



Kazakhmys PLC



2014 Half-Yearly
Results Presentation

21 August 2014



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COPPER**

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Basis of preparation

As previously announced, under Restructuring plan, the Group will separate a number of its mature mining and power operations, primarily located in the Zhezkazgan and Central Regions, into a new corporate entity which will be sold (the 'Disposal Assets'). The Board approved the Restructuring on 3 July 2014, with the independent shareholders' approval being granted on 15 August 2014. The Restructuring is expected to complete by the end of 2014.

At 30 June 2014, as the Restructuring had not been approved by the Board and the independent shareholders, the Disposal Assets did not meet the criteria to be classified as assets held for sale and a discontinued operation. Consequently, the results of the Disposal Assets for the six months ended 30 June 2014 and 30 June 2013 have been included with the results of the Group's continuing operations as reported in the 2014 Interim Report.

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▣ **H1 2014 HIGHLIGHTS**

▣ **OPERATIONAL RESULTS**

▣ **MAJOR GROWTH PROJECTS**

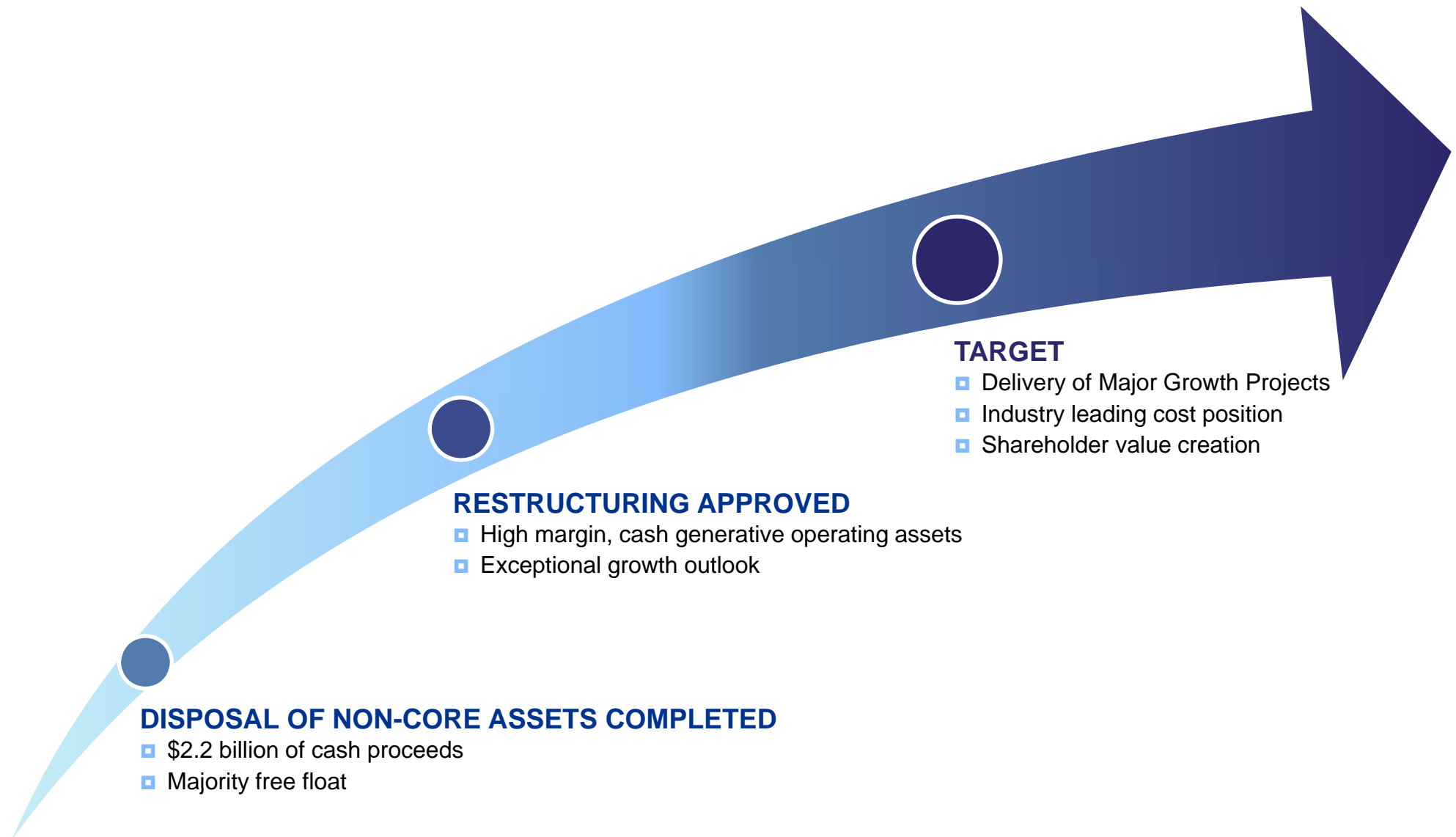
▣ **FINANCIAL RESULTS**



Oleg Novachuk

Chief Executive Officer

TRANSFORMATION OF KAZAKHMYS



H1 2014: HIGHLIGHTS

Operations and financial performance

- ▣ Group copper cathode equivalent output of 139 kt
 - ▣ KAZ Minerals¹ output: 41 kt of copper cathode
- ▣ Group EBITDA² \$324 million
 - ▣ KAZ Minerals EBITDA³ \$175 million
- ▣ 8% decrease in gross cash cost to 309 USc/lb
 - ▣ Tenge devaluation
 - ▣ Operational efficiencies
- ▣ Funds of \$2,534 million, net debt \$192 million

Restructuring

- ▣ Approved by independent shareholders
- ▣ Economic separation from 1 August 2014
- ▣ Completion expected Q4 2014, subject to regulatory approvals

Major Growth Projects on track

- ▣ Second contractor mobilised at Bozshakol
- ▣ SX/EW plant contractor mobilised at Aktogay
- ▣ Bozshakol and Aktogay oxide remain on track for commissioning in 2015

Notes: 1. Output from the East Region.

