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29 October 2015

## **KAZ MINERALS PLC PRODUCTION REPORT FOR NINE MONTHS AND THE THIRD QUARTER ENDED 30 SEPTEMBER 2015 AND INTERIM MANAGEMENT STATEMENT**

- **Copper cathode production of 58 kt for the nine months**
  - Underlying copper in concentrate production of 67 kt
  - On target to achieve 80-85 kt full year cathode guidance, supported by expected release of copper work in progress in Q4 2015
- **Good zinc and silver by-product output**
  - Zinc in concentrate output for the nine months of 73 kt, expected to be at the upper end of full year guidance (90-95 kt)
  - Silver granule output of 2,450 koz benefited from the release of work in progress, full year output now forecast to exceed FY 2015 guidance (2,250-2,500 koz) by around 10%
  - Gold output of 28 koz for the nine months, supported by 25% higher output in Q3. On course to achieve full year guidance (34-38 koz)
- **Bozshakol and Aktogay pre-production activities**
  - Stripping and mining of clay ore and waste material at Bozshakol continued throughout Q3, opening access to sulphide ore ahead of the concentrator commissioning in Q1 2016
  - Oxide ore output commenced at Aktogay in June, with 2,125 kt of ore at a grade of 0.37% placed on leach pads by 30 September. Acid irrigation of the leach pads commenced on 26 September

Oleg Novachuk, Chief Executive, said: "Another solid quarter of production from our East Region operations and Bozymchak leaves us well positioned to meet our 2015 copper and by-product targets. At Bozshakol, the replacement of equipment damaged in the fire on 14 August 2015 is progressing well, with the concentrator on track for commissioning in Q1 2016. Acid irrigation of oxide ore at Aktogay began in late September and we expect the first copper cathode output from the project this year."

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**KAZ Minerals PLC**

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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 operates four mines and three concentrators in the East Region of Kazakhstan and the Bozymchak copper-gold mine in Kyrgyzstan. In 2014, total copper cathode output from the East Region and Bozymchak was 84 kt with by-products of 121 kt of zinc in concentrate, 3,435 koz of silver granule and 35 koz of gold bar.

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

|                                        |     | 9m<br>2015 | 9m<br>2014 | Q3<br>2015 | Q2<br>2015 | Q3<br>2014 |
|----------------------------------------|-----|------------|------------|------------|------------|------------|
| Ore extraction                         | kt  | 5,468      | 3,513      | 2,990      | 1,427      | 1,260      |
| Average copper grade                   | %   | 1.51       | 2.34       | 1.07       | 1.84       | 2.11       |
| Copper in ore mined                    | kt  | 82.7       | 82.3       | 32.1       | 26.3       | 26.6       |
| Copper in concentrate                  | kt  | 66.5       | 66.4       | 23.2       | 21.8       | 21.9       |
| Copper cathode production <sup>1</sup> | kt  | 58.4       | 59.4       | 21.7       | 17.6       | 18.3       |
| Zinc in concentrate                    | kt  | 73.3       | 89.4       | 23.3       | 24.8       | 27.7       |
| Silver granule <sup>1</sup>            | koz | 2,450      | 2,630      | 788        | 766        | 962        |
| Gold bar <sup>1</sup>                  | koz | 28.2       | 23.3       | 12.1       | 9.7        | 5.6        |

<sup>1</sup> Toll processed at the Balkhash smelter.

The Group's ore extraction increased in the first nine months of 2015 to 5,468 kt, 56% above the prior year period as oxide ore output from the new Aktogay mine commenced in June. The mining activity at Aktogay is also reflected in the higher Q3 2015 Group ore output of 2,990 kt, which is significantly above the level achieved in Q2 2015.

The average copper grade across the Group in the first nine months of 2015 was 1.51%, lower than the grade achieved in the first nine months of 2014 due to the commencement of mining at Aktogay at a grade of 0.37% in Q2 2015.

Copper in concentrate output increased by 0.1 kt to 66.5 kt for the first nine months of 2015, consisting of a 1.9 kt reduction in copper in concentrate output in the East Region offset by higher output at Bozymchak of 2.1 kt (2014: 0.1 kt). Whilst there was a 9% reduction in copper in ore mined compared to the prior year period at the East Region and Bozymchak, in 2014 ore was stockpiled as modernisation works were carried out at the Nikolayevsky concentrator.

In Q3 2015, copper in concentrate output increased by 6% or 1.4 kt compared to Q2 2015, reflecting the processing of stockpiled ore at the Nikolayevsky concentrator.

