KAZAKHMYS

Kazakhmys PLC

2013 Half-Yearly Results Presentation

22 August 2013

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Oleg Novachuk

Chief Executive Officer

HIGHLIGHTS

Operations

- All metals on target
- 7% higher copper production
  - Top of guidance for 2013
- Optimisation review underway
- Continued focus on Health & Safety

Growth projects

- Bozshakol – delivery of mills and drive systems to site in progress
  - Remains on schedule for first production in 2015
- Aktogay – initial construction works commenced
  - Remains on schedule for first production in 2016

Finance

- Group EBITDA $714 million
- 5% increase in gross cash costs
  - Below guidance
- Net debt $1,260 million
- Disposal of ENRC holding
  - Cash proceeds $875 million
  - Share repurchase $319 million

KAZAKHMYS – MEETING CHALLENGES

Actions taken

- Improved resource management
- Lowering operating costs
- Reducing capital expenditure

Further actions

- Comprehensive review underway
  - All assets and working practices
  - Labour efficiencies

Target

- Sustainable positive cash flow from core business
- Delivery of growth projects

Focus on value not volume

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Eduard Ogay

Chief Executive Officer
Kazakhmys Mining

HEALTH AND SAFETY

Continuing focus on health and safety

- 11 fatalities to date (8m 2012: 13)
- LTIFR of 1.94 in 2013 (H1 2012: 1.98)
- Introduced new group wide H&S reporting system
- Investment in equipment and working conditions
- New behavioural and awareness campaign

Ongoing target

- Reduce LTIFR by 10%
- Continue work with DuPont on safety culture change
- Continue implementation of improved safety standards
- Strengthen risk assessment practices and introduce third-party health and safety audits

Omir ('life') health and safety brand

Marking safety zones

Safety in electrical work

Establishing a safety brand 'Omir' ('life') for health and safety training and communications

Target zero fatalities

H1 2013 METAL PRODUCTION

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Copper production

- Cathode output up 7%
- Focused on maintaining copper content
- Copper ore grade 0.96% (2012: 0.99%)
  - Maintain grade in H2 between 0.90% and 0.95%
  - FY ore output: 5-8% above prior year

By-product production

- Zinc and gold output in line with full year targets
- Silver ahead of guidance
  - Increased target from 11,000 to 12,000 koz

Copper
cathode equivalent

Actual H1 2013
144kt

Guidance 2013
285-295kt

Zinc
in concentrate

Actual H1 2013
63kt

Guidance 2013
125kt

Gold
production

Actual H1 2013
51koz

Guidance 2013
100koz

Silver
production

Actual H1 2013
7,145koz

New guidance 2013
12,000koz

Copper production at top end of guidance

PROTECT MARGINS THROUGH GREATER EFFICIENCY

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Actions taken in H1 2013

- Optimised mine plans:
  - Maintain stable copper grade
  - Reduced high cost ore extraction
- Satpayev concentrator suspended
- Reduction of sustaining capex
- Suspension of a number of mid-sized projects
- Transfer of social assets

Targets for H2 2013

- Zhezkazgan smelter to be suspended in H2
- Optimise material consumption
- Increase utilisation of production equipment
- Renegotiate tariffs with suppliers
- Improve efficiency of ore transportation

- **Production at the top end of 285 to 295 kt guidance**
- **$40 million of opex savings from H2 2013 - ($80 million annualised)**
- **10% sustaining capex reduction for 2013 - (Further reduction in 2014)**

OPTIMISATION PROGRAMME TO CONTINUE

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Actions taken

Improving cash flow with $80 million of annualised savings

Medium-term actions

- Comprehensive review of operations and cost structure:
  - Potential withdrawal from low margin operations
  - Labour efficiencies
- Structural reduction in sustaining capex requirements