2. Group EBITDA (excluding special items) representing the results of Kazakhmys Mining, Kazakhmys Power and Corporate services.

3. Management estimate of EBITDA (excluding special items) on a pro forma basis including an allocation of central costs and smelter TC/RC charges for the processing of copper concentrate material from the East Region at the Balkhash smelter in 2014.

HEALTH AND SAFETY

Continuing focus on health and safety

- 11 fatalities to date (YTD 2013: 11)
- Collective employee agreement revised to include accountability for safety breaches
- Increased responsibility and accountability of site managers
- Strong focus on risk assessment for employees
- Closer oversight of contractors at Major Growth Projects
- Both businesses committed to maintaining their efforts in improving safety performance
- New Head of H&S for KAZ Minerals



2014 PRODUCTION: KAZ MINERALS

	H1 2014	FY 2014 Revised guidance
Copper cathode	41 kt	80 – 85 kt (prev. 80 kt)
Zinc in concentrate	62 kt	115 – 120 kt (prev. 120 kt)
Silver ¹	1,668 oz	3,300 – 3,700 koz (prev. 4,150 koz)
Gold ¹	18 koz	37 – 42 koz (prev. 41 koz)

Revised mine plans from August 2014:

- Targeting copper-rich sections

By-products guidance range revised:

- Anticipate lower grades as focus shifted to copper
- Modernisation of the Nikolayevsky concentrator may result in material mined in 2014 being processed in 2015

Note: 1. Guidance is for silver granule and gold bar output.

EAST REGION PRIORITIES

Focus on improving safety performance

Complete separation of East Region

Review of suppliers and service providers

**Complete the modernisation programme at Nikolayevsky
concentrator to raise recovery rates**

Upgrade IT systems and infrastructure

Progress studies of 10 year extension of Artemyevsky mine



Mian Khalil

Head of Projects

BOZSHAKOL: PROJECT PROGRESS (1 of 2)

H1 2014 DEVELOPMENT

- Completed main concentrator building
- Finalising construction of permanent camp
- Progressed with construction of 220 kV power line



Mine Maintenance Workshop / Warehouse Office



Concentrator Building



Permanent Camp

On track for commissioning H2 2015

BOZSHAKOL: PROJECT PROGRESS (2 of 2)

H1 2014 DEVELOPMENT

- Commenced the installation of mills
- Began installation of internal steel platforms in the grinding and flotation areas
- Assembly of haul trucks and shovels for pre-production mining near completion
- Commenced construction of overland ore conveyor



Mine Haul Trucks



Ramp to SAG Mill



Installation of sole plates for SAG Mill

On track for commissioning H2 2015

BOZSHAKOL: PATH TO COMPLETION

H2 2014 TARGET

- Complete:
 - All major concrete and steel works
 - Non-process buildings and permanent camp
 - Construction of 220 kV power line
 - Assembly of haul trucks and shovels for pre-production mining
 - Installation of heating units in larger buildings so that work can continue during winter
- Continue installation of mechanical and electrical equipment, including mills and drives
- Begin installation of bulk material for piping and electrical works
- 2014 capex guidance of \$750-950 million:
 - H2 2014 weighted: payments scheduled for primary contractor, equipment for sulphide and clay processing plants and mining equipment

NEXT MILESTONES

2014

Key infrastructure and assembly of haul trucks and shovels completed

Q1 2015

Start pre-production mining

H2 2015

**Mechanical completion of sulphide and clay plants
Commissioning**

On track for commissioning H2 2015

AKTOGAY: PROJECT PROGRESS (1 of 2)

CONTRACTS AWARDED

- 110 kV power line
- All main earthwork contracts
- Railway spurs
- Water pipeline with pump stations
- All main SX/EW packages
- Tenders out for sulphide plant
 - Capex to be updated following the award

H1 2014 DEVELOPMENT

- Construction of 110 kV overhead transmission line 50% complete
- Bulk earthworks commenced
- SX/EW plant contractor mobilised
- Mining equipment assembly commenced
- Leach pad cells prepared for geomembrane installation

NEXT MILESTONES

2014

Mining infrastructure completion

Q4 2015

First oxide copper production

2017

First sulphide copper production

On track for oxide output in Q4 2015 and sulphide in 2017

AKTOGAY: PROJECT PROGRESS (2 of 2)



Bulk earthworks progressing



Assembly of mining fleet



110 kV power line (50% complete)



SX/EW plant foundation

KOKSAY: OPPORTUNITY TO INVEST IN LARGE SCALE OPEN-PIT MINE

KEY STATISTICS

- Copper resource of 3.4 MT with upside potential, average grade of 0.48%
- Estimated average annual production of around 85 kt of copper cathode equivalent, 55 koz of gold, 360 koz of silver and 1 kt of molybdenum in concentrate¹
- Capex in 2014 – \$5 million
- Exploration drilling to commence in Q4 2014
 - To provide further enhanced geological, geotechnical and hydrogeological data on deposit
- Minimal investment until Bozshakol begins production



Note: 1. In the first 10 years of operations.



