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KAZ MINERALS PLC PRODUCTION REPORT FOR SIX MONTHS AND THE SECOND QUARTER ENDED 30 JUNE 2015

- **H1 copper cathode production 37 kt**
 - Build-up of copper work in progress at smelter due to scheduled Q2 maintenance
 - Underlying copper in concentrate output 43 kt in H1
 - East Region and Bozymchak on track to achieve 2015 cathode production target of 80-85 kt
- **Strong zinc and silver output in H1**
 - Zinc in concentrate output 50 kt (FY 2015E 90-95 kt)
 - Silver granule output 1,661 koz (FY 2015E 2,250-2,500 koz) benefiting from a release of work in progress
 - Full year production for zinc and silver expected to be at the top end of guided range
- **H1 gold bar output 16 koz**
 - Underlying gold in concentrate output 20 koz
 - 2015 guidance revised to 34-38 koz
- **Bozshakol and Aktogay pre-production mining**
 - Mining activities commenced in late May at Bozshakol ahead of sulphide ore extraction in Q3
 - Oxide ore output commenced at Aktogay with 251 kt ore mined in June

Oleg Novachuk, Chief Executive, said: "We are pleased to report another solid quarter of production from our East Region mines. At the half year we are on target to achieve our 2015 copper cathode guidance and we have delivered strong zinc and silver production. Pre-production activities have started at both Bozshakol and Aktogay in preparation for the commissioning of processing facilities in the fourth quarter of 2015."

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NOTES TO EDITORS

KAZ Minerals PLC (“KAZ Minerals” or “the Group”) is a high growth copper company focused on large scale, low cost, open pit mining in Kazakhstan. It is a leading copper producer in Kazakhstan with five operating mines and four concentrators. In 2014, total copper cathode output from continuing operations was 84 kt. The Group’s continuing operations also produced 121 kt of zinc in concentrate, 3,435 koz of silver and 35 koz of gold in 2014.

The Group has two major copper projects under construction, Bozshakol and Aktogay, and a third, Koksay, at scoping stage. These projects are expected to deliver one of the highest growth rates in the industry and transform KAZ Minerals into a company dominated by world class open pit copper mines.

KAZ Minerals PLC is listed on the London Stock Exchange, the Kazakhstan Stock Exchange and the Hong Kong Stock Exchange and employs around 10,000 people, principally in Kazakhstan.

MINING PRODUCTION

Production summary

East Region and Bozymchak

		6m 2015	6m 2014	Q2 2015	Q1 2015	Q2 2014
Ore extraction	kt	2,227	2,252	1,176	1,051	1,156
Average copper grade	%	2.24	2.47	2.17	2.31	2.42
Copper in ore mined	kt	49.8	55.7	25.5	24.3	28.0
Copper in concentrate	kt	43.3	44.4	21.8	21.5	22.3
Copper cathode production ¹	kt	36.7	41.1	17.6	19.1	19.9
Zinc in concentrate	kt	49.9	61.7	24.8	25.1	30.0
Silver granule ¹	koz	1,661	1,668	766	895	717
Gold bar ¹	koz	16.1	17.7	9.7	6.4	7.7

¹ Toll processed at the Balkhash smelter.

Ore extraction of 2,227 kt in H1 2015 was in line with the comparative period in 2014, whilst copper in ore production was 11% lower due to reduced copper grades. The average copper grade of 2.24% was below the 2.47% grade in H1 2014, mainly reflecting a decrease in grade at the Orlovsky mine and an increased contribution from Bozymchak at a grade of 0.99%. Ore extraction in Q2 2015 was 12% above Q1 2015 at 1,176 kt, with the copper grade reduction to 2.17% from 2.31% mainly reflecting increased extraction at Bozymchak in Q2 2015.

In H1 2015, copper in concentrate output decreased by 2% to 43.3 kt compared to H1 2014, as lower copper in ore production was partially offset by the stockpiling of ore from Artemyevsky in H1 2014, whilst modernisation works were undertaken at the Nikolayevsky concentrator.