Sustainable positive cash flow

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Andrew Southam

Chief Financial Officer

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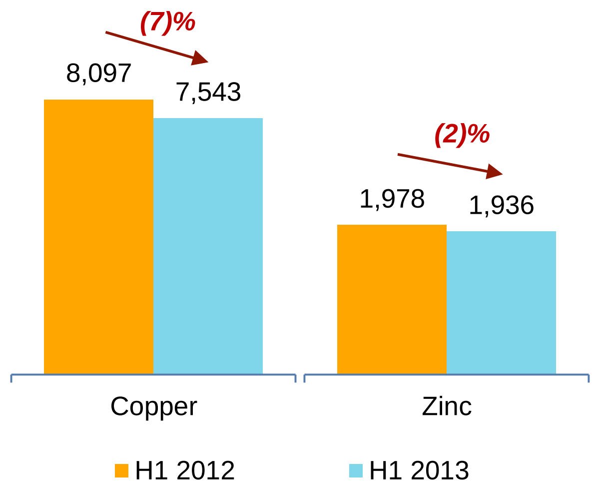
Key financial indicators

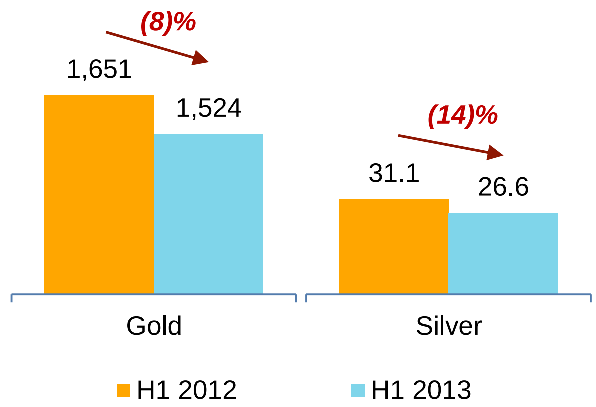
$m (unless otherwise stated)	H1 2013	H1 2012
Group EBITDA	714	1,007
Underlying EPS, $	0.21	0.58
Net cash cost of copper, USc/lb	232	149
Free Cash Flow	(135)	(94)
Net debt	(1,260)	(418)

- Lower metal prices
- H1 2012 sale of gold inventory
- Below guidance cost inflation
- Lower contribution from ENRC

- Major project development spend

Average LME/LBMA commodity prices





GROUP EBITDA

Group EBITDA[1]

$m (unless otherwise stated)	H1 2013	H1 2012
Kazakhmys Mining[2]	**337**	**574**
EBITDA margin	*22%*	*39%*
Kazakhmys Power	**119**	**96**
EBITDA margin	*64%*	*55%*
Other	**(18)**	**9**
Segmental EBITDA	**438**	**679**
Share of EBITDA of ENRC	**276**	**328**
Group EBITDA	**714**	**1,007**

Kazakhmys Mining EBITDA

- Realised copper price down 9%
- Lower by-product pricing and volumes
- Gross unit cash costs increased by 5% from FY 2012

Kazakhmys Power EBITDA

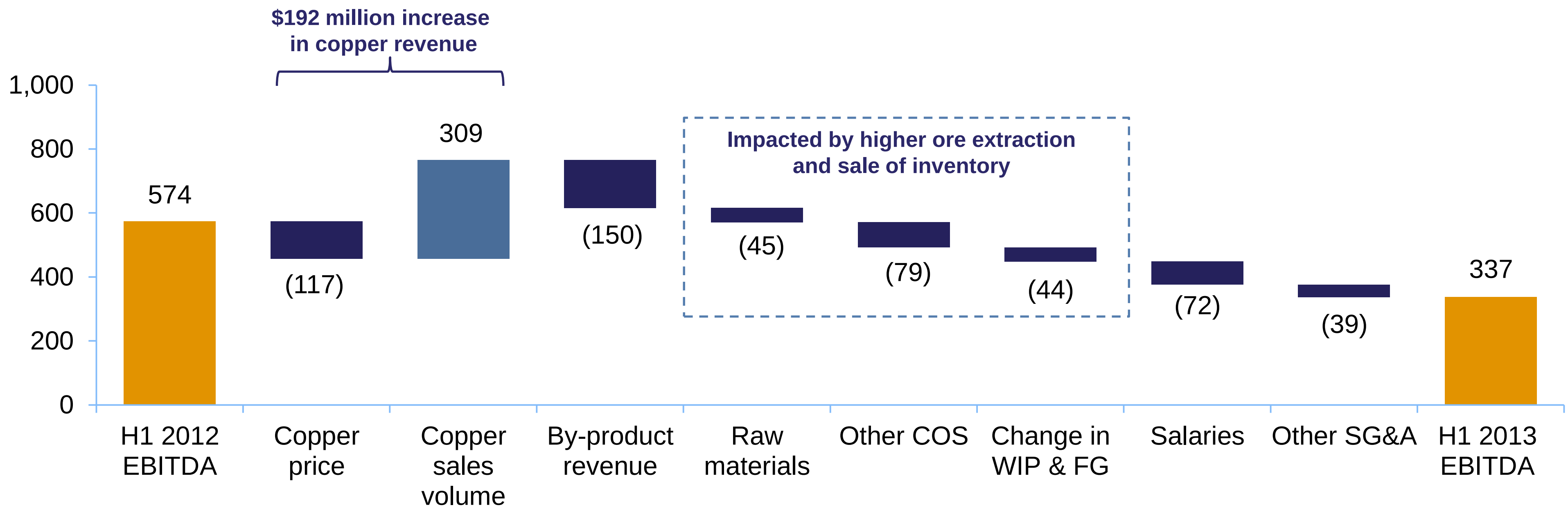
- Ekibastuz GRES-1 tariffs higher by 10%, but weaker domestic demand
- Captive power stations: commercial tariffs for internal sales