Andrew Southam

Chief Financial Officer

FINANCIAL UPDATE: GROUP RESULTS

Key financial indicators

\$m (unless otherwise stated) H1 2014 H1 2013

Continuing operations EBITDA¹ 324 354

Continuing operations EPS² (\$) 0.06 (0.04)

Gross cash cost of copper (USc/lb) 309 336

Net cash cost of copper (USc/lb) 203 232

Free Cash Flow³ 66 (135)

Net debt¹ (192) (1,260)

▣ Performance impacted by 8% lower LME copper price and reduced sales volumes, partially offset by:

- ▣ Tenge devaluation in February 2014
- ▣ Impact of optimisation programme

▣ Gross cash cost slightly below full year guidance of 315-330 USc/lb: post tenge devaluation inflation not fully reflected

▣ Sustaining capex to be H2 weighted

▣ Positive working capital following change in contractual sales terms

▣ \$1.25 billion of proceeds received from Ekibastuz GRES-1 sale in April 2014

▣ Major Growth Project development and acquisition of Koksay

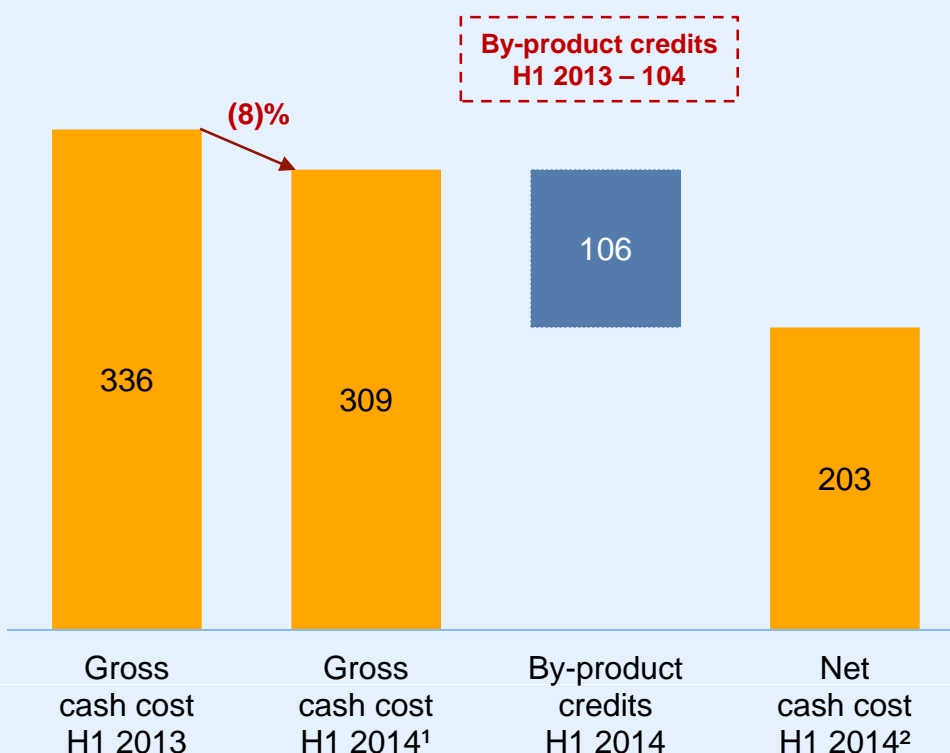
Notes: 1. Continuing operations represent the results of Kazakhmys Mining, Kazakhmys Power (excluding Ekibastuz GRES-1) and Corporate services.

2. EPS based on underlying profit from continuing operations excluding special items and their resulting tax impact.

3. Net cash flows from operating activities before other expenditure associated with the Major Growth Projects, less sustaining capital expenditure.

GROUP COPPER CASH COST

(USc/lb)



Reduction in key costs drivers

- ▣ Benefit from tenge devaluation
- ▣ Focus on profitable production
 - ▣ 7% reduction in ore output
 - ▣ Suspension of certain processing facilities
 - ▣ Reduction in consumption of input materials
- ▣ Unit cost impacted by 12% lower copper sales volumes
 - ▣ 137 kt in H1 2014 compared to 156 kt in H1 2013