Copper cathode output in the first nine months of 2015 was 58.4 kt, a decrease of 2% or 1.0 kt against the comparative period in 2014. There was a significant increase in Balkhash smelter throughput in Q3 2015 as the smelter had undergone maintenance in the previous quarter. Whilst the concentrate inventory at the smelter built up in the first half was processed, due to the timing of shipments from the East Region and Bozymchak, not all of the concentrate produced in Q3 was treated. The cathode output for the nine months therefore does not fully reflect underlying copper in concentrate production. Work in progress levels are expected to fall in Q4 2015 and the Group remains on track to achieve its full year production guidance of 80-85 kt of copper cathode.

Copper cathode output in Q3 2015 of 21.7 kt was 23% or 4.1 kt above Q2 2015 reflecting the build up of work in progress in Q2 2015 during the scheduled maintenance at the Balkhash smelter.

## MINING PRODUCTION

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### Production summary

Zinc in concentrate output in the first nine months of 2015 of 73.3 kt was 18% or 16.1 kt below the comparative period in 2014, reflecting the 23% decrease in metal in ore mined as extraction moved to lower zinc grade areas at the Orlovsky and Artemyevsky mines. Zinc in concentrate production is expected to be at the upper end of the full year guidance range of 90-95 kt.

Silver granule output of 2,450 koz in the first nine months of 2015 benefited from the release of work in progress and higher than expected silver grades across the East Region. Full year silver granule output is expected to exceed FY 2015 guidance of 2,250-2,500 koz by around 10%.

Gold bar production of 28.2 koz in the first nine months of 2015 was 21% or 4.9 koz above the prior year period due to a 19% increase in gold in concentrate output as the Bozymchak mine ramped up production. Bozymchak produced 9.4 koz of gold bar in the period, more than offsetting the reduction in gold bar production from the East Region where gold grades were lower, mainly due to the transition between two ore bodies at Artemyevsky. In Q4, further optimisation works are scheduled at Bozymchak requiring downtime at the concentrator, however the Group remains on course to achieve the full year gold guidance of 34-38 koz.

## MINING PRODUCTION

### Copper

|                                    |                                 | 9m<br>2015   | 9m<br>2014   | Q3<br>2015   | Q2<br>2015   | Q3<br>2014   |
|------------------------------------|---------------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>MINING</b>                      |                                 |              |              |              |              |              |
| Orlovsky                           | ore (kt)                        | 1,062        | 1,158        | 358          | 350          | 376          |
|                                    | grade (%)                       | 3.53         | 3.73         | 3.61         | 3.47         | 3.48         |
| Artemyevsky                        | ore (kt)                        | 973          | 1,014        | 324          | 325          | 340          |
|                                    | grade (%)                       | 1.69         | 1.76         | 1.63         | 1.70         | 1.69         |
| Irtyshtsky                         | ore (kt)                        | 489          | 466          | 162          | 163          | 145          |
|                                    | grade (%)                       | 1.68         | 1.46         | 1.64         | 1.67         | 1.46         |
| Yubileyno-Snegirikhinsky           | ore (kt)                        | 483          | 509          | 160          | 166          | 149          |
|                                    | grade (%)                       | 1.97         | 2.13         | 1.96         | 2.06         | 2.13         |
| Bozymchak                          | ore (kt)                        | 336          | 365          | 112          | 172          | 250          |
|                                    | grade (%)                       | 0.97         | 1.00         | 0.92         | 0.99         | 1.00         |
| <b>East Region &amp; Bozymchak</b> | <b>ore (kt)</b>                 | <b>3,343</b> | <b>3,513</b> | <b>1,116</b> | <b>1,176</b> | <b>1,260</b> |
|                                    | <b>grade (%)</b>                | <b>2.24</b>  | <b>2.34</b>  | <b>2.24</b>  | <b>2.17</b>  | <b>2.11</b>  |
|                                    | <b>copper in ore mined (kt)</b> | <b>74.9</b>  | <b>82.3</b>  | <b>25.1</b>  | <b>25.5</b>  | <b>26.6</b>  |
|                                    |                                 |              |              |              |              |              |
| Aktogay                            | ore (kt)                        | 2,125        | -            | 1,874        | 251          | -            |
|                                    | grade (%)                       | 0.37         | -            | 0.38         | 0.31         | -            |
|                                    | copper in ore mined (kt)        | 7.8          | -            | 7.0          | 0.8          | -            |
|                                    |                                 |              |              |              |              |              |
| <b>Total</b>                       | <b>ore (kt)</b>                 | <b>5,468</b> | <b>3,513</b> | <b>2,990</b> | <b>1,427</b> | <b>1,260</b> |
|                                    | <b>grade (%)</b>                | <b>1.51</b>  | <b>2.34</b>  | <b>1.07</b>  | <b>1.84</b>  | <b>2.11</b>  |
|                                    | <b>copper in ore mined (kt)</b> | <b>82.7</b>  | <b>82.3</b>  | <b>32.1</b>  | <b>26.3</b>  | <b>26.6</b>  |

#### East Region and Bozymchak

In the first nine months of 2015, ore extraction decreased at Orlovsky by 8% or 96 kt and the copper grade fell to 3.53% (9m 2014: 3.73%) as mining activity moved to deeper and less copper rich horizons.