Copper cathode output of 36.7 kt in H1 2015 does not fully reflect the copper in concentrate production of 43.3 kt due to a build-up of work in progress at the Balkhash smelter, where copper concentrate from the East Region and Bozymchak is toll processed. Scheduled maintenance took place at one of the smelter's furnaces during Q2, temporarily reducing processing capacity. The work in progress is expected to be released during H2 2015.

In H1 2015, zinc in concentrate output reduced by 19% to 49.9 kt compared to H1 2014, as mining activities moved to lower by-product grade areas. In particular, zinc grades at the Orlovsky mine have decreased as mining has moved to lower levels with reduced grades and extraction at Artemyevsky has moved into a lower grade transitional zone between two ore bodies. The anticipated decline in zinc grade at Artemyevsky occurred later than expected, as high by-product content areas were encountered close to the edge of the depleted ore body. Output also benefited from the processing of higher grade stockpiled material at the Nikolayevsky concentrator. Zinc output for the full year is now expected to be at the upper end of the guidance for 2015 of 90-95 kt of zinc in concentrate.

MINING PRODUCTION

Production summary

Strong silver granule output of 1,661 koz benefited from higher than expected silver grades at Artemyevsky and Irtyshsky in H1 2015, improved recovery rates and a release of work in progress. Silver granule output in H2 2015 is planned to decrease as a result of lower silver grades and as the first half benefited from a release of work in progress. Recovery rates for silver improved as a result of the processing of higher grade material. Silver output for the full year is now expected to be at the upper end of the guidance for 2015 of 2,250-2,500 koz of silver granule.

Gold output was supported by a contribution of 5.1 koz of gold bar from Bozymchak in H1 2015, partially offsetting the lower gold grades in the East Region. Gold production from Bozymchak is expected to increase in H2 2015 as optimisation works at the on-site concentrator continue and work in progress at the smelter is released. The concentrator optimisation works are now expected to be completed by the end of 2015 based on the equipment delivery schedule. The guidance for gold bar output from the East Region and Bozymchak has been reduced to between 34 koz and 38 koz in 2015.

MINING PRODUCTION

Copper

MINING		6m 2015	6m 2014	Q2 2015	Q1 2015	Q2 2014
Artemyevsky	ore (kt)	649	674	325	324	350
	grade (%)	1.72	1.79	1.70	1.73	1.78
Irtysky	ore (kt)	327	321	163	164	159
	grade (%)	1.71	1.47	1.67	1.74	1.49
Orlovsky	ore (kt)	704	783	350	354	400
	grade (%)	3.48	3.84	3.47	3.49	3.83
Yubileyno-Snegirikhinsky	ore (kt)	323	359	166	157	184
	grade (%)	1.97	2.13	2.06	1.88	1.88
Bozymchak	ore (kt)	224	115	172	52	63
	grade (%)	0.99	0.98	0.99	0.99	0.94
East Region & Bozymchak						
	ore (kt)	2,227	2,252	1,176	1,051	1,156
	grade (%)	2.24	2.47	2.17	2.31	2.42
Aktogay	ore (kt)	251	-	251	-	-
	grade (%)	0.31	-	0.31	-	-
Total						
	ore (kt)	2,478	2,252	1,427	1,051	1,156
	grade (%)	2.04	2.47	1.84	2.31	2.42

Ore extraction in H1 2015 from the East Region and Bozymchak mines of 2,227 kt was in line with the comparative period in 2014. East Region ore output decreased by 6% to 2,003 kt, offset by additional output from Bozymchak, which increased to 224 kt from 115 kt in H1 2014.

Ore output of 1,176 kt in Q2 2015 was 12% above Q1 2015, mainly reflecting the higher contribution from Bozymchak. Ore extraction in the East Region in Q2 2015 was in line with the previous quarter.

The average copper grade in H1 2015 was 2.24%, lower than the grade of 2.47% in the 2014 comparative period mainly due to a decrease in grade at Orlovsky to 3.48% (H1 2014: 3.84%) and the increased contribution from Bozymchak at a copper grade of 0.99%.