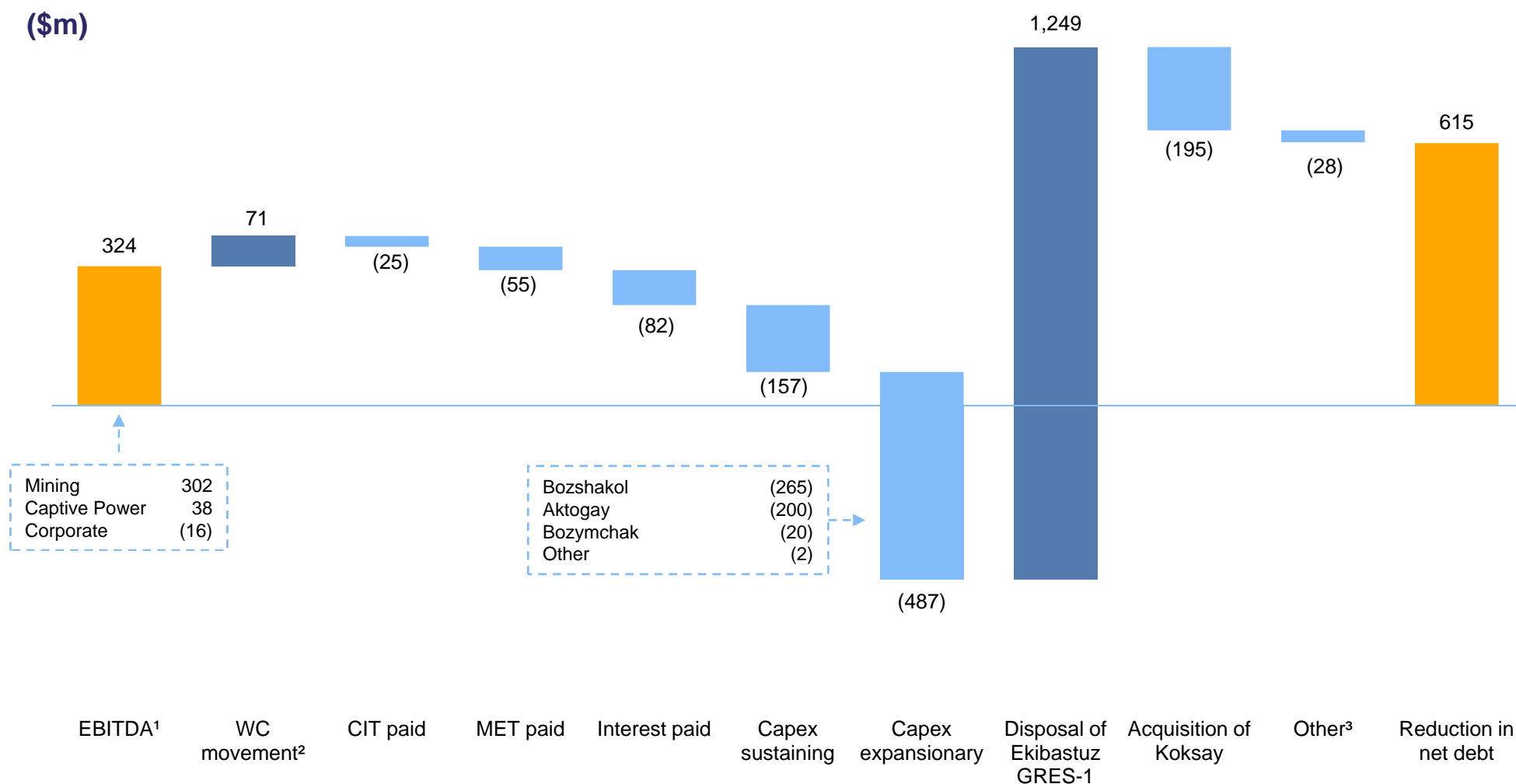
Full year 2014 outlook

- ▣ Inflationary pressures following tenge devaluation will impact operating costs in H2 2014
- ▣ Gross cash cost guidance for 2014 unchanged at 315-330 USc/lb

Notes: 1. Kazakhmys Mining cash operating costs excluding purchased concentrate, divided by the volume of copper sales from own production, including processing charges.

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

GROUP CASH FLOW GENERATION



Notes: 1. Earnings before interest, taxation, the non-cash component of the disability benefits obligation, depreciation, depletion, amortisation and MET adjusted for special items.

2. Excludes the non-cash movement in the employee benefits provision and any accruals in respect of MET.

3. Includes non-current VAT receivable associated with Major Growth Projects capex of \$23 million, foreign exchange and other movements.

KAZ MINERALS

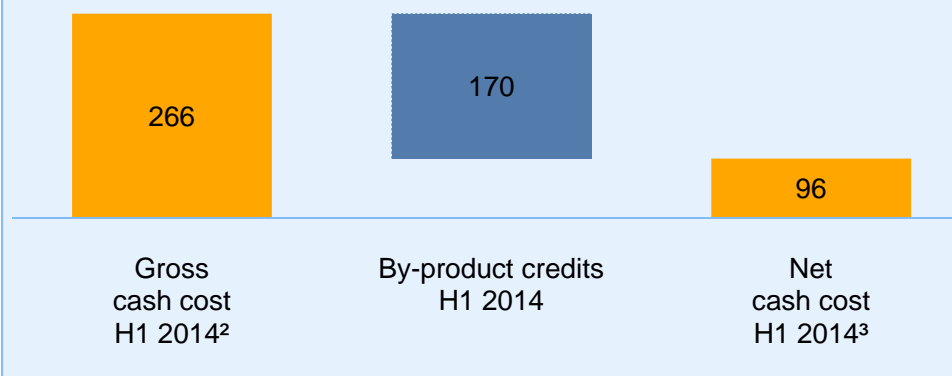
Key financial metrics in H1 2014

- ▣ EBITDA¹: \$175 million
- ▣ MET: \$47 million
- ▣ Sustaining capex: \$30 million

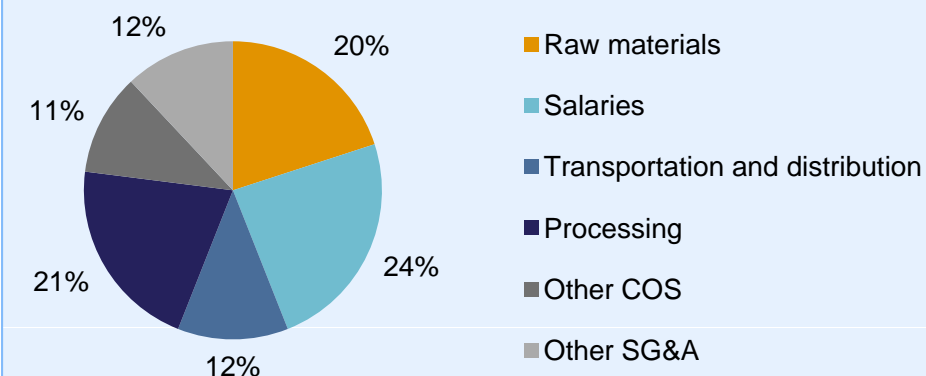
Full year 2014 outlook

- ▣ Net cash costs expected to be: 120-140 US\$/lb
- ▣ Sustaining capex anticipated of \$80-100 million