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

2. Kazakhmys Mining's EBITDA for the six months ended 30 June 2012 has been restated to exclude the non-cash component of the disability benefits obligation. This change has resulted in an increase of $58 million.

KAZAKHMYS MINING EBITDA VARIANCE

H1 2012 to H1 2013 EBITDA reconciliation ($m)



Revenue

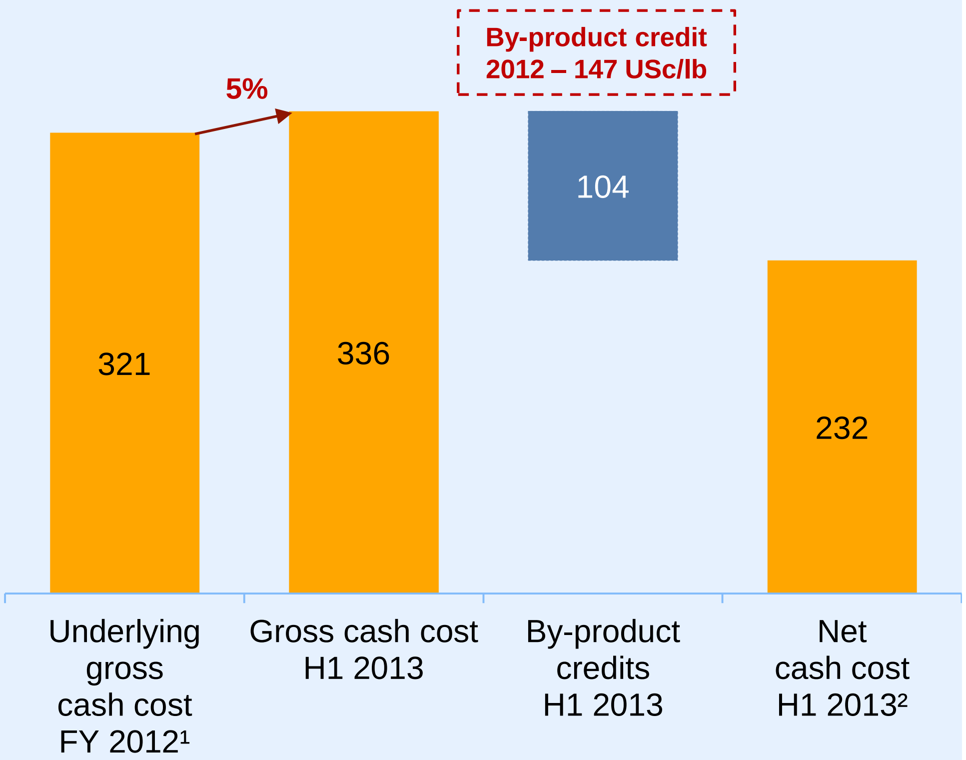
- Mining revenue increased by 3% to $1,524 million
- 38 kt increase in copper sales volumes to 156 kt
- Gold sales 42 koz compared to 118 koz in H1 2012