The reduction in the average copper grade in Q2 2015 to 2.17% compared to 2.31% in Q1 2015 was mainly attributable to the increased volumes of lower grade ore mined at Bozymchak in Q2 2015.

In H1 2015, ore extraction decreased at Orlovsky by 10% compared to H1 2014 and the copper grade was 3.48% (H1 2014: 3.84%). Ore output and grade were both reduced as extraction moved to deeper sections.

Ore output at the Artemyevsky mine in H1 2015 was marginally below the prior year period due to equipment downtime, which temporarily restricted ore extraction. The copper grade decreased to 1.72% (H1 2014: 1.79%) in line with management expectations as mining moves through a transitional zone between two ore bodies.

MINING PRODUCTION

Copper

Ore extraction at the Irtyshtsky mine in H1 2015 was in line with the prior year period. The higher copper grade at Irtyshtsky of 1.71% in H1 2015 (H1 2014: 1.47%) partially offset the lower grades across other mines as extraction temporarily moved through higher metal grade areas.

Ore output at the Yubileyno-Snegirikhinsky mine in H1 2015 was 10% below the comparative period in 2014. The mine is expected to cease operations during 2016 due to the depletion of resources.

Ore extraction at Bozymchak in the current year will be limited to approximately 400 kt and will be performed alongside stripping work. Combined with ore stockpiled in 2014 this rate of extraction will be sufficient for processing during 2015.

Bozshakol and Aktogay

Pre-production mining operations at Bozshakol commenced in late May in advance of sulphide ore extraction in the third quarter. Ore extraction at Aktogay commenced in Q2 2015, with 251 kt of oxide ore containing 0.8 kt of copper mined ahead of irrigation in H2 2015. Each of the heap leach cells at Aktogay has a capacity of approximately 1 million tonnes of ore per cycle and will be filled at one month intervals once mining is fully ramped up.

Copper

		6m 2015	6m 2014	Q2 2015	Q1 2015	Q2 2014
PROCESSING						
Orlovsky concentrator	kt	22.2	26.6	11.2	11.0	13.3
Nikolayevsky concentrator	kt	14.6	11.8	7.4	7.2	6.0
Belousovsky concentrator	kt	5.2	4.3	2.6	2.6	2.3
Third party ¹	kt	-	1.7	-	-	0.7
Bozymchak concentrator	kt	1.3	-	0.6	0.7	-
Total copper in concentrate output	kt	43.3	44.4	21.8	21.5	22.3
Total copper cathode production²	kt	36.7	41.1	17.6	19.1	19.9

¹Third party processing of ore ceased in Q3 2014.

²Toll processed at the Balkhash smelter.

Copper in concentrate production in H1 2015 was 2% or 1.1 kt below the comparative period in 2014, mainly due to the lower volume of copper in ore mined at Orlovsky. Copper in ore mined in H1 2015 declined by 11% versus H1 2014, but this was offset by the stockpiling of ore in H1 2014 whilst modernisation works were undertaken at the Nikolayevsky concentrator.

Copper in concentrate output in H1 2015 also benefited from an increase in recovery rates across the East Region to 89.3% compared to 88.2% in the prior year period, despite the lower ore grade. Increased recovery rates were mainly the result of the increased capacity of the Nikolayevsky concentrator following modernisation works, which allowed processing to take place at a higher recovery rate compared to those achieved through third party processing.

Q2 2015 copper in concentrate output was consistent with the previous quarter.

The Orlovsky concentrator produced 22.2 kt of copper in concentrate in H1 2015, representing a decline of 17% or 4.4 kt compared to H1 2014, in line with the mine's 19% or 5.6 kt reduction in copper metal in ore extracted from the mine.

The Nikolayevsky concentrator, which processes ore from Artemyevsky and Yubileyno-Snegirikhinsky, increased copper in concentrate output to 14.6 kt in H1 2015 (H1 2014: 11.8 kt). The increase reflects the restricted capacity of the concentrator during H1 2014 whilst modernisation works were undertaken, with 1.7 kt of copper in concentrate produced by a third party from Artemyevsky ore in that period. The modernisation works have increased the capacity of the concentrator and shipments of ore for third party processing ceased in Q3 2014.

