# FOCUSED ON COPPER

KAZAKHMYS

## Kazakhmys PLC

## 2013 Results Presentation

27 February 2014

# IMPORTANT NOTICE

## DISCLAIMER

Certain statements included in this presentation contain forward-looking information concerning Kazakhmys' strategy, business, operations, financial performance or condition, outlook, growth opportunities or circumstances in the countries, sectors or markets in which Kazakhmys operates. By their nature, forward-looking statements involve uncertainty because they depend on future circumstances, and relate to events, not all of which are within Kazakhmys' control or can be predicted by Kazakhmys.

Although Kazakhmys believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Actual results could differ materially from those set out in the forward-looking statements.

No part of this presentation constitutes, or shall be taken to constitute, an invitation or inducement to invest in Kazakhmys PLC, or any other entity, and shareholders are cautioned not to place undue reliance on the forward-looking statements. Except as required by the Rules of the UK Listing Authority and applicable law, Kazakhmys undertakes no obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise..

KAZAKHMYS

## Oleg Novachuk

Chief Executive Officer

# HIGHLIGHTS

## TARGETS ACHIEVED

- Top of guidance range for copper production at 294 kt
- Operational cost savings and capex reduction ahead of target

## REFOCUSED ON COPPER

- $2.2 billion of net cash proceeds from disposal of non-core assets
- Pro forma net funds position post Ekibastuz GRES-1 disposal of $0.5 billion

## GROWTH PIPELINE

- Bozshakol / Aktogay (oxide) on schedule for first production 2015
- Aktogay sulphide moved to 2017
- Acquisition of a third major copper deposit in Kazakhstan approved

## Continuing focus on health and safety

- 18 fatalities (2012: 19)
- LTIFR of 1.84 (2012: 1.80)
- H&S spend of around $40 million
- Improvements in certain core risk areas
  - Reduced fatalities resulting from rock falls
  - Embedding risk assessment behaviour at underground operations
- Additional focus on transport safety, working at heights and heavy machinery handling in 2014

Introducing underground communications

Safety focus – working at height

# 2013 PRODUCTION

KAZAKHMYS

### Copper production

- Ore output up 4%
- Focus on profitable production
- Copper ore grade – 0.99% (2012: 0.95%)

### By-product production

- Zinc and gold output above targets
- Silver ahead of guidance, reflecting substantial release of work in progress

## 2013 RESULTS

| Copper[1] | Zinc in concentrate | Gold | Silver[2] |
|---|---|---|---|
| **294** kt | **134** kt | **108** koz | **14,348** koz |

## 2013 GUIDANCE

| Copper[1] | Zinc in concentrate | Gold | Silver[2] |
|---|---|---|---|
| **285-295** kt | **125** kt | **100** koz | **12,000** koz |

*Notes: 1. Includes copper cathode equivalent (own) of copper in concentrate sold and copper cathode converted into rod.*
*2. Includes the silver granule equivalent volumes in copper concentrate sales.*

# 2014 PRODUCTION OUTLOOK

KAZAKHMYS

## Copper production

- Ore extraction and grade in line with 2013 guidance
- 40% of sales will be in the form of copper concentrate

## By-product production

- Reduction in grades – zinc and silver
- Contribution to gold output from Bozymchak

## 2013 RESULTS

| Copper[1] | Zinc in concentrate | Gold | Silver[2] |
|---|---|---|---|
| 294 kt | 134 kt | 108 koz | 14,348 koz |

## 2014 GUIDANCE

| Copper[1] | Zinc in concentrate | Gold | Silver[2] |
|---|---|---|---|
| 285-295 kt | 120 kt | 125 koz | 11,000 koz |

*Notes: 1. Includes copper cathode equivalent (own) of copper in concentrate sold and copper cathode converted into rod.*
*2. Includes the silver granule equivalent volumes in copper concentrate sales.*

Maintaining profitable volumes

# COMMISSIONING OF BOZYMCHAK

November 2013

January 2014 – Grinding and flotation area

## Concentrator in commissioning stage

- First copper and gold concentrate – H1 2014
- Output ramp-up to full capacity expected 2015

## Project scope

- Ore processing 1 MT p.a., LOM 17 years
- 7 kt of copper in concentrate p.a.
- 35 koz of gold in concentrate p.a.
- Net cash cost[1] – 100 to 120 USc/lb

*Notes: 1. Estimated net cash cost over the first 10 years of the mine's operations, calculated using a long-term gold price of $1,300 per ounce, expressed in real terms.*

# KOKSAY – OPPORTUNITY TO INVEST IN LOW COST COPPER

KAZAKHMYS

## Key statistics

- Large scale open-pit
- Most attractive open pit copper asset in Kazakhstan
- Copper resource of 3.4 MT with upside potential
- Silver, gold and molybdenum by-products
- Initial capex – $10 million in 2014
- Acquisition cost – $260 million
  - $65 million deferred


| Growth projects | Cu resource (MT) | Cu grade (%) | Cu output[1] (kt) | LOM |
|---|---|---|---|---|
| Bozshakol | 4.1 | 0.35 | 100 | Over 40 |
| Aktogay | 5.8 | 0.34 | 100 | Over 50 |
| **Koksay** | **3.4** | **0.48** | **90** | **Over 20** |

*Note: 1. Average copper cathode equivalent production for the first 10 years of operation.*

**Addition of a third large scale open pit mine**

## Andrew Southam

Chief Financial Officer

# FINANCIAL UPDATE

KAZAKHMYS

**Financial Performance**

| $m (unless otherwise stated) | 2013 | 2012 |
|---|---|---|
| Segmental EBITDA | 873 | 1,364 |
| Gross cash cost of copper, USc/lb | 328 | 333 |
| Free Cash Flow | (171) | 85 |
| Net debt | (771) | (707) |

- Lower commodity prices
- Gross cash cost below guidance
  - Annualised cost savings – $120 million
  - Strong sales volumes

- Sustaining capital expenditure reduced to $487 million (2012: $653 million)
- Free Cash Flow includes $153 million of interest payments