Ore output at Artemyevsky decreased by 4% or 41 kt in the first nine months. Extraction has moved into a transitional area between the two ore bodies where by-product grades are lower and the copper grade has fallen from 1.76% to 1.69%.

The Irtyshtsky mine increased ore output by 5% or 23 kt in the first nine months of 2015, supported by improved mining equipment availability compared to the prior year period. The mine also benefited from a temporary move to higher metal grade horizons with the copper grade rising to 1.68% from 1.46% in the prior year period.

## MINING PRODUCTION

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### Copper

Ore extraction and the average copper grade at the mature Yubileyno-Snegirikhinsky mine decreased in the first nine months of 2015 compared to the prior year period as the remaining reserves of the mine are exploited. It is expected that reserves will be fully depleted during 2016.

Ore output in the first nine months of 2015 at the Bozymchak mine was at the level required to achieve the production plan for the year of approximately 400 kt. With the ore stockpiled in 2014, the current rate of extraction will be more than sufficient for processing during 2015.

#### Aktogay

Following the commencement of mining operations at Aktogay in Q2 2015, extraction of oxide ore continued in Q3 in preparation for the commissioning of the SX/EW plant later in 2015. At 30 September 2015, 2,125 kt of ore at a grade of 0.37% had been placed on the first two of the nine heap leach cells. Acid irrigation of the heaps commenced on 26 September and initial copper cathode production is expected in Q4 2015.

#### Bozshakol

At Bozshakol, stripping activity continued during Q3 2015 with the mining team preparing multiple higher grade sulphide ore areas in the first stage of the pit. The extraction of sulphide ore will begin immediately prior to the concentrator commissioning in Q1 2016. Reverse circulation grade control drilling took place in July and August to update the geological model for a section of the ore body.

## MINING PRODUCTION

### Copper

|                                                    |           | 9m<br>2015  | 9m<br>2014  | Q3<br>2015  | Q2<br>2015  | Q3<br>2014  |
|----------------------------------------------------|-----------|-------------|-------------|-------------|-------------|-------------|
| <b>PROCESSING</b>                                  |           |             |             |             |             |             |
| Orlovsky concentrator                              | kt        | 33.7        | 38.6        | 11.5        | 11.2        | 12.0        |
| Nikolayevsky concentrator                          | kt        | 23.2        | 19.4        | 8.5         | 7.4         | 7.5         |
| Belousovsky concentrator                           | kt        | 7.5         | 6.6         | 2.3         | 2.6         | 2.3         |
| Third party <sup>1</sup>                           | kt        | -           | 1.7         | -           | -           | -           |
| Bozymchak concentrator                             | kt        | 2.1         | 0.1         | 0.9         | 0.6         | 0.1         |
| <b>Total copper in concentrate output</b>          | <b>kt</b> | <b>66.5</b> | <b>66.4</b> | <b>23.2</b> | <b>21.8</b> | <b>21.9</b> |
| <b>Total copper cathode production<sup>2</sup></b> | <b>kt</b> | <b>58.4</b> | <b>59.4</b> | <b>21.7</b> | <b>17.6</b> | <b>18.3</b> |

<sup>1</sup>Third party processing of ore ceased in Q3 2014.

<sup>2</sup>Toll processed at the Balkhash smelter.

Copper in concentrate production in the first nine months of 2015 of 66.5 kt was in line with the comparative period in 2014 as slightly lower output from the East Region was offset by the contribution from the new Bozymchak concentrator.

Copper in concentrate output in Q3 2015 was 6% or 1.4 kt above Q2 2015, reflecting a net increase of 1.5 kt of copper in ore processed across all concentrators, mainly due to increased throughput at Nikolayevsky. Some additional ore was processed from stockpiles at the Nikolayevsky concentrator in Q3 2015 ahead of scheduled maintenance in Q4 2015.

In the first nine months of 2015, output from the Orlovsky concentrator decreased by 13% as copper in ore mined declined due to lower grade and extraction volumes at the Orlovsky mine.