The Belousovsky concentrator, processing ore from the Irtyshsky mine, delivered 21% or 0.9 kt higher copper in concentrate production in H1 2015 versus the comparable period in 2014. This was mainly a result of the higher copper grade at Irtyshsky of 1.71% (H1 2014: 1.47%).

Copper

Output from the Bozymchak concentrator was constrained in H1 2015 as optimisation works were undertaken to increase throughput capacity and improve recovery rates. The optimisation works necessitated periods of production downtime whilst additional equipment was installed. The optimisation works will continue in H2 2015 and are expected to deliver increased throughput by the end of the year.

Copper cathode production in H1 2015 was 11% below H1 2014 at 36.7 kt. Annual maintenance works at one of the two furnaces at the Balkhash smelter in Q2 2015 restricted available smelting capacity and resulted in a build-up of copper cathode work in progress which will be processed in H2 2015. Further maintenance works are also planned for Q3 2015 on the second furnace. Guidance for copper cathode production from the East Region and Bozymchak in 2015 is maintained at between 80 kt and 85 kt.

Copper cathode production in Q2 2015 was 8% or 1.5 kt below Q1 2015 despite similar levels of copper in concentrate production, reflecting the build-up of work in progress at the smelter in Q2 2015.

MINING PRODUCTION

Other Metals

Zinc

		6m 2015	6m 2014	Q2 2015	Q1 2015	Q2 2014
MINING & PROCESSING						
Zinc bearing ore mined	kt	2,003	2,137	1,004	999	1,093
Average zinc grade	%	3.25	4.29	3.27	3.23	3.96
Zinc in ore mined	kt	65.1	91.7	32.8	32.3	43.3
Zinc in concentrate	kt	49.9	61.7	24.8	25.1	30.0

Zinc in ore mined in H1 2015 was 29% below H1 2014 as average grades declined to 3.25% compared to 4.29% in the prior year period. Average zinc grades at the Orlovsky and Artemyevsky mines decreased to 4.06% and 3.34% respectively in H1 2015 (H1 2014: 6.03% and 4.16%), as production moves to lower zinc grade areas. Ore output at Orlovsky also declined by 10% in line with the lower output expectations for this mine as extraction moves to deeper sections. At Artemyevsky, some areas of higher than anticipated by-product grades were mined close to the edge of the depleted ore body which partially offset the lower zinc content in the transitional zone. The average zinc grade in Q2 2015 of 3.27% was broadly in line with the previous quarter.

Zinc in concentrate output in H1 2015 of 49.9 kt was 19% or 11.8 kt below the comparative period in 2014. This reflects a 29% decrease in zinc metal in ore mined due to lower grade and ore output, partially offset by stockpiling of ore at the Nikolayevsky concentrator in H1 2014 during modernisation works. Production was supported by a strong recovery rate at the Belousovsky concentrator where adjustments were made to reagents used in processing which improved zinc recoveries.

Zinc in concentrate output in Q2 2015 was in line with Q1 2015.

Zinc output in H2 2015 is anticipated to be lower than H1 2015, mainly due to declining by-product grades at Artemyevsky. Following the strong output in the first half, zinc in concentrate production for the full year is now expected to be at the upper end of the guidance for 2015 of 90-95 kt.

MINING PRODUCTION

Other Metals

Silver

		6m 2015	6m 2014	Q2 2015	Q1 2015	Q2 2014
MINING & PROCESSING						
Silver bearing ore mined	kt	2,227	2,252	1,176	1,051	1,156
Average silver grade	g/t	45.5	58.9	43.1	48.1	56.9
Silver in ore mined	koz	3,255	4,269	1,629	1,626	2,116
Silver in concentrate	koz	1,667	1,788	803	864	888
Silver granule	koz	1,661	1,668	766	895	717

Silver in ore mined decreased in H1 2015 by 24% or 1,014 koz compared to H1 2014, principally due to a lower silver grade of 37.6 g/t (H1 2014: 70.7 g/t) at Artemyevsky as mining operations moved to a transitional area between ore bodies with lower by-product content. In addition, silver in ore mined decreased at Orlovsky as extraction moved to lower metal grade sections at deeper horizons.