- Continued investment in growth projects and receipt of ENRC proceeds
- Ekibastuz GRES-1 proceeds expected shortly

# EBITDA

## EBITDA[1]

| $m (unless otherwise stated) | 2013 | 2012 |
|---|---|---|
| Kazakhmys Mining | 705 | 1,160 |
| Captive Power | 48 | 19 |
| Corporate services | (31) | (52) |
| **Continuing operations** | **722** | **1,127** |
| Ekibastuz GRES-1 | 153 | 189 |
| MKM | (2) | 48 |
| **Segmental EBITDA[2]** | **873** | **1,364** |
| Share of EBITDA of ENRC[3] | 276 | 548 |
| **Group EBITDA** | **1,149** | **1,912** |

### Kazakhmys Mining

- Average LME copper price down 8%
- Lower LBMA by-product pricing for gold 15% and silver 24%
- Benefit from higher sales volumes – 16 kt above production
- Optimisation programme: $60 million of cost savings in H2 2013

### Discontinued operations

- Ekibastuz GRES-1
- MKM
- ENRC

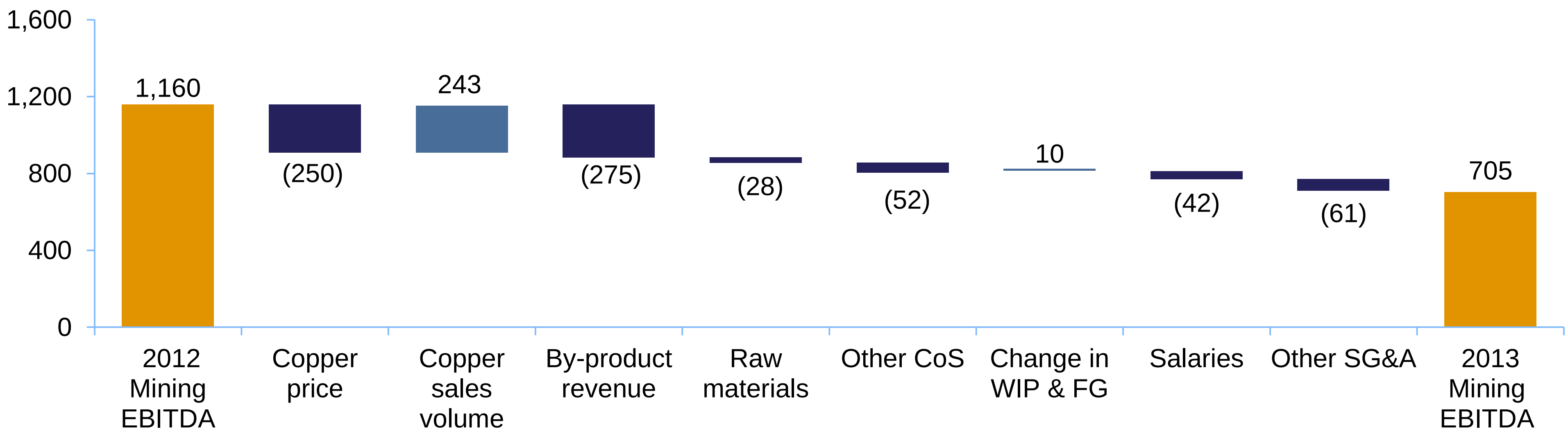
*Notes: 1. From all businesses excluding MET, the non-cash component of the charge relating to the disability benefits obligation and special items.*

*2. Includes Kazakhmys' share of EBITDA (excluding special items) of Ekibastuz GRES-1 for the period to 5 December 2013 and MKM's EBITDA (excluding special items) for the period up to the disposal on 28 May 2013.*

*3. Represents Kazakhmys' share of EBITDA of ENRC for the period to 24 June 2013 based on ENRC's unaudited interim results for six months to 30 June 2013.*

# KAZAKHMYS MINING EBITDA VARIANCE

**2012 to 2013 EBITDA reconciliation ($m)**




### Revenue

- Mining revenue 9% below 2012
- 30 kt increase in copper sales volumes to 312 kt
- Reduction in by-product revenues with lower prices and gold sales volumes

### Costs

- Ore extraction higher by 4%
- Full impact of Q2 2012 salary awards
- General inflation in Kazakhstan
- Muted input cost inflation
- Delivery of initial phase of optimisation programme in H2 2013

## …SAVINGS EXCEEDED TARGETS…OPTIMISATION PROGRAMME TO CONTINUE INTO 2014

### $120 MILLION OF ANNUALISED COST SAVINGS

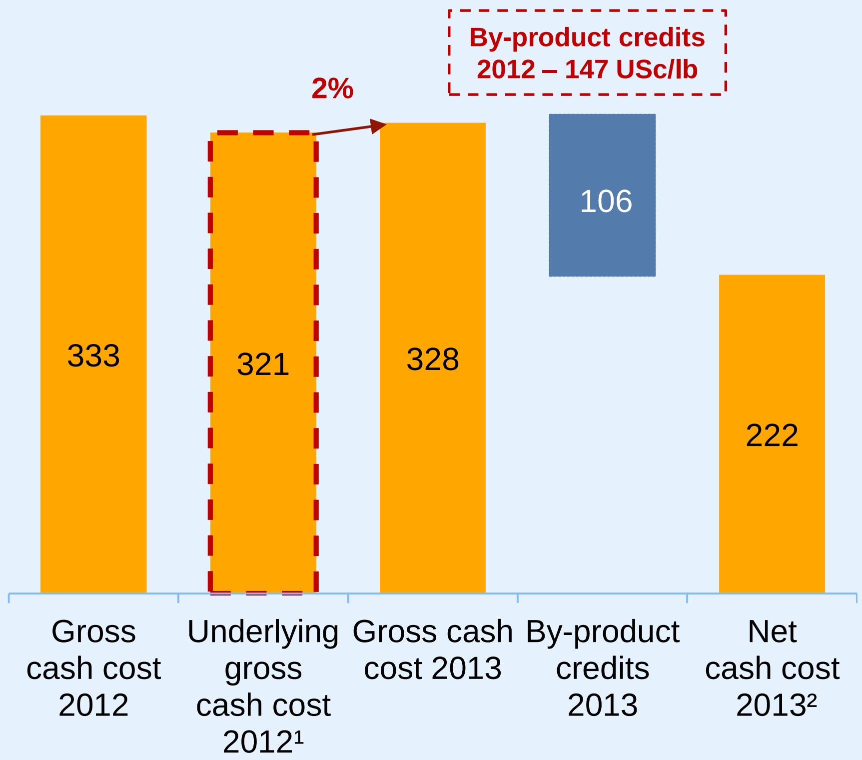
- Improved material consumption
- Increased utilisation of equipment
- Renegotiated tariffs with suppliers
- Improved transportation
- Labour efficiencies