Copper in concentrate output from the Nikolayevsky concentrator, which processes ore from the Artemyevsky and Yubileyno-Snegirikhinsky mines, increased by 20% or 3.8 kt in the first 9 months of 2015 as its capacity was restricted during the modernisation works carried out during 2014.

The Belousovsky concentrator, which processes ore from the Irtyshsky mine, increased its output by 14% or 0.9 kt in the first nine months of 2015 due to higher copper grades at the Irtyshsky mine.

Copper in concentrate output from the Bozymchak concentrator was 2.1 kt in the first nine months of 2015, with 308 kt of ore processed. Ore processing volumes have been constrained as optimisation works are being undertaken to increase throughput capacity and improve recovery rates. The work is expected to complete later this year, enabling increased throughput at the concentrator in 2016.

Copper cathode output of 58.4 kt in the first nine months of 2015 was 2% or 1.0 kt below the comparative period in 2014, with underlying copper in concentrate production of 66.5 kt (2014: 66.3 kt). The build up of copper cathode work in progress that occurred in the first half of 2015 was not reversed in Q3 2015 but is expected to be released in Q4 2015. The Group remains on track to achieve its full year copper cathode production guidance of 80-85 kt.

## MINING PRODUCTION

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### Copper

Copper cathode output in Q3 2015 of 21.7 kt was 23% or 4.1 kt above Q2 2015, which was impacted by a build up of work in progress due to scheduled maintenance which took place at one of the Balkhash smelter's furnaces during Q2 2015.



## MINING PRODUCTION

### Other Metals

#### Zinc

|                                |    | 9m<br>2015 | 9m<br>2014 | Q3<br>2015 | Q2<br>2015 | Q3<br>2014 |
|--------------------------------|----|------------|------------|------------|------------|------------|
| <b>MINING &amp; PROCESSING</b> |    |            |            |            |            |            |
| Zinc bearing ore mined         | kt | 3,007      | 3,147      | 1,004      | 1,004      | 1,010      |
| Average zinc grade             | %  | 3.28       | 4.06       | 3.34       | 3.27       | 3.58       |
| Zinc in ore mined              | kt | 98.6       | 127.9      | 33.5       | 32.8       | 36.2       |
|                                |    |            |            |            |            |            |
| Zinc in concentrate            | kt | 73.3       | 89.4       | 23.3       | 24.8       | 27.7       |

In the first nine months of 2015, 98.6 kt of zinc in ore was mined, a decrease of 23% or 29.3 kt when compared to the prior year period. Zinc in ore mined at Orlovsky fell by 19.1 kt compared to the prior year period as the mine moved to deeper and lower zinc grade zones and ore output reduced. At Artemyevsky, the decrease in zinc grade from 3.85% to 3.24% resulted in a 7.5 kt decline of zinc in ore mined in the first nine months of 2015 compared to the corresponding period in 2014.

Zinc in concentrate output in the first nine months of 73.3 kt was 18% or 16.1 kt below the comparative period in 2014. This decrease reflects the 23% or 29.3 kt decline in zinc in ore mined partially offset by the stockpiling of ore during 2014 whilst modernisation works took place at the Nikolayevsky concentrator. Despite lower zinc grades, the average zinc recovery rates at the concentrators were consistent with the prior year period, with an increase in the recovery rate at the Belousovsky concentrator achieved through the introduction of new reagents.

Zinc in concentrate output in Q3 2015 was 6% or 1.5 kt below Q2 2015. The decrease was mainly due to the processing of lower zinc grade ore at the Nikolayevsky concentrator which also reduced recovery rates.

Due to the higher than expected grades at Artemyevsky and good concentrator recoveries, zinc in concentrate output in the first nine months of 2015 has been strong and production for the full year is expected to be at the upper end of the guidance range of 90-95 kt.

## MINING PRODUCTION

### Other Metals

#### Silver

|                                |     | 9m<br>2015 | 9m<br>2014 | Q3<br>2015 | Q2<br>2015 | Q3<br>2014 |
|--------------------------------|-----|------------|------------|------------|------------|------------|
| <b>MINING &amp; PROCESSING</b> |     |            |            |            |            |            |
| Silver bearing ore mined       | kt  | 3,343      | 3,513      | 1,116      | 1,176      | 1,260      |
| Average silver grade           | g/t | 43.8       | 52.6       | 40.5       | 43.1       | 41.4       |
| Silver in ore mined            | koz | 4,708      | 5,945      | 1,453      | 1,629      | 1,676      |
|                                |     |            |            |            |            |            |
| Silver in concentrate          | koz | 2,429      | 2,681      | 762        | 803        | 893        |
| Silver granule                 | koz | 2,450      | 2,630      | 788        | 766        | 962        |

The East Region and Bozymchak mined 4,708 koz of silver in ore in the first nine months of 2015. This was 1,237 koz or 21% below the comparative period in 2014, mainly due to lower grades at Artemyevsky and Orlovsky. The decrease in silver ore grade at the Artemyevsky mine to 35.5 g/t (2014: 63.1 g/t) had the greatest impact on output in the first nine months of 2015, as mining operations moved through a transitional area between two ore bodies with lower by-product content.