Cost drivers

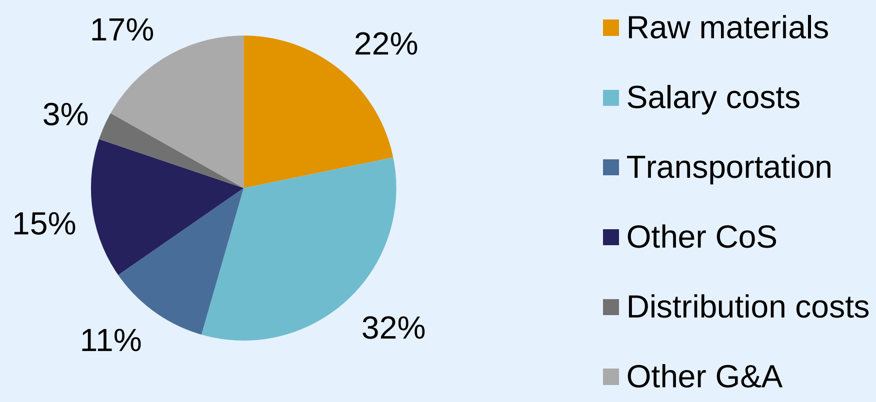
- Ore extraction higher by 12%
- Full impact of Q2 2012 salary increase
- Sale of 2012 copper inventory

COPPER CASH COSTS

Copper cash costs (USc/lb)



Gross cash costs H1 2013



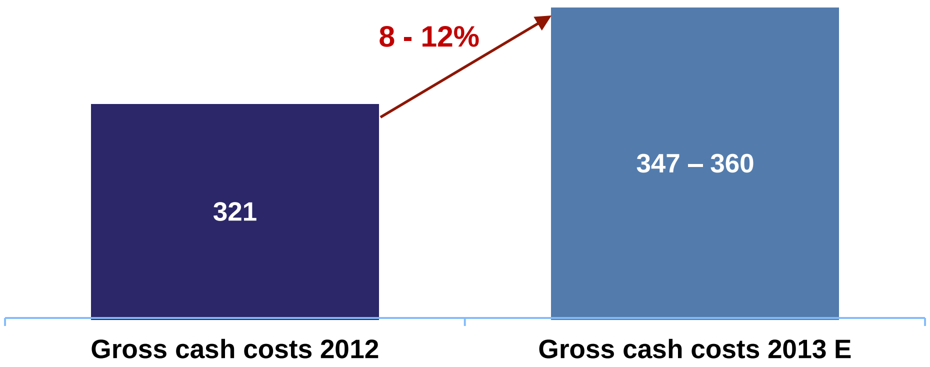
- Gross cash cost of 336 USc/lb includes estimated benefit of 10 USc/lb from sale of copper inventory

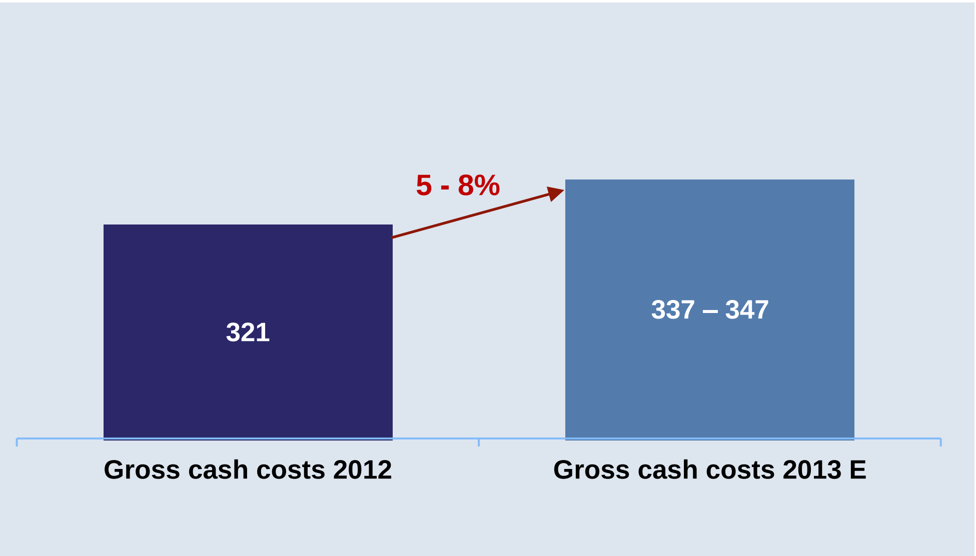
Notes: 1. Kazakhmys Mining cash operating costs excluding purchased concentrate and brought-forward gold inventory ($74 million or 12 USc/lb), divided by the volume of copper cathode from own production.