### 30% REDUCTION IN SUSTAINING CAPEX

- Mining Division capex reduced by 30% to $422 million
- Capex guidance for 2014 Mining Division $350–450 million

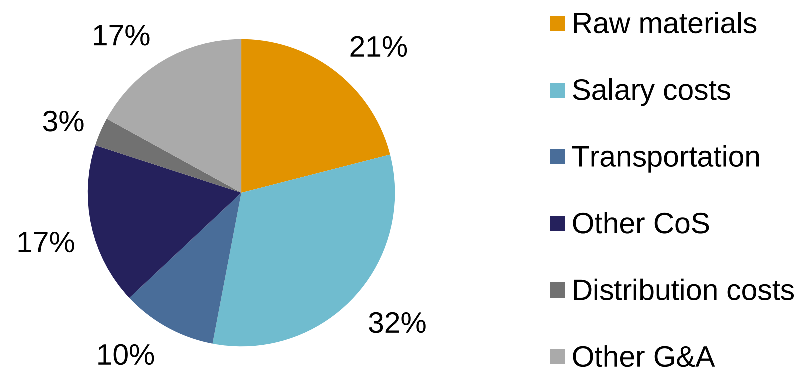
# COPPER CASH COSTS

## Copper cash costs (USc/lb)




## Increase on underlying gross cash costs in 2012 (%)


## Gross cash costs 2013




*Notes: 1. Kazakhmys Mining cash operating costs excluding purchased concentrate and brought-forward gold inventory ($74 million or 12 USc/lb), divided by the volume of copper cathode from own production, including processing charges.*

*2. Kazakhmys Mining cash operating costs excluding purchased concentrate, less by-product revenues, divided by the volume of copper sales from own production, including processing charges.*

**Costs below guidance**

# CASH COST GUIDANCE

KAZAKHMYS

**Reducing the cost base**

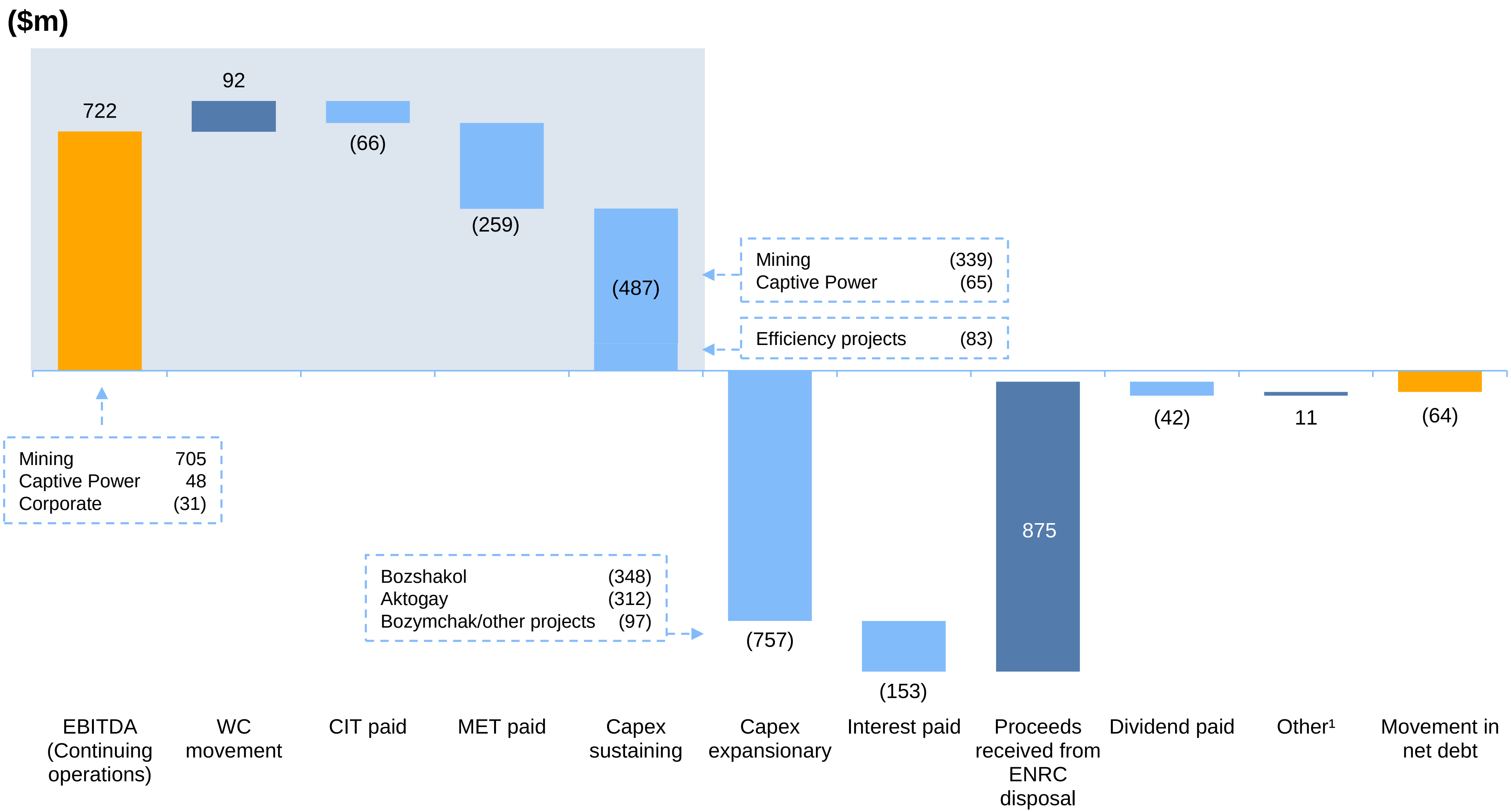
| | 2013 | 2014 |
|---|---|---|
| Gross cash cost[1] | $2,249 million | $1,980-$2,150 million |
| Copper sales volumes (own concentrate) | 311 kt | 285-295 kt |
| Unit cost of production | 328 USc/lb | 315-330 USc/lb |