In Q3 2015, the silver ore grade at the Irtyshsky and Artemyevsky mines fell, resulting in a decrease in silver in ore mined of 176 koz compared to Q2 2015.

Output of silver in concentrate in the first nine months of 2015 of 2,429 koz was 9% or 252 koz below the prior year period as the 21% decrease in silver in ore mined was partially offset by the stockpiling of ore in 2014. Silver in concentrate output was also supported by an increase in the recovery rate at the Irtyshsky concentrator due to processing of higher silver grade ore in 2015.

In Q3 2015, silver in concentrate output was 5% or 41 koz below Q2 2015. This lower output was attributable to the 11% reduction in silver in ore mined due to lower silver grades at Irtyshsky and Artemyevsky, partially offset by the processing of stockpiled ore at the Nikolayevsky concentrator in Q3 2015.

In the first nine months of 2015, silver granule output was 7% or 180 koz below the comparative period in 2014, reflecting the 9% reduction in silver in concentrate output offset by a release of work in progress in 2015.

Silver granule output of 788 koz in Q3 2015 was 3% or 22 koz above Q2 2015, assisted by a release of work in progress at the smelter.

Following strong silver production in the first nine months of 2015, reflecting higher than anticipated silver ore grade across the East Region mines and a release of work in progress at the Balkhash smelter, the Group's silver granule output for the full year is now expected to exceed the 2015 guidance of 2,250-2,500 koz by around 10%.

## MINING PRODUCTION

### Other Metals

#### Gold

|                                |     | 9m    | 9m    | Q3    | Q2    | Q3    |
|--------------------------------|-----|-------|-------|-------|-------|-------|
| <b>MINING &amp; PROCESSING</b> |     | 2015  | 2014  | 2015  | 2015  | 2014  |
| Gold bearing ore mined         | kt  | 3,343 | 3,513 | 1,116 | 1,176 | 1,260 |
| Average gold grade             | g/t | 0.75  | 0.91  | 0.77  | 0.77  | 0.96  |
| Gold in ore mined              | koz | 81.0  | 102.7 | 27.6  | 29.2  | 38.9  |
|                                |     |       |       |       |       |       |
| Gold in concentrate            | koz | 30.7  | 25.9  | 11.1  | 8.9   | 8.7   |
| Gold bar                       | koz | 28.2  | 23.3  | 12.1  | 9.7   | 5.6   |

In the first nine months of 2015, gold in ore mined decreased by 21% or 21.7 koz compared to the prior year period. The decrease was mainly due to a 19.2 koz reduction in production from the East Region which reported lower gold grades at Orlovsky and Artemyevsky and a lower volume of ore mined at Orlovsky.

Bozymchak contributed 19.0 koz or 23% of the total gold in ore mined in the first nine months of 2015, compared to 21.6 koz or 21% of the total in the prior year period. The decrease in the gold in ore extracted at Bozymchak was a result of lower ore output and a temporary fall in the gold grade during Q2 2015 to 1.71 g/t. In Q3 2015, the Bozymchak gold grade returned to 1.81 g/t as mining moved back to higher gold content areas. Ore output at Bozymchak is in line with the level required to achieve the production plan for 2015 of approximately 400 kt.

Gold in concentrate output in the first nine months of 2015 increased by 19% to 30.7 koz (9m 2014: 25.9 koz) as the contribution from Bozymchak of 12.2 koz more than offset the decrease in the East Region's production.

Gold in concentrate output in Q3 2015 rose by 25% or 2.2 koz when compared to Q2 2015 due to increased processing throughput at the Bozymchak concentrator.

Gold bar production of 28.2 koz in the first nine months of 2015 was 21% or 4.9 koz above the prior year period due to a 19% increase in gold in concentrate output.

Gold bar output in Q3 2015 benefited from higher gold in concentrate production versus Q2 2015, while both periods benefited from releases of work in progress at the Balkhash smelter.

In Q4 2015, further optimisation works are scheduled at Bozymchak to increase throughput, which will require downtime at the concentrator.

The Group expects to achieve its full year guidance for gold bar production of between 34 koz and 38 koz.