Output of silver in concentrate in H1 2015 fell by 7% or 121 koz from the comparative period in 2014, to 1,667 koz, as the underlying 24% decrease in silver in ore output was partially offset by stockpiling of ore at the Nikolayevsky concentrator during modernisation works in H1 2014.

Silver granule output in H1 2015 of 1,661 koz was in line with the comparative period in 2014. Production in H1 2015 benefited from a release of work in progress, compared to a build-up of work in progress in H1 2014.

Silver granule output in Q2 2015 was 14% or 129 koz lower than Q1 2015, reflecting a 7% decrease in silver in concentrate output and a release of work in progress in Q1 2015.

Silver production in H1 2015 benefited from higher than anticipated by-product grades at Artemyevsky, although they were lower than the prior year period. Recovery rates also improved, in particular at the Belousovsky concentrator, due to the processing of higher grade ore from the Irtyshsky mine. Silver output in H2 2015 is planned to be lower than H1 2015 due to lower silver grades, mainly as a result of declining by-product grades at Artemyevsky and as the first half benefited from a release of work in progress. Following the strong production in H1 2015, silver output for the full year is expected to be at the upper end of the guidance of 2,250-2,500 koz of silver granule.

MINING PRODUCTION

Other Metals

Gold

		6m 2015	6m 2014	Q2 2015	Q1 2015	Q2 2014
MINING & PROCESSING						
Gold bearing ore mined	kt	2,227	2,252	1,176	1,051	1,156
Average gold grade	g/t	0.74	0.88	0.77	0.71	0.87
Gold in ore mined	koz	53.3	63.8	29.2	24.1	32.2
Gold in concentrate	koz	19.6	17.2	8.9	10.7	8.3
Gold bar	koz	16.1	17.7	9.7	6.4	7.7

Gold in ore mined decreased in H1 2015 by 17% or 10.5 koz compared to H1 2014, principally due to lower gold grades at Artemyevsky and Orlovsky and the lower volume of ore mined at Orlovsky. The overall gold grade in the East Region operations decreased to 0.63 g/t in H1 2015 from 0.82 g/t in H1 2014.

Bozymchak contributed 12.5 koz or 23% of the total gold in ore mined in H1 2015 compared to 7.2 koz in H1 2014, partially offsetting the decrease in the East Region output. Overall gold in concentrate output in H1 2015 increased by 14% to 19.6 koz (H1 2014: 17.2 koz) as the contribution from Bozymchak of 6.8 koz more than offset the decrease in the East Region's production.

Gold bar production of 16.1 koz in H1 2015 was 9% or 1.6 koz below 2014 levels as the 14% increase in gold in concentrate output was more than offset by a release of work in progress in H1 2014 compared to the build-up of work in progress at the Balkhash smelter in H1 2015.

Bozymchak contributed finished metal of 5.1 koz in H1 2015 from gold in concentrate output of 6.8 koz, with some concentrate in transit.

Gold in concentrate production in Q2 2015 was 17% or 1.8 koz below Q1 2015 due to lower production from the East Region and restricted processing at the Bozymchak concentrator whilst optimisation works took place. Gold bar output in Q2 2015 was 52% or 3.3 koz above Q1 2015, as Q2 production benefited from a release of work in progress compared to a build-up in Q1 2015.

Gold production from Bozymchak is expected to increase as optimisation works at the on-site concentrator continue and work in progress at the smelter is released. The concentrator optimisation works are now expected to be completed by the end of 2015 and therefore the guidance for gold bar output from the East Region and Bozymchak has been reduced to between 34 koz and 38 koz in 2015.