- Optimisation programme
- Benefit from devaluation
- Partially offset by:
  - Inflation
  - New pension tax
  - Increase in processing charges (TC/RC)
    - Cash cost includes 15 USc/lb TC/RC charge on concentrate sales[2]
- Unit cost impacted by lower sales volumes

- Captive Power revenues and costs impacted by devaluation

*Notes: 1. Includes processing charges for copper in concentrate sold to third parties.*
*2. 40% of copper equivalent production is expected to be sold as concentrate.*

# CASH FLOW GENERATION



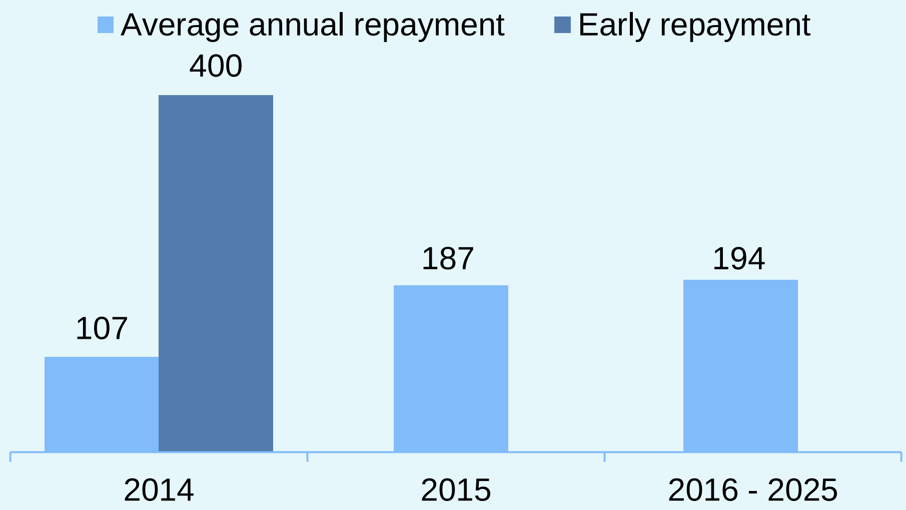

*Notes: 1. Includes MKM, non-current VAT on major projects and proceeds on disposal of property, plant and equipment.*

**Cash neutral continuing operations**

# CAPITAL AND DEBT MANAGEMENT

### Pro forma net funds position ($m)


### CDB facilities debt repayment profile ($m)




**Net cash proceeds of $2.2 billion from disposal of non-core assets**

- $875 million in cash received from ENRC disposal
- $1,249 million expected in H1 2014 from Ekibastuz GRES-1 disposal

**CDB debt**

- $1.4 billion available to draw on Aktogay facility
- Long-term debt profile

**Corporate transactions**

- Koksay acquisition: $260 million, $195 million in 2014
  - Limited near term funding requirement
- Partnering options for growth projects

# FINANCIAL OUTLOOK

KAZAKHMYS

| Gross cash cost | Sustaining capex[1] | Expansionary capex |
|---|---|---|
| **Actual 2013** | **Actual 2013** | **Actual 2013** |
| 328 USc/lb | $487 million | $757 million |
| **Guidance 2014** | **Guidance 2014** | **Guidance 2014** |
| **315-330 USc/lb** | **$410-530 million** | **$1,300-1,700 million** |

| | | |
|---|---|---|
| | **Mining**<br>$350-450 million<br><br>**Captive Power**<br>$60-80 million | **Bozshakol**<br>$750-950 million<br><br>**Aktogay**<br>$450-650 million<br><br>**Bozymchak and other expansionary projects**<br>$100 million |

*Notes: 1. Sustaining capex for Kazakhmys Mining and the captive power stations, excluding non-cash additions such as capitalised depreciation and capitalised interest.*

## Mian Khalil

**Head of Projects**

# BOZSHAKOL: PROJECT PROGRESS

### Grinding and flotation building – January 2013

### February 2014

# BOZSHAKOL: PROJECT PROGRESS

## 2013 DEVELOPMENT

- Significant progress during the year:
  - Majority of concrete works completed
  - Main processing building structure completed
  - Grinding mills and drives delivered on site
- Second contractor appointed
- Total capital expenditure around $2.2 billion
- Net cash cost updated to 2014[1] – 60 to 80 USc/lb

**February 2013 – Primary crusher**

**November 2013**

*Notes: 1. Estimated net cash cost over the first 10 years of the mine's operations, calculated using a long-term gold price of $1,300 per ounce, expressed in real terms.*

# BOZSHAKOL: NEXT MILESTONES

### 2014 PLAN

- Complete concrete and steel works
- Complete non-process buildings and permanent camp
- Complete construction of 220 kV power line
- Complete assembly of haul trucks and shovels for pre-production mining
- Start installation of mechanical and electrical equipment, including the mills and drives
- Begin installation of bulk material for piping and electrical works

### NEXT MILESTONES

**2014**

**Complete infrastructure and mining equipment assembly**

**H2 2015**

**First copper output**

# AKTOGAY: PROJECT PROGRESS

## 2013 DEVELOPMENT

- Ordered majority of mechanical, electrical and process equipment
- Commenced construction of 1,700 man camp and associated infrastructure
- Earthworks on the site commenced
- Replacing principal contractor with work stream specific contracts
- Capital expenditure under review