## INTERIM MANAGEMENT STATEMENT

### Financial performance

#### Sales Volumes

The following table sets out the sales volumes for the major products produced by the operations in the East Region and at Bozymchak for the nine months to 30 September. For the first six months of 2015, Bozymchak's net revenues were deducted from fixed assets. From 1 July, the operations were considered to have achieved commercial production, with all revenues and operating costs subsequently recorded in the income statement. Bozymchak's sales volumes of 0.8 kt of copper cathode and 4.3 koz of gold bar in Q3 2015 were in line with its copper cathode and gold bar production.

|                              |     | 9m<br>2015 | 9m<br>2014 |
|------------------------------|-----|------------|------------|
| Copper cathodes <sup>1</sup> | kt  | 57.9       | 60.9       |
| Zinc in concentrate          | kt  | 74.9       | 89.3       |
| Silver granule               | koz | 2,393      | 3,097      |
| Gold bar                     | koz | 28.1       | 24.6       |

<sup>1</sup> Excludes 4.5 kt of cathode purchased externally to compensate for variances in monthly cathode output.

Copper cathode sales of 57.9 kt in the first nine months of 2015 were 0.5 kt below production volumes due to a small increase in goods in transit. Copper cathode sales were 3.0 kt below the prior year period due to a 1.0 kt decline in production and the small rise of goods in transit during 2015 compared to a release of finished goods in 2014.

Sales of zinc in concentrate of 74.9 kt in the first nine months of 2015 were 1.6 kt above production volumes due to a small release of finished goods inventory. Sales of zinc in concentrate were 14.4 kt below the prior year period reflecting the 16.1 kt decline in production in 2015 partially offset by a release of finished goods inventory in 2015.

Silver granule sales in the first nine months of 2015 totalled 2,393 koz which was broadly consistent with production of 2,450 koz. Silver sales were 704 koz below the prior year period due to a 180 koz decline in production and sales from inventory during 2014.

Gold bar sales of 28.1 koz in the first nine months of 2015 were consistent with production volumes over the same period. Gold bar sales were 3.5 koz above the prior year level with production in the first nine months of 2015 4.9 koz higher, partially offset by the release of finished goods inventory in the prior year period.

## INTERIM MANAGEMENT STATEMENT

### Financial performance

#### Commodity Prices

The following table sets out the average realised prices for the major products sold from the East Region and Bozymchak:

|                     |          | 9m<br>2015 | 9m<br>2014 |
|---------------------|----------|------------|------------|
| Copper cathode      | \$/tonne | 5,707      | 7,047      |
| Zinc in concentrate | \$/tonne | 1,162      | 1,215      |
| Silver              | \$/tr.oz | 16         | 20         |
| Gold                | \$/tr.oz | 1,205      | 1,270      |

The following table sets out the average LME/LBMA prices:

|        |          | 9m<br>2015 | 9m<br>2014 |
|--------|----------|------------|------------|
| Copper | \$/tonne | 5,699      | 6,943      |
| Zinc   | \$/tonne | 2,035      | 2,140      |
| Silver | \$/tr.oz | 16         | 20         |
| Gold   | \$/tr.oz | 1,178      | 1,288      |

The realised prices for the finished products sold will differ from the average LME/LBMA prices during the same period, principally because sales of the products are not made evenly over the period. Premiums or discounts to metal exchange prices negotiated with customers and quotation period adjustments also impact average realised prices.

The zinc in concentrate realised price is below the LME average price for the finished product due to the deduction of treatment and refining charges from the revenue derived from the sale of the product.

#### Commodity Hedging

At 30 September 2015, there were no commodity hedges in place.

#### Exchange Rates

The Central Bank of Kazakhstan ended its management of the KZT/USD exchange rate within a stated trading range in August 2015. The KZT/USD exchange rate at 30 September 2015 was KZT/USD 270.40, compared with KZT/USD 181.96 at 30 September 2014. The average exchange rate for the nine months ended 30 September 2015 was KZT/USD 195.57, compared with an average rate of KZT/USD 178.46 in the prior year period.

## INTERIM MANAGEMENT STATEMENT

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### Net debt and cash position

Net debt increased from \$1,589 million at 30 June 2015 to \$1,850 million at 30 September 2015, largely due to the continued development of the Bozshakol and Aktogay projects. Operating cash flows during the period included tax payments of \$10 million, quarterly mineral extraction tax payments of \$15 million and interest payments of \$56 million under the Group's debt facilities.