APPENDIX – GROUP PRODUCTION SUMMARY

Copper processing

		6m 2015	6m 2014	Q2 2015	Q1 2015	Q2 2014
East Region						
Copper concentrate	kt	213.9	234.8	106.6	107.3	115.8
Copper in concentrate	kt	42.0	44.4	21.2	20.8	22.3
Bozymchak						
Copper concentrate	kt	5.6	-	2.7	2.9	-
Copper in concentrate	kt	1.3	-	0.6	0.7	-
Total copper concentrate		219.5	234.8	109.3	110.2	115.8
Total copper in concentrate		43.3	44.4	21.8	21.5	22.3
Copper cathode output (tolled)		36.7	41.1	17.6	19.1	19.9
East Region	kt	35.8	41.1	17.1	18.7	19.9
Bozymchak	kt	0.9	-	0.5	0.4	-

Other metals mining – Zinc

		6m 2015	6m 2014	Q2 2015	Q1 2015	Q2 2014
East Region						
Zinc bearing ore mined	kt	2,003	2,137	1,004	999	1,093
Artemyevsky	grade (%)	3.34	4.16	3.37	3.31	3.86
Irtysky	grade (%)	3.21	3.42	3.12	3.29	3.28
Orlovsky	grade (%)	4.06	6.03	4.14	3.99	5.58
Yubileyno-Snegirikhinsky	grade (%)	1.34	1.52	1.39	1.30	1.25
Average	grade (%)	3.25	4.29	3.27	3.23	3.96
Zinc in ore mined	kt	65.1	91.7	32.8	32.3	43.3
Zinc in concentrate	kt	49.9	61.7	24.8	25.1	30.0

APPENDIX – GROUP PRODUCTION SUMMARY

Other metals mining – Silver

		6m 2015	6m 2014	Q2 2015	Q1 2015	Q2 2014
East Region and Bozymchak						
Silver bearing ore mined	kt	2,227	2,252	1,176	1,051	1,156
Artemyevsky	grade (g/t)	37.6	70.7	38.3	36.8	73.7
Irtyshtsky	grade (g/t)	67.9	48.2	69.7	66.1	46.9
Orlovsky	grade (g/t)	66.0	77.7	61.5	70.5	70.7
Yubileyno-Snegirikhinsky	grade (g/t)	18.2	20.9	21.8	14.5	19.6
Bozymchak	grade (g/t)	10.1	11.2	10.1	10.1	10.5
Average	grade (g/t)	45.5	58.9	43.1	48.1	56.9
Silver in ore mined	koz	3,255	4,269	1,629	1,626	2,116
East Region	koz	3,182	4,227	1,573	1,609	2,095
Bozymchak	koz	73	42	56	17	21
Total silver in concentrate	koz	1,667	1,788	803	864	888
East Region	koz	1,621	1,788	781	840	888
Bozymchak	koz	46	-	22	24	-
Silver granule output	koz	1,661	1,668	766	895	717
East Region	koz	1,629	1,668	740	889	717
Bozymchak	koz	32	-	26	6	-

Other metals mining – Gold

		6m 2015	6m 2014	Q2 2015	Q1 2015	Q2 2014
East Region and Bozymchak						
Gold bearing ore mined	kt	2,227	2,252	1,176	1,051	1,156
Artemyevsky	grade (g/t)	0.38	0.66	0.39	0.37	0.72
Irtyshtsky	grade (g/t)	0.29	0.29	0.27	0.31	0.32
Orlovsky	grade (g/t)	1.17	1.39	1.13	1.21	1.27
Yubileyno-Snegirikhinsky	grade (g/t)	0.33	0.38	0.28	0.39	0.38
Bozymchak	grade (g/t)	1.73	1.94	1.71	1.78	1.93
Average	grade (g/t)	0.74	0.88	0.77	0.71	0.87
Gold metal in ore mined	koz	53.3	63.8	29.2	24.1	32.2
East Region	koz	40.8	56.7	19.6	21.2	28.3
Bozymchak	koz	12.5	7.1	9.6	2.9	3.9
Gold in concentrate	koz	19.6	17.2	8.9	10.7	8.3
East Region	koz	12.8	17.2	5.8	7.0	8.3
Bozymchak	koz	6.8	-	3.1	3.7	-
Gold bar output	koz	16.1	17.7	9.7	6.4	7.7
East Region	koz	11.0	17.7	5.3	5.7	7.7
Bozymchak	koz	5.1	-	4.4	0.7	-