Installation of Sandvik crusher

Installation of warehouse building

# AKTOGAY: NEXT MILESTONES

KAZAKHMYS

## 2014 PLAN

- Complete 110 kV power line to site
- Complete general earthworks
- Start pouring critical foundations
- Commence main concentrator building
- Leach pad construction

## NEXT MILESTONES

| 2014 | 2015 | 2017 |
| --- | --- | --- |
| Mining infrastructure completion<br>Heap leach pad ready | First oxide copper production | First sulphide copper production |


## Oleg Novachuk

### Chief Executive Officer

# KAZAKHMYS STRATEGY

| | |
|---|---|
| Optimise existing assets | Review of assets completed<br>Group restructure under consideration |
| Deliver major growth projects | Highest production growth in sector |
| Expand and create value in Central Asia | Acquisition of a third major copper asset in Kazakhstan approved |

# RESTRUCTURING THE GROUP

### Zhezkazgan and Central Regions

- Copper and other metals
- Coal mines
- Captive Power


### East Region operational and financial indicators[1]

- 5 mines, 4 concentrators
- Estimated metal in concentrate: 85 kt of copper, 60 koz of gold, 4,600 koz of silver, 120 kt of zinc
- 12% of Kazakhmys Mining workforce
- Net cash cost – 130-150 USc/lb
- Sustaining capex – $80-$100 million

### Growth projects

- Bozshakol / Aktogay (oxide) on schedule for first production 2015
- Addition of the third major copper deposit in Kazakhstan – Koksay

### New Kazakhmys

- Growth projects
- Copper and other metals

*Notes: 1. Company estimate for 2014 for the East Region and Bozymchak.*

# STRUCTURE AND TIMING

KAZAKHMYS

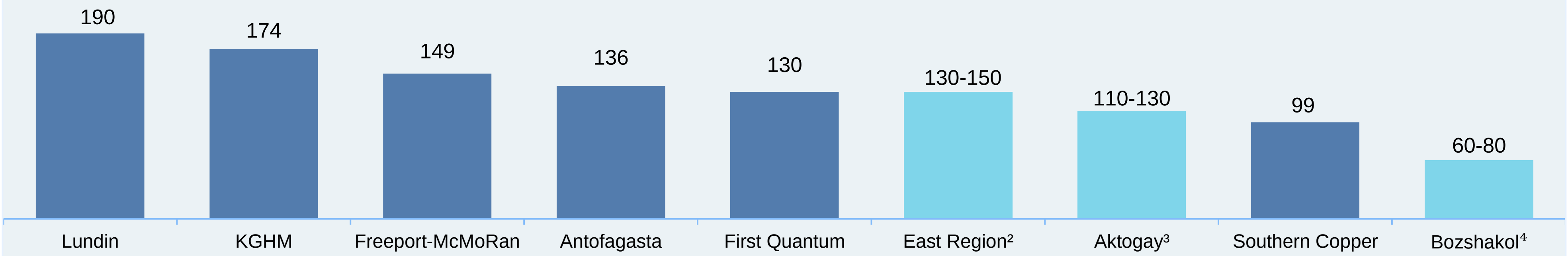
## Structure

- Two separate companies
  - Minimal shared services/joint ventures
  - Co-operate on smelting and sales
- No shared management
- Vladimir Kim leads private company holding Zhezkazgan and Central Region assets
  - Remains committed to existing holding in listed Kazakhmys

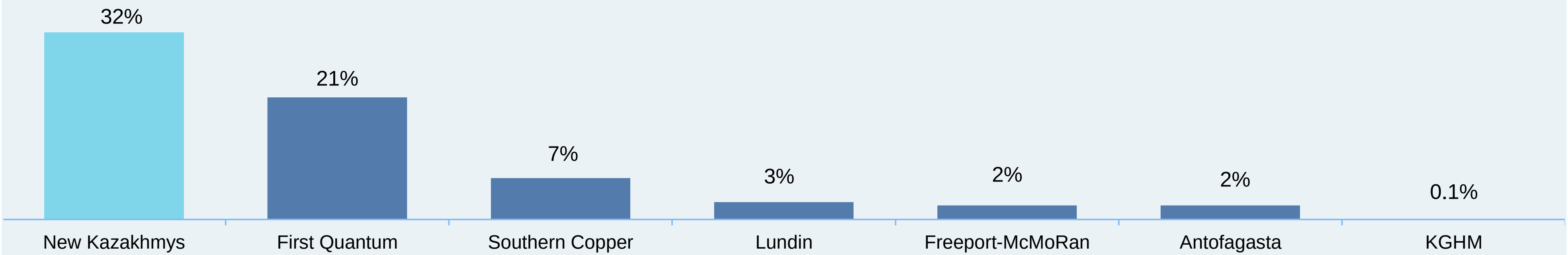
## Timing

- Transaction – preliminary stage
- Report on the transaction H1 2014 results
- Aim to complete separation by the year end
- Completion subject to approval of independent shareholders

## Copper cash cost[1] (USc/lb)




## Copper production CAGR[5] (2013-2018E)




*Notes:*

1. *Company reported net cash cost (C1) for 2013. KGHM net cash cost as reported in Q3 2013 production report.*
2. *Company estimate for 2014.*
3. *Estimated net cash cost over the first 10 years of the mine's operations, calculated using a long-term molybdenum price of $30,500 per tonne, expressed in real terms as at December 2012.*
4. *Estimated net cash cost over the first 10 years of the mine's operations, calculated using a long-term gold price of $1,300 per ounce, expressed in real terms as at February 2014.*
5. *Broker equity research estimates. New Kazakhmys' production growth estimate excludes the Koksay project.*