Pro forma copper cash cost (US\$/lb)



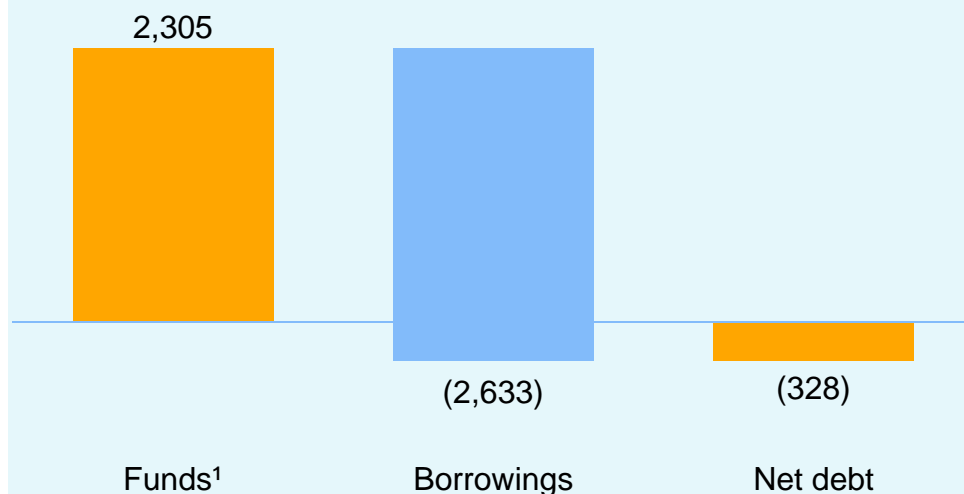
Pro forma gross cash cost structure



- Notes: 1. Management estimate of EBITDA (excluding special items) on a pro forma basis which includes an allocation of central costs and smelter TC/RC charges for the processing of copper concentrate material from the East Region at the Balkhash smelter in 2014.
2. Operating cash costs on a pro forma basis which includes an allocation of central costs and smelter TC/RC charges for the processing of copper concentrate material from the East Region at the Balkhash smelter, divided by the volume of copper sales.
3. Gross cash costs, less by-product revenues, divided by the volume of copper sales.

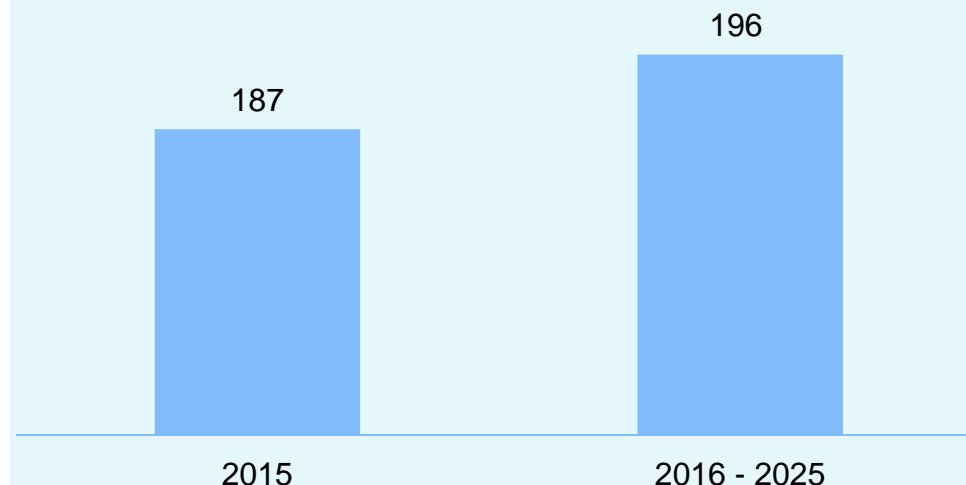
CAPITAL AND DEBT MANAGEMENT

Net debt position as at 31 July 2014, the date of economic separation (\$m)



- Funds of \$2.3 billion and \$1.4 billion available to draw on CDB Aktogay facility
- CDB facilities well suited for project development:
 - Long-term debt profile
 - Balance sheet covenants

CDB facilities repayment profile² (\$m)



- Commenced discussions on refinancing \$500 million PXF facility. Group has sufficient cash to repay if required
- Financial metrics will strengthen significantly following commissioning of Bozshakol and Aktogay oxide in H2 2015

Notes: 1. Includes cash and cash equivalents, current investments with maturity of 3 to 6 months.
 2. As drawn at 31 July 2014.

