of Kazakhstan in 2006. This system is based largely on those established by the Former Soviet Union.

The main role of GKZ is in ensuring that the interests of the state are upheld, exerting pressure against under-estimation of the mineral deposits.

To ensure that the estimation reports are correct, they are audited by GKZ appointed experts and approved by officials of the GKZ.

Before mining can start GKZ approve an official reserves which become part of the mining contract

GKZ system

Exploration stages	Final documentation of stage completion	Resources/reserves, categories			Prognostic resources, categories		
		A, B	C ₁	C ₂	P ₁	P ₂	P ₃
Deposit delineation (estimation) work	TEO of economic conditions. Kazakhstan Reserves estimation report	Fully explored deposit			Identified on flanks and deep levels of a deposit	Not considered at this stage	Not considered at this stage
		- balance (economic); - off-balance (potentially economic)	- balance (economic); - off-balance (potentially economic)	- balance (economic); - off-balance (potentially economic)			
Prospecting work	GEO. Preliminary Feasibility Study (estimated conditions). Kazakhstan Reserves estimation report	Not considered at this stage	Estimated deposit		Mineral Occurrence	Not considered at this stage	
			in some cases in areas of detailed study	- balance (economic); - off-balance (potentially economic)			
State geological studies (regional studies)	Subsoil geological study report	Not considered at this stage	Not considered at this stage	Not considered at this stage	Not considered at this stage	Mineralization fields, clusters, etc.	

← Increasing level of geological knowledge and confidence of resources/reserves estimation

Development of KAZRC

2012	The Concept of Development of the geological industry until 2030. Introduction of international standards
2014	Start of the development of first draft of documentation: KAZRC, on Harmonization Guidelines, Code of Ethics, and others. (Committee GSU, Kazgeology, SRK, etc)
2014	OECD project. Enhancing Competitiveness and Attracting FDI to the Mining Sector
2015	Plan of Nation of 100 steps/. 74th step. "Increasing transparency and predictability of Subsoil use sector of Kazakhstan through the introduction of international reporting standards on MINERAL RESERVES "CRIRSCO" and hydrocarbons.
2015	Task Force at Committee of Geology and Subsoil Use on development of international reporting standards (CRIRSCO)
2015	KAZRC Association and PONEN foundation.
2015	MOU MID-CRIRSCO
2015	Annual CRIRSCO Meeting in Brazil. Minutes.
2015	Application for CRIRSCO membership
2015	KASE Listing rules for subsoil use companies. Public reporting – CRIRSCO standards
2016	KARC Association become of CRIRSCO member.
2017	EBRD project “Kazakhstan: Development and Implementation of Subsoil Use Standards “
2017	Development of the MINING CODE



**KAZRC Association was elected as 10-th member of CRIRSCO
14.06.2016 г**

Development of KAZRC Association

The KAZRC Association was registered in 2015 as a self-regulatory non-profit organization based on voluntary membership of legal entities conducting their activities in mining sector of Kazakhstan.

The Founders of the KAZRC Association are :

Association of Geological Exploration Enterprises of the Republic of Kazakhstan

Association of Mining and Metallurgical Enterprises"

“National Exploration Company Kazgeology”.

Last year 4 organizations joined and became members - PONEN, Micromine,



Development of KAZRC Association

The main goals and objects of the KAZRC Association are:

creation and actualization of the KAZRC Code in accordance with the International Reporting Template of CRIRSCO;

representation of the Republic of Kazakhstan in the CRIRSCO Committee.

KAZRC Association :

- agree to conduct international consultation with NROs represented on CRIRSCO before making amendments to the KAZRC.

- include credible, self-regulating, professional bodies that provide disciplinary systems and codes of ethics that govern the behavior of Competent Persons or equivalents as defined in the Template.

- commit to engaging in CRIRSCO activities.

Development of PONEN

PONEN is Kazakhstan Professional Association of Independent Experts in Subsoil Use and its main goal is to unify mining industry specialists for demonstration of their skills, representation, protection and promotion of their professional interests.

The objectives of the PONEN:

- Introduction of KAZRC reporting standards;
- Attracting highly knowledgeable specialists in geology and mining for independent expert review of geological materials and preparation of public reports;
- Provision of consultative, methodological and practical support in independent subsoil expert review;
- Protection of rights and interests of the PONEN members;
- Admission of new members who have reached relevant level of competence and practical experience;
- Compliance with the Code of Ethics for independent subsoil experts;

Development of PONEN

1. THE CHARTER OF THE PUBLIC ASSOCIATION
THE PROFESSIONAL ASSOCIATION OF INDEPENDENT EXPERTS IN
SUBSOIL USE OF THE REPUBLIC OF KAZAKHSTAN.
2. CODE OF ETHICS
3. REGULATIONS FOR MEMBERSHIP
4. PROFESSIONAL DEVELOPMENT. GUIDELINE FOR REGISTERED
PROFESSIONALS

Obtaining Support from Government

In 2015, the **Listing Rules** of the Kazakhstan Stock Exchange were substantially amended to add provisions pertaining specifically to CRIRSCO reporting standards which will be mandatory for listed subsoil users and investors since 2018.

In order to increase the investment attractiveness of the subsoil use area, a draft of a new **Subsoil Code in Kazakhstan** has been drafted.

The Subsoil Code provides the following conceptual changes:

- simplification of granting subsoil use rights by analogy of the Australian model by introducing a licensing procedure on the principle of "First come, first served";
- transition to the international reporting standards on mineral resources and reserves estimation;
- providing open access to geological information and transferring it to digital format;
- stability guarantees for existing subsoil use contracts.

According to the Subsoil Code transition to KAZRC standards will be fully completed during 5 year transition period (by 2023).

THANK YOU!

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