At 30 September 2015, gross debt was \$3,208 million compared to \$3,049 million at 30 June 2015, reflecting an additional \$250 million drawn under the China Development Bank ('CDB') Aktogay facility and the semi-annual \$87 million principal repayment under the CDB Bozshakol/Bozymchak facilities. Of the gross debt at 30 September 2015, \$1,879 million related to the CDB Bozshakol/Bozymchak facilities, \$983 million related to the CDB Aktogay facilities and \$346 million related to the PXF facility. \$500 million remains available for drawing under the CDB USD Aktogay facility. The \$50 million revolving credit facility with Caterpillar Financial Services (UK) Limited is undrawn.

Total cash and cash equivalents and current investments at 30 September 2015 amounted to \$1,358 million, compared to \$1,460 million at 30 June 2015. Of these funds, \$85 million is reserved for the development of Aktogay under the CDB Aktogay facility.

## APPENDIX – GROUP PRODUCTION SUMMARY

### Copper processing

|                                       |    | 9m<br>2015   | 9m<br>2014   | Q3<br>2015   | Q2<br>2015   | Q3<br>2014   |
|---------------------------------------|----|--------------|--------------|--------------|--------------|--------------|
| <b>East Region</b>                    |    |              |              |              |              |              |
| Copper concentrate                    | kt | 324.0        | 348.9        | 110.1        | 106.6        | 114.0        |
| Copper in concentrate                 | kt | 64.4         | 66.3         | 22.3         | 21.2         | 21.8         |
| <b>Bozymchak</b>                      |    |              |              |              |              |              |
| Copper concentrate                    | kt | 9.4          | 0.4          | 3.7          | 2.7          | 0.4          |
| Copper in concentrate                 | kt | 2.1          | 0.1          | 0.9          | 0.6          | 0.1          |
| <b>Total copper concentrate</b>       |    | <b>333.4</b> | <b>349.3</b> | <b>113.8</b> | <b>109.3</b> | <b>114.4</b> |
| <b>Total copper in concentrate</b>    |    | <b>66.5</b>  | <b>66.4</b>  | <b>23.2</b>  | <b>21.8</b>  | <b>21.9</b>  |
| <b>Copper cathode output (tolled)</b> |    | <b>58.4</b>  | <b>59.4</b>  | <b>21.7</b>  | <b>17.6</b>  | <b>18.3</b>  |
| East Region                           | kt | 56.7         | 59.4         | 20.9         | 17.1         | 18.3         |
| Bozymchak                             | kt | 1.7          | -            | 0.8          | 0.5          | -            |

### Other metals mining – Zinc

|                               |                  | 9m<br>2015   | 9m<br>2014   | Q3<br>2015   | Q2<br>2015   | Q3<br>2014   |
|-------------------------------|------------------|--------------|--------------|--------------|--------------|--------------|
| <b>East Region</b>            |                  |              |              |              |              |              |
| <b>Zinc bearing ore mined</b> | <b>kt</b>        | <b>3,007</b> | <b>3,147</b> | <b>1,004</b> | <b>1,004</b> | <b>1,010</b> |
| Orlovsky                      | grade (%)        | 4.35         | 5.63         | 4.92         | 4.14         | 4.81         |
| Artemyevsky                   | grade (%)        | 3.24         | 3.85         | 3.04         | 3.37         | 3.23         |
| Irtysky                       | grade (%)        | 3.15         | 3.29         | 3.05         | 3.12         | 3.02         |
| Yubileyno-Snegirikhinsky      | grade (%)        | 1.14         | 1.62         | 0.72         | 1.39         | 1.88         |
| <b>Average</b>                | <b>grade (%)</b> | <b>3.28</b>  | <b>4.06</b>  | <b>3.34</b>  | <b>3.27</b>  | <b>3.58</b>  |
| <b>Zinc in ore mined</b>      | <b>kt</b>        | <b>98.6</b>  | <b>127.9</b> | <b>33.5</b>  | <b>32.8</b>  | <b>36.2</b>  |
| <b>Zinc in concentrate</b>    | <b>kt</b>        | <b>73.3</b>  | <b>89.4</b>  | <b>23.3</b>  | <b>24.8</b>  | <b>27.7</b>  |