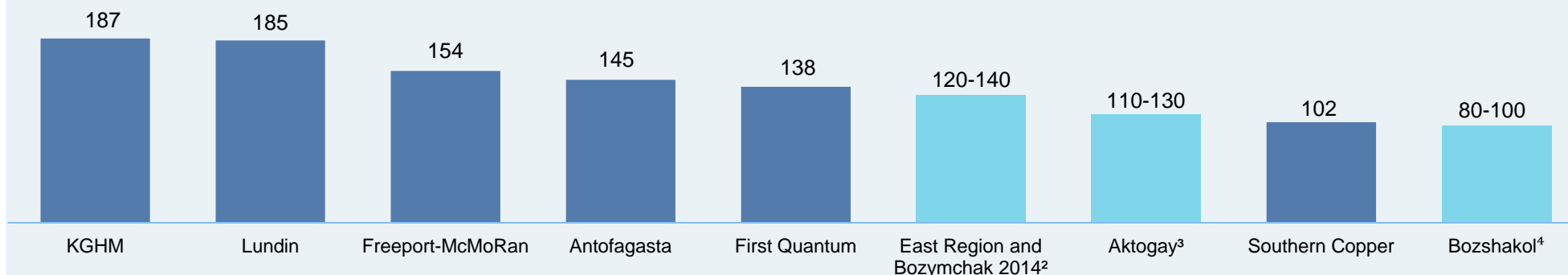


Oleg Novachuk

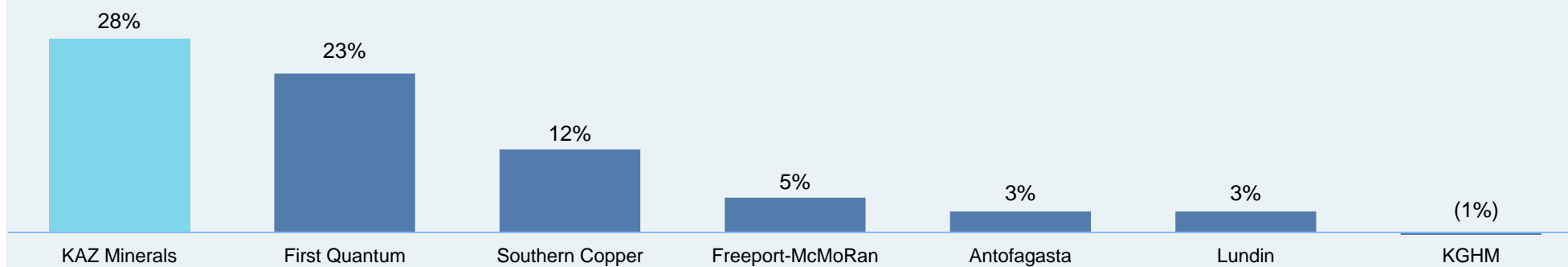
Chief Executive Officer

KAZ MINERALS: INDUSTRY LEADING PURE PLAY COPPER

Copper cash cost¹ (USc/lb)



Copper production CAGR⁵ (2013-2018E)



Notes: 1. Lundin C1 2014 guidance for full year. KGHM net cash cost as reported in H1 2014 report. All other companies as reported net cash cost (C1) for Q1 2014.

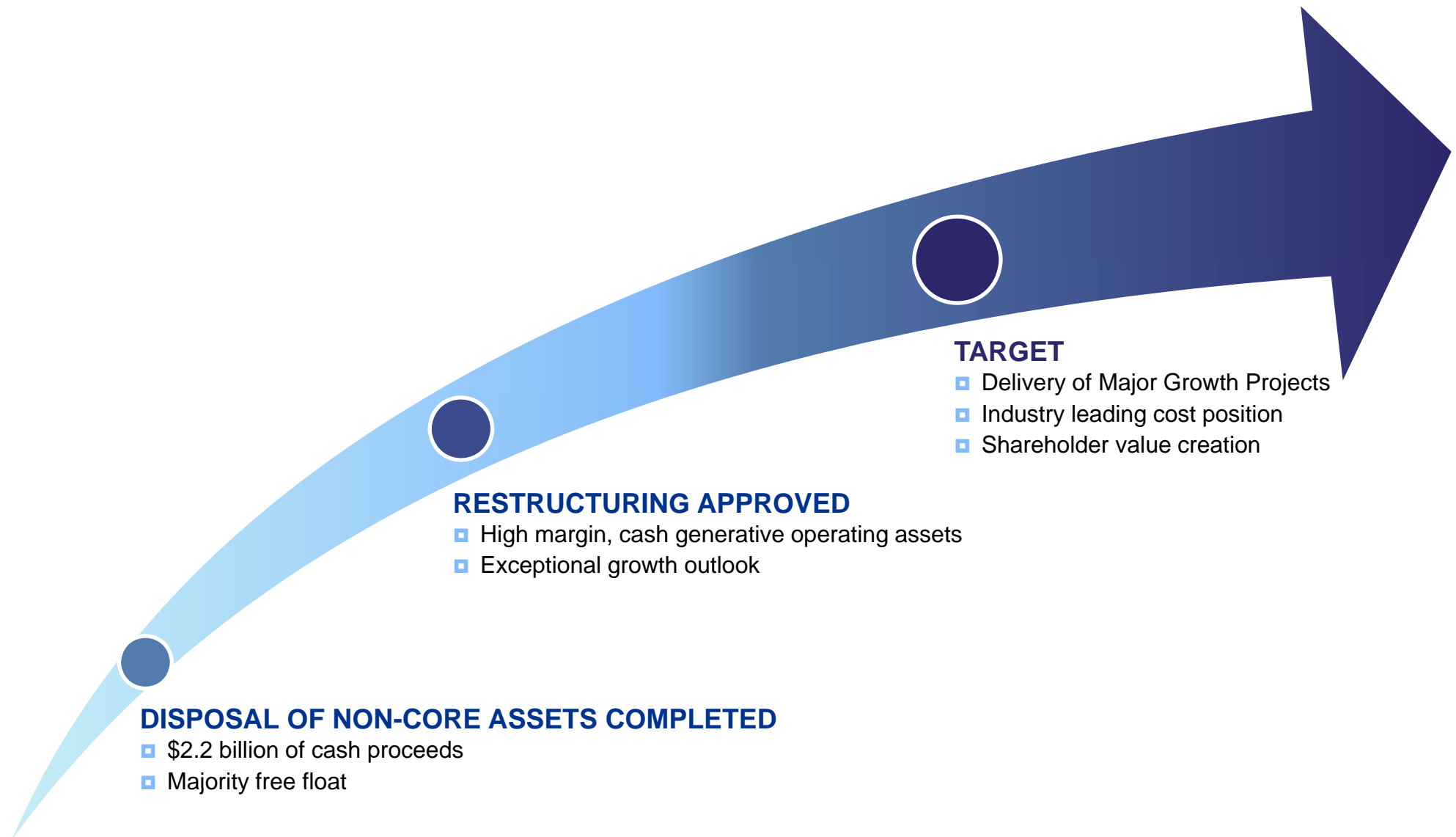
2. Company estimate for 2014.