KAZAKHMYS

**Focused on 7 mines**

**85% of copper output from open pit mines**

**Over 350 kt of copper equivalent output**

**Improved safety environment**

**Higher labour productivity**

**Low cost copper**

**Deliver value to shareholders**

# Appendices

# BOZSHAKOL – TRANSFORMATIONAL PROJECT

KAZAKHMYS

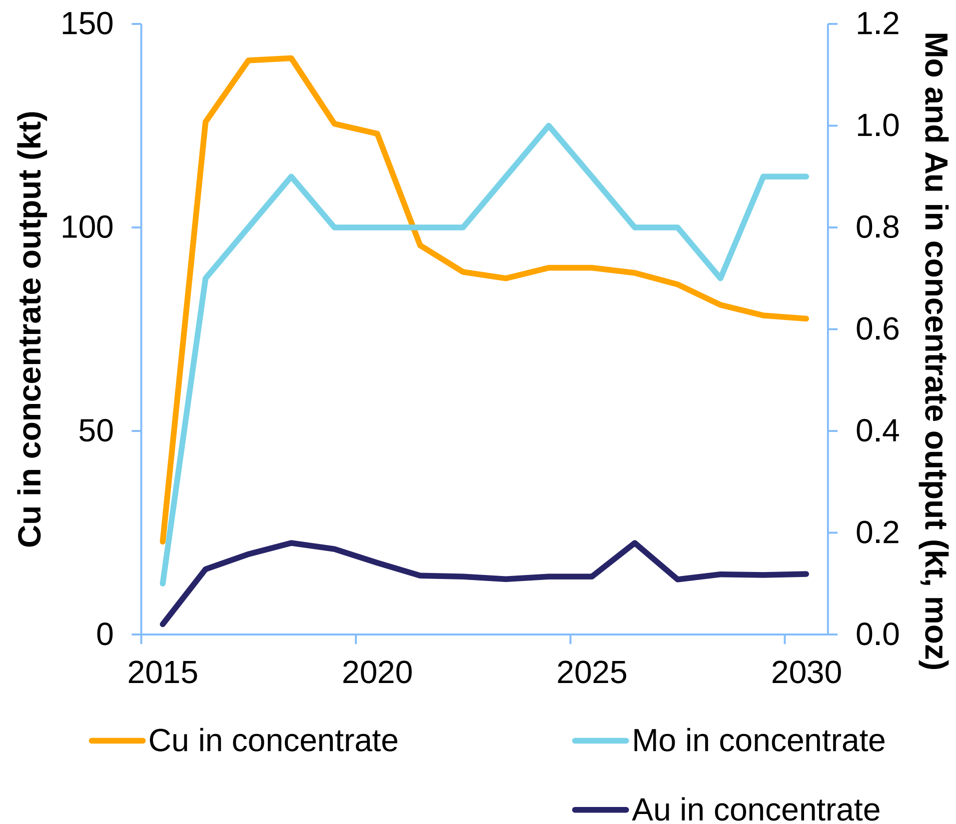
## Key statistics

- Large scale open-pit processing 30 MT ore annually
- Total copper cathode equivalent production of 3,099 kt
- By-products include 5,255 koz of contained gold and 57 kt of contained molybdenum
- Production life of over 40 years, with average production of 100 kt of copper cathode equivalent in first 10 years
- Employee numbers estimated 1,500 at full operation
- Close proximity to existing infrastructure
- Gross cash cost – 140-160 USc/lb[1]
- Net cash cost – 60-80 USc/lb[2]
- Total anticipated project capital cost $2.2 billion

## Mineral Resource[3]

| Tonnage (MT) | Cu grade (%) | Au grade (g/t) | Ag grade (g/t) | Mo grade (%) |
|---|---|---|---|---|
| 1,173 | 0.35 | 0.14 | 0.88 | 0.004 |

## Production schedule: Key metals




Notes: 1. *Estimated gross cash cost over the first 10 years of the mine's operations expressed in real terms.*
2. *Estimated net cash cost over the first 10 years of the mine's operations, calculated using a long-term gold price of $1,300 per ounce, expressed in real terms.*
3. *Includes indicated and inferred material. Stated at 0.2% Cu cut-off grade. In accordance with JORC code.*

