

2005 BCSECCOM 626

September 28, 2005

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - National Instrument 43-101, s. 9.1 - Standards of Disclosure for Mineral Projects - An issuer is disclosing scientific and technical information about a mineral project in a news release, information circular or offering document, and wants relief from all of the disclosure requirements in NI 43-101 - The issuer is subject to comparable disclosure requirements; the disclosure in the offering memorandum will comply with foreign disclosure requirements, including compliance with either the JORC Code or SAMREC Code; the issuer's connection to Canada is de minimis; the issuer is offering securities only to sophisticated investors

Applicable British Columbia Provisions

National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, s. 9.1

In the Matter of
the Securities Legislation of
British Columbia, Ontario and Quebec (the Jurisdictions)

and

In the Matter of
the Mutual Reliance Review System for Exemptive Relief Applications

and

In the Matter of
KCC International plc (to be renamed Kazakhmys plc)
(the Filer)

MRRS Decision Document

Background

The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) for an exemption from the standards of disclosure respecting the preparation, standards, use, and filing of technical reports for mineral projects as set forth in the Legislation (the Requested Relief), respecting the disclosure made in and in connection with the Canadian Offering Memorandum (as defined below) prepared by the Filer for the Canadian Offering (as defined below).

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Under the Mutual Reliance Review System for Exemptive Relief Applications:

- (a) the Ontario Securities Commission is the principal regulator for this application, and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision unless they are defined in this decision.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer is a company incorporated pursuant to the laws of England & Wales with its head office in Middlesex, England.
2. The Filer is based in Kazakhstan and is the holding company of a group involved in the mining, processing, smelting, refining and sale of copper cathodes and copper rods and other copper products carried on by its main subsidiary, TOO Kazakhmys (Kazakhmys).
3. The Filer is not a reporting issuer or its equivalent in any of the Jurisdictions, nor are any of its securities listed or posted for trading on any stock exchange in Canada. The Filer has no present intention of becoming a reporting issuer or its equivalent in any of the Jurisdictions or of becoming listed in Canada.
4. Certain banks, on behalf of the Filer, intend to offer new Ordinary Shares and certain shares held by certain current Shareholders of the Filer (the Selling Shareholders) (together, the Offered Shares) in an offering to institutional shareholders in the United Kingdom (the UK) pursuant to a prospectus (the Prospectus) to be filed with and approved by the UK Financial Services Authority (the FSA) and to private placement purchasers outside of the UK, including an offering to the “accredited investors” (as defined in the Legislation) resident in the Jurisdictions (the Canadian Offering), the United States, Australia, Asia and Europe (together, the Offering)
5. Pursuant to the listing and disclosure requirements of the FSA, the Filer will be submitting the Prospectus for approval to the FSA, which Prospectus will comply with the listings requirements of the FSA (the Listings Requirements). A report regarding the reserves and resources of mining and mineral interests of the Filer in Zhezkagan, Balkhash, the East region, and Karaganda in

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Kazakhstan has been prepared (the Geological Report) and will be included in its entirety in the Prospectus.

6. The Geological Report is prepared by IMC Group Consulting Ltd, which employs J. S. Warwick, a “qualified person” who is independent of the Filer within the meaning of the Legislation. The report has been prepared under the supervision of Mr. Warwick. Mr. Warwick has 28 years of experience in the coal, base metals and industrial minerals mining industry and 4 years of directing competent persons’ reports.
7. IMC Group Consulting Ltd has reviewed the practice and estimation methods undertaken by Kazakhmys for reporting reserves and resources in accordance with the Former Soviet Union (the FSU) “Classification and Estimation Methods for Reserves and Resources” last revised in 1981. This procedure establishes the nature of evidence required to ensure compliance with the FSU Classification. IMC Group Consulting Ltd has reviewed the reserves and resources statements of the individual units compiled by Kazakhmys and has restated the reserves and resources in compliance with the Prospectus Directive and Prospectus Rules of the European Union in conjunction with the recommendations of the Committee of European Securities Regulations’ and in accordance with the criteria for internationally recognised reserves and resource categories of the “Australian Code for Reporting Mineral Resources and Ore Reserves (2004) published by the Joint Ore Reserves Committee (JORC) of the Australian Institute of Mining & Metallurgy, Australian Institute of Geoscientists, and the Minerals Council of Australia.
8. In connection with the Offering, the Filer intends to distribute a Canadian offering memorandum containing the Prospectus and any additional disclosure required pursuant to the laws of the Jurisdictions in which marketing will occur, including, among other things, prospectus and registration exemptions, statutory rights of action and exchange rate information (the Canadian Offering Memorandum).
9. Upon completion of the Offering, residents of Canada will beneficially hold less than 10% of the issued and outstanding Ordinary Shares.

Decision

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that:

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1. less than 10% of the Ordinary Shares will be held by residents of Canada after the Offering;
2. IMC Group Consulting Ltd will provide an opinion, to be set out in the Canadian Offering Memorandum, that (i) the definitions and standards of JORC are substantively similar to the definitions and standards of the Canadian Institute of Mining, Metallurgy and Petroleum (the CIM Standards) which are recognized by the Legislation; and (ii) a reconciliation of the Mineral Resources and Ore Reserves as restated in compliance with JORC would not result in materially different Mineral Resources and Mineral Reserves as prepared in compliance with the CIM Standards; and
3. all Canadian investors will be “accredited investors” pursuant to the Legislation.

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