3. Estimated net cash cost for copper cathode equivalent sales of 110 to 130 U.S. cents per pound (in 2014 terms) in the first 10 years after the commencement of the sulphide concentrator's operation, calculated using a long-term molybdenum price of \$30,000 per tonne.

4. Estimated net cash cost for copper cathode equivalent sales of 80 to 100 U.S. cents per pound (in 2014 terms) for the first 10 years after the concentrator has been commissioned, calculated using a long-term gold price of \$1,300 per ounce.

5. Broker equity research estimates. KAZ Minerals' production growth estimate excludes the Koksay project.

TRANSFORMATION OF KAZAKHMYS





Appendices

SUMMARY INCOME STATEMENT

Key line items

\$m (unless otherwise stated)	H1 2014	H1 2013
CONTINUING OPERATIONS		
Revenues	1,287	1,571
Profit/(loss) before finance items and taxation	96	(197)
Net finance costs	(214)	(47)
Loss before taxation	(118)	(244)
Income tax (expense)/credit	(39)	16
Loss for the year from continuing operations	(157)	(228)
DISCONTINUED OPERATIONS		
Profit/(loss) for the period from discontinued operations	207	(734)
Profit/(loss) for the period	50	(962)
Non-controlling interests	1	-
Profit/(loss) attributable to owners of the Company	49	(962)
EPS – based on Underlying Profit (\$)	0.06	0.21
Continuing operations	0.06	(0.04)
Discontinued operations	-	0.25

Reconciliation of Underlying Profit

\$m	H1 2014	H1 2013
CONTINUING OPERATIONS		
Net loss attributable to owners of the Company from continuing operations	(158)	(228)
Impairment charges	32	146
Additional disability benefits obligation related to previously insured employees	-	84
Net foreign exchange loss arising on the devaluation of the tenge	155	-
Other	(2)	10
Taxation effect of special items	2	(29)
Underlying Profit from continuing operations	29	(17)
DISCONTINUED OPERATIONS		
Net profit/(loss) attributable to owners of the Company	207	(734)
Gain on disposal of joint venture	(207)	-
Impairment to fair value less costs to sell	-	845
Other special items	-	21
Underlying Profit from discontinued operations	-	132
Total Underlying Profit	29	115

REVENUES AND SALES VOLUMES

Revenues from continuing operations

\$m	H1 2014	H1 2013
Kazakhmys Mining	1,245	1,524
Copper products	924	1,168
Silver ¹	128	158
Gold ²	59	65
Zinc in concentrate	70	70
Other ³	64	63
Captive power	42	47
Total revenues	1,287	1,571

Kazakhmys Mining sales volumes

kt (unless otherwise stated)	H1 2014	H1 2013
Copper cathode equivalent sales	137	156
Copper cathodes	84	149
Copper rod	6	7
Copper in concentrate ⁴	47	-
Zinc in concentrate	60	66
Silver ¹ (koz)	4,248	6,049
Gold ² (koz)	46	42

Notes: 1. Includes silver granule equivalent in copper concentrate sold.

2. Includes gold doré.

3. Other revenue includes coal, lead, sulphuric acid etc.

4. Copper cathode equivalent of copper in concentrate sold.

CASH FLOW

Summary cash flow

\$m	H1 2014	H1 2013
Segmental EBITDA before ENRC & GRES-1¹	501	89
Impairment losses	34	177
Non-cash component of the disability benefits obligation	(22)	(55)
(Gain)/loss on disposal of assets	(206)	11
Working capital movements ²	93	172
Interest paid	(82)	(70)
Income tax paid	(25)	(70)
MET paid	(55)	(86)
Foreign exchange and other movements	(15)	(8)
Net cash flows from operating activities before other expenditure associated with Major Growth Projects	223	160
Sustaining capital expenditure	(157)	(295)
Free Cash Flow	66	(135)
Expansionary and new project capital expenditure	(487)	(418)
Non-current VAT receivable associated with major projects	(23)	(33)
Acquisition of Koksay licence	(195)	-
Major social projects	-	(31)
Dividends paid	-	(42)
Proceeds from disposal of investments to Ekibastuz GRES-1	(1,249)	-
Proceeds from disposal of subsidiaries, net of cash disposed	-	27
Proceeds from disposal of property, plant and equipment	3	26
Other	2	2
Cash flow movement in net debt	615	(604)

Working capital movements²

\$m	H1 2014	H1 2013
Kazakhmys Mining	116	187
Captive Power	(29)	13
MKM	-	(23)
Corporate	6	(5)
Total	93	172

Capital expenditure

\$m	H1 2014	H1 2013
Kazakhmys Mining	632	677
<i>Sustaining</i>	145	259
<i>Expansionary</i>	487	418
Captive Power	12	27
MKM	-	9
Corporate	-	-
Total	644	713

Notes: 1. Excluding MET and the non-cash component of the disability benefits obligation, but including special items.