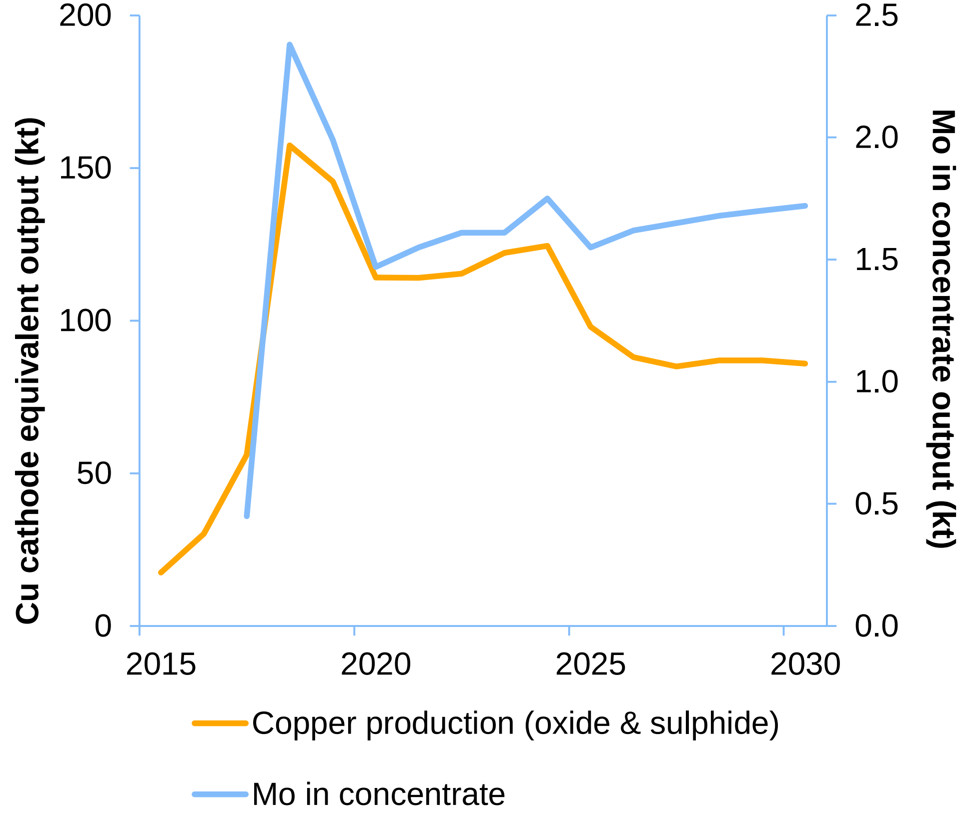
# AKTOGAY – TRANSFORMATIONAL PROJECT

KAZAKHMYS

## Key statistics

- Large scale open-pit processing on average 25 MT ore annually (sulphide ore)
- Total copper cathode equivalent production:
  - 224 kt from oxide ore
  - 4,032 kt from sulphide ore
- Total molybdenum in concentrate production of 74 kt
- First copper production in 2015 (oxide)
- Production life of over 50 years, with average production of 100 kt copper cathode equivalent in first 10 years
- Employee numbers estimated 1,500 at full operation
- Gross cash cost – 120-140 USc/lb[1]
- Net cash cost – 110-130 USc/lb[2]

## Production schedule: Key metals




### Mineral Resource[3]

| | Tonnage (MT) | Cu grade (%) | Mo grade (%) |
|---|---|---|---|
| Oxide | 121 | 0.37 | - |
| Sulphide | 1,597 | 0.33 | 0.008 |

*Notes: 1. Estimated gross cash cost over the first 10 years of the mine's operations expressed in real terms as at December 2012.*

*2. Estimated net cash cost over the first 10 years of the mine's operations, calculated using a long-term molybdenum price of $30,500 per tonne, expressed in real terms as at December 2012.*

*3. Includes measured and indicated resources. Stated at 0.2% Cu cut-off grade. In accordance with JORC code.*

# SUMMARY INCOME STATEMENT

KAZAKHMYS

| $m (unless otherwise stated) | 2013 | 2012 |
|---|---|---|
| **CONTINUING OPERATIONS** | | |
| **Revenues** | **3,099** | **3,353** |
| (Loss)/profit before finance items and taxation | (602) | 242 |
| Net finance costs | (79) | (91) |
| **(Loss)/profit before taxation** | **(681)** | **151** |
| Income tax expense | (127) | (86) |
| **(Loss)/profit for the year from continuing operations** | **(808)** | **65** |
| **DISCONTINUED OPERATIONS** | | |
| Loss for the year from discontinued operations | (1,224) | (2,335) |
| **Loss for the year** | **(2,032)** | **(2,270)** |
| Non-controlling interests | 2 | (1) |
| **Loss attributable to owners of the Company** | **(2,030)** | **(2,271)** |
| **EPS – basic and diluted ($)** | **(3.96)** | **(4.33)** |
| **EPS based on Underlying Profit - basic and diluted ($)** | | |
| From continuing operations ($) | 0.04 | 0.36 |
| From discontinued operations ($) | 0.33 | 0.58 |
| **EPS – based on Underlying Profit ($)** | **0.37** | **0.94** |

| Reconciliation of Underlying Profit ($m) | 2013 | 2012 |
|---|---|---|
| **CONTINUING OPERATIONS** | | |
| **Net (loss)/profit attributable to owners of the Company from continuing operations** | **(806)** | **64** |
| Impairment charges | 670 | 192 |
| Additional disability benefits obligation related to previously insured employees | 84 | - |
| Loss on disposal of assets | 14 | 8 |
| Taxation related special items | 58 | (73) |
| **Underlying Profit from continuing operations** | **20** | **191** |
| **DISCONTINUED OPERATIONS** | | |
| **Net loss attributable to owners of the Company from discontinued operations** | **(1,224)** | **(2,335)** |
| Loss on disposal of subsidiaries and investment in associate | 529 | 13 |
| Impairment to fair value less costs to sell (MKM, ENRC) | 845 | 2,240 |
| Other special items | 20 | 383 |
| **Underlying Profit from discontinued operations** | **170** | **301** |
| **Total Underlying Profit** | **190** | **492** |

# REVENUES AND SALES VOLUMES

KAZAKHMYS

## Revenues from continuing operations and joint venture

| $m | 2013 | 2012 |
|---|---|---|
| **Kazakhmys Mining** | **3,003** | **3,285** |
| Copper products | 2,268 | 2,275 |
| Silver[1] | 311 | 414 |
| Gold[2] | 152 | 322 |
| Zinc in concentrate | 143 | 154 |
| Other[3] | 129 | 120 |
| **Captive Power** | **96** | **68** |
| **Total revenues** | **3,099** | **3,353** |
| **Ekibastuz GRES-1[4]** | **248** | **290** |

## Kazakhmys Mining sales volumes

| kt (unless otherwise stated) | 2013 | 2012 |
|---|---|---|
| **Copper cathode equivalent sales** | **312** | **282** |
| Copper cathodes | 270 | 259 |
| Copper in concentrate[5] | 31 | - |
| Copper rod | 11 | 23 |
| **Zinc in concentrate** | **137** | **151** |
| **Silver[1]** (koz) | **13,506** | **13,206** |
| **Gold[2]** (koz) | **109** | **193** |

*Notes:*
1. *Includes silver granule equivalent in copper concentrate sold.*
2. *Includes gold doré.*
3. *Other revenue includes coal, lead, sulphuric acid etc.*
4. *Ekibastuz GRES-1 on a 50% basis for the period to 5 December 2013.*
5. *Represents cathode equivalent.*