## APPENDIX – GROUP PRODUCTION SUMMARY

### Other metals mining – Silver

|                                    |                    | 9m<br>2015   | 9m<br>2014   | Q3<br>2015   | Q2<br>2015   | Q3<br>2014   |
|------------------------------------|--------------------|--------------|--------------|--------------|--------------|--------------|
| <b>East Region and Bozymchak</b>   |                    |              |              |              |              |              |
| <b>Silver bearing ore mined</b>    | <b>kt</b>          | <b>3,343</b> | <b>3,513</b> | <b>1,116</b> | <b>1,176</b> | <b>1,260</b> |
| Orlovsky                           | grade (g/t)        | 65.1         | 73.3         | 63.1         | 61.5         | 63.8         |
| Artemyevsky                        | grade (g/t)        | 35.5         | 63.1         | 31.5         | 38.3         | 47.9         |
| Irtysky                            | grade (g/t)        | 63.1         | 47.4         | 53.2         | 69.7         | 45.5         |
| Yubileyno-Snegirikhinsky           | grade (g/t)        | 17.6         | 20.3         | 16.2         | 21.8         | 18.7         |
| Bozymchak                          | grade (g/t)        | 10.2         | 10.2         | 10.5         | 10.1         | 9.7          |
| <b>Average</b>                     | <b>grade (g/t)</b> | <b>43.8</b>  | <b>52.6</b>  | <b>40.5</b>  | <b>43.1</b>  | <b>41.4</b>  |
| <b>Silver in ore mined</b>         | <b>koz</b>         | <b>4,708</b> | <b>5,945</b> | <b>1,453</b> | <b>1,629</b> | <b>1,676</b> |
| East Region                        | koz                | 4,598        | 5,825        | 1,415        | 1,573        | 1,598        |
| Bozymchak                          | koz                | 110          | 120          | 38           | 56           | 78           |
| <b>Total silver in concentrate</b> | <b>koz</b>         | <b>2,429</b> | <b>2,681</b> | <b>762</b>   | <b>803</b>   | <b>893</b>   |
| East Region                        | koz                | 2,346        | 2,678        | 725          | 781          | 890          |
| Bozymchak                          | koz                | 83           | 3            | 37           | 22           | 3            |
| <b>Silver granule output</b>       | <b>koz</b>         | <b>2,450</b> | <b>2,630</b> | <b>788</b>   | <b>766</b>   | <b>962</b>   |
| East Region                        | koz                | 2,388        | 2,630        | 758          | 740          | 962          |
| Bozymchak                          | koz                | 62           | -            | 30           | 26           | -            |

### Other metals mining – Gold

|                                  |                    | 9m<br>2015   | 9m<br>2014   | Q3<br>2015   | Q2<br>2015   | Q3<br>2014   |
|----------------------------------|--------------------|--------------|--------------|--------------|--------------|--------------|
| <b>East Region and Bozymchak</b> |                    |              |              |              |              |              |
| <b>Gold bearing ore mined</b>    | <b>kt</b>          | <b>3,343</b> | <b>3,513</b> | <b>1,116</b> | <b>1,176</b> | <b>1,260</b> |
| Orlovsky                         | grade (g/t)        | 1.19         | 1.35         | 1.24         | 1.13         | 1.25         |
| Artemyevsky                      | grade (g/t)        | 0.39         | 0.63         | 0.40         | 0.39         | 0.56         |
| Irtysky                          | grade (g/t)        | 0.28         | 0.28         | 0.25         | 0.27         | 0.26         |
| Yubileyno-Snegirikhinsky         | grade (g/t)        | 0.31         | 0.39         | 0.26         | 0.28         | 0.43         |
| Bozymchak                        | grade (g/t)        | 1.76         | 1.84         | 1.81         | 1.71         | 1.79         |
| <b>Average</b>                   | <b>grade (g/t)</b> | <b>0.75</b>  | <b>0.91</b>  | <b>0.77</b>  | <b>0.77</b>  | <b>0.96</b>  |
| <b>Gold metal in ore mined</b>   | <b>koz</b>         | <b>80.9</b>  | <b>102.7</b> | <b>27.6</b>  | <b>29.2</b>  | <b>38.9</b>  |
| East Region                      | koz                | 61.9         | 81.1         | 21.1         | 19.6         | 24.5         |
| Bozymchak                        | koz                | 19.0         | 21.6         | 6.5          | 9.6          | 14.4         |
| <b>Gold in concentrate</b>       | <b>koz</b>         | <b>30.7</b>  | <b>25.9</b>  | <b>11.1</b>  | <b>8.9</b>   | <b>8.7</b>   |
| East Region                      | koz                | 18.5         | 25.3         | 5.7          | 5.8          | 8.1          |
| Bozymchak                        | koz                | 12.2         | 0.6          | 5.4          | 3.1          | 0.6          |
| <b>Gold bar output</b>           | <b>koz</b>         | <b>28.2</b>  | <b>23.3</b>  | <b>12.1</b>  | <b>9.7</b>   | <b>5.6</b>   |
| East Region                      | koz                | 18.8         | 23.3         | 7.7          | 5.3          | 5.6          |
| Bozymchak                        | koz                | 9.4          | -            | 4.3          | 4.4          | -            |