2. Working capital movements exclude any accruals in respect of MET and non-current VAT receivable associated with Major Growth Projects.

SUMMARY BALANCE SHEET

Assets (\$m)	H1 2014	H1 2013
Non-current assets	4,207	5,302
Cash and liquid funds ¹	2,534	1,685
Other current assets	984	1,211
Assets classified as held for sale	-	1,194
Total	7,725	9,392

Non-current assets (\$m)	H1 2014	H1 2013
Intangible assets ²	271	68
Tangible assets	3,154	3,389
Investment in joint venture	-	974
Other non-current investments	733	731
Deferred tax asset	49	140
Total	4,207	5,302

Equity & liabilities (\$m)	H1 2014	H1 2013
Equity	3,829	5,154
Borrowings	2,726	2,945
Other liabilities	1,170	1,293
Total	7,725	9,392

Net debt (\$m)³	H1 2014	H1 2013
Cash and liquid funds ¹	2,534	1,685
Borrowings	(2,726)	(2,945)
<i>Short-term</i>	(266)	(102)
<i>Long-term</i>	(2,460)	(2,843)
Total	(192)	(1,260)

- Notes:
1. Includes current investments with a maturity of 3 to 6 months.
 2. Includes \$225 million for the acquisition of the Koksay license, of which \$30 million is payable in January 2015.
 3. From continuing operations.

FINANCE FACILITIES

Facility	Maturity and interest rate	Balance as at 31 July 2014
Bozshakol/Bozymchak	Final maturity 2025 <ul style="list-style-type: none"> LIBOR + 4.8% Semi-annual interest payments 	Fully drawn – \$2,086 million <ul style="list-style-type: none"> Balance sheet covenant Capitalised interest of \$56 million in H1 2014
Aktogay¹	Final maturity 2028 <ul style="list-style-type: none"> LIBOR + 4.2% Quarterly interest payments 	\$1.5 billion facility – \$81 million drawn <ul style="list-style-type: none"> Balance sheet covenant Capitalised interest of \$4 million in H1 2014
PXF	Final maturity 2017 <ul style="list-style-type: none"> LIBOR + 2.8% Monthly interest payments 	Fully drawn – \$500 million <ul style="list-style-type: none"> Net debt/EBITDA covenant Monthly principal repayments from Jan 2015

Note: 1. Includes the CDB Aktogay renminbi facility.

CASH COST RECONCILIATION

Kazakhmys Mining cash cost

\$m (unless otherwise stated)	H1 2014	H1 2013
Revenue	1,245	1,524
EBITDA excluding special items	302	337
Gross cash cost	943	1,187
Other adjustments	(5)	(37)
Gross cash cost of own production	938	1,150
Sales volumes (own production) (kt)	137	155
Gross cash cost of own production (USc/lb)	309	336
By-product credits	(322)	(355)
Net cash costs of own production	616	795
Net cash cost of own production (USc/lb)	203	232

■ In H1 2014, includes processing charges relating to the sale of copper concentrate. There is also an adjustment each period to exclude costs for non-copper related social spend and the margin on electricity purchased from the captive power stations

PRESENTATION OF YEAR END RESULTS FOR THE GROUP

Income statement

- 2014 and 2013 comparative for the Group will separate the results of continuing operations (KAZ Minerals) and discontinued operations (Disposal Assets)
 - Discontinued operations will include the aggregate of:
 - Performance from 1 January 2014 to completion date of the transaction
 - Re-measurement of Disposal Assets to fair value less costs to sell
 - Recycled accumulated currency translation reserve through profit and loss

Cash flow from discontinued operations

- Will be disclosed in the notes to reflect cash flows from operating activities, investing activities and financing activities up to completion date

EBITDA from continuing operations

- KAZ Minerals for the full year (2014 and 2013)

EBITDA from discontinued operations

- Disposal Assets for the period 1 January 2014 to completion date and for full year 2013

Revenue

- KAZ Minerals' copper revenues will consist exclusively of copper cathode sales

EBITDA

- Will continue to be reported excluding MET

KAZ MINERALS: OPERATING MINES

	Orlovsky	Irtysky	Yubileyno-Snegirikhinsky	Artemyevsky	Bozymchak
Ore output¹ (kt)	1,557	626	835	1,332	n/a
Copper grade¹ (%)	3.45	1.49	2.30	1.68	n/a
Life of mine²	11	16	2	4/(+10) ³	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 largest operating mine in East Region by copper metal in ore extracted	Irtysky has been operating since 2001	Yubileyno-Snegirikhinsky is expected to reach the end of its operational life in 2015	Mine with polymetallic ore, which has been operating since 2005	Bozymchak is located in Kyrgyzstan and is currently being commissioned
Future potential				Studies are underway to assess options to extend the mine by up to 10 years	

Notes: 1. Reported production and grade for 2013.

2. The estimated life of each mine is based on the existing mine plans which have been developed internally by the Group and include mining operations in 2014.

3. Includes project to extend the operational life of Artemyevsky mine.