# CASH FLOW

KAZAKHMYS

## Summary cash flow

| $m | 2013 | 2012 |
|---|---|---|
| Segmental EBITDA before ENRC & GRES-1[1] | (599) | 945 |
| Impairment losses | 712 | 220 |
| Non-cash component of the disability benefits obligation | (26) | (149) |
| Loss on disposal of ENRC, MKM and other assets | 543 | 23 |
| Dividends received from associate and joint venture | - | 87 |
| Working capital movements[2] | 179 | 64 |
| Interest paid | (156) | (85) |
| Income tax paid | (67) | (142) |
| MET paid | (259) | (199) |
| Foreign exchange and other movements | (2) | (17) |
| **Net cash flows from operating activities before other expenditure associated with major projects** | **325** | **747** |
| Sustaining capital expenditure | (496) | (662) |
| **Free Cash Flow** | **(171)** | **85** |
| Expansionary and new project capital expenditure | (757) | (567) |
| Non-current VAT receivable associated with major projects | (44) | (55) |
| Major social projects | (32) | (12) |
| Dividends paid | (42) | (121) |
| Purchase of own shares under the share buy-back programme | - | (88) |
| Proceeds from disposal of subsidiaries, net of cash disposed | 27 | 3 |
| Proceeds from disposal of investment in associate | 875 | - |
| Proceeds from disposal of property, plant and equipment | 38 | 51 |
| Other | 3 | (7) |
| **Cash flow movement in net debt** | **(103)** | **(711)** |

## Working capital movements[2]

| $m | 2013 | 2012 |
|---|---|---|
| Kazakhmys Mining | 186 | 147 |
| Captive Power | 5 | (61) |
| MKM | (23) | (18) |
| Corporate | 11 | (4) |
| **Total** | **179** | **64** |

## Capital expenditure

| $m | 2013 | 2012 |
|---|---|---|
| Kazakhmys Mining | 1,179 | 1,168 |
| *Sustaining* | *422* | *603* |
| *Expansionary* | *757* | *565* |
| Captive Power | 65 | 47 |
| MKM | 9 | 11 |
| Corporate | - | 3 |
| **Total** | **1,253** | **1,229** |

*Notes: 1. Excluding MET and the non-cash component of the disability benefits obligation, but including special items and loss on disposal of ENRC and MKM.*
*2. Working capital movements exclude any accruals in respect of MET, non-current VAT on major projects and intercompany movements.*

# SUMMARY BALANCE SHEET

KAZAKHMYS

| Assets ($m) | 2013 | 2012 |
|---|---|---|
| Non-current assets | 4,032 | 6,699 |
| Assets classified as held for sale | 1,018 | 251 |
| Cash and liquid funds[1] | 2,340 | 1,761 |
| Other current assets | 1,229 | 1,282 |
| **Total** | **8,619** | **9,993** |

| Non-current assets ($m) | 2013 | 2012 |
|---|---|---|
| Intangible assets | 52 | 64 |
| Tangible assets | 3,312 | 3,062 |
| Investment in associate | - | 2,027 |
| Investment in joint venture | - | 927 |
| Other non-current assets | 647 | 532 |
| Deferred tax asset | 21 | 87 |
| **Total** | **4,032** | **6,699** |

| Equity & liabilities ($m) | 2013 | 2012 |
|---|---|---|
| Equity | 4,221 | 6,265 |
| Borrowings | 3,111 | 2,468 |
| Liabilities directly associated with assets classified as held for sale | - | 158 |
| Other liabilities | 1,287 | 1,102 |
| **Total** | **8,619** | **9,993** |

| Net debt ($m) | 2013 | 2012 |
|---|---|---|
| Cash and liquid funds[1] | 2,340 | 1,761 |
| Borrowings | (3,111) | (2,468) |
| *Short-term* | *(503)* | *(29)* |
| *Long-term* | *(2,608)* | *(2,439)* |
| **Total** | **(771)** | **(707)** |

*Notes: 1. Includes current investments with a maturity of 3 to 6 months.*

# CASH COST RECONCILIATION

KAZAKHMYS

## Kazakhmys Mining cash costs

| $m (unless otherwise stated) | 2013 | 2012 |
|---|---|---|
| Revenue | 3,003 | 3,285 |
| EBITDA excluding special items | 705 | 1,160 |
| **Gross cash costs** | **2,298** | **2,125** |
| Other adjustments | (49) | (71) |
| **Gross cash costs of own production** | **2,249** | **2,054** |
| Sales volumes (own production) (kt) | 311 | 280 |
| **Gross cash costs of own production (USc/lb)** | **328** | **333** |
| By-product credits | (728) | (983) |
| Net cash costs of own production | 1,521 | 1,071 |
| **Net cash costs of own production (USc/lb)** | **222** | **174** |

- In 2013, includes processing charges relating to the sale of copper cathode concentrate in H2 2013. There is also an adjustment each period to exclude costs related to the former Kazakhmys Gold mines, purchased concentrate, non-copper related social spend and other non-production expenses.

- 69 koz of gold bar sold from brought-forward inventory in 2012

# NEW KAZAKHMYS: OPERATING MINES[1]

KAZAKHMYS

| | Orlovsky | Irtyshsky | Yubileyno-Snegirikhinsky | Artemyevsky | Bozymchak |
|---|---|---|---|---|---|
| **Ore output (kt)** | 1,500 | 650 | 650 | 1,400 | 400 |
| **Copper grade (%)** | 3.2 | 1.5 | 2.1 | 1.8 | 1.1 |
| **Life of mine[2]** | 6 | 18 | 1-2 | 4 | 17 |
| **Major by-products** | Gold, silver and zinc | Gold, silver and zinc | Gold, silver and zinc | Gold, silver and zinc | Gold and silver |
| **Type of mine** | Underground | Underground | Underground | Underground | Open pit / underground |
| **Concentrator** | On-site concentrator | Belousovsky concentrator | Belousovsky concentrator | Nikolayevsky concentrator | On-site concentrator |
| **Description** | Orlovsky is the Group's largest mine by copper metal in ore extracted | Irtyshsky has been operating since 2001 | Yubileyno-Snegirikhinsky is expected to reach the end of its operational life in 2014/2015 | The project to extend the existing Artemyevsky mine's operational life is currently at the pre-feasibility stage | The Bozymchak is located in Kyrgyzstan and is expected to commence operations in the first half of 2014 |

*Notes: 1. Company estimate for 2014.*
*2. Excludes potential development projects to extend the operational life of mines.*