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

CASH COSTS GUIDANCE

FY cash costs of copper (USc/lb)



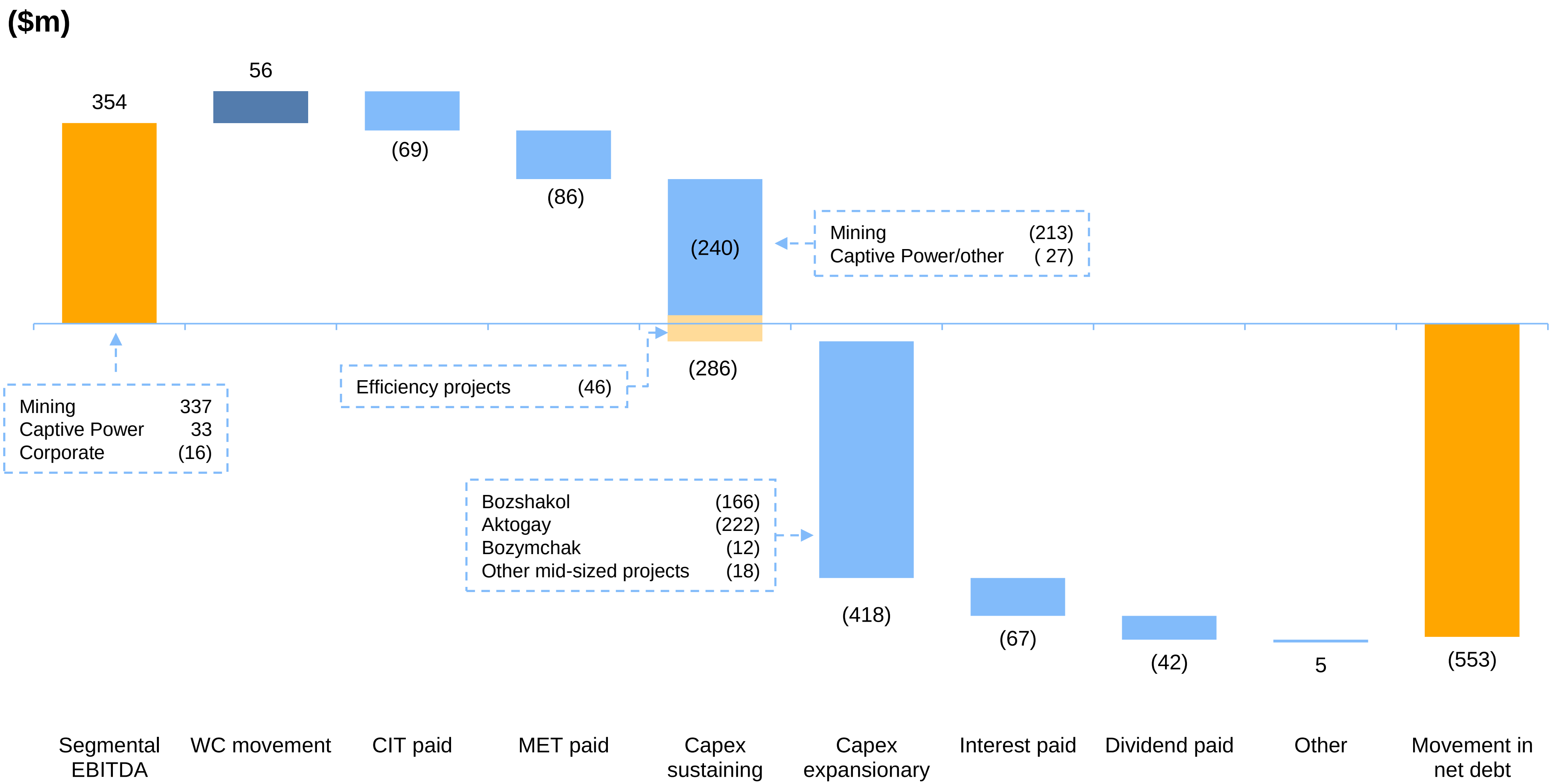


PREVIOUS GUIDANCE

NEW GUIDANCE

Reducing gross cash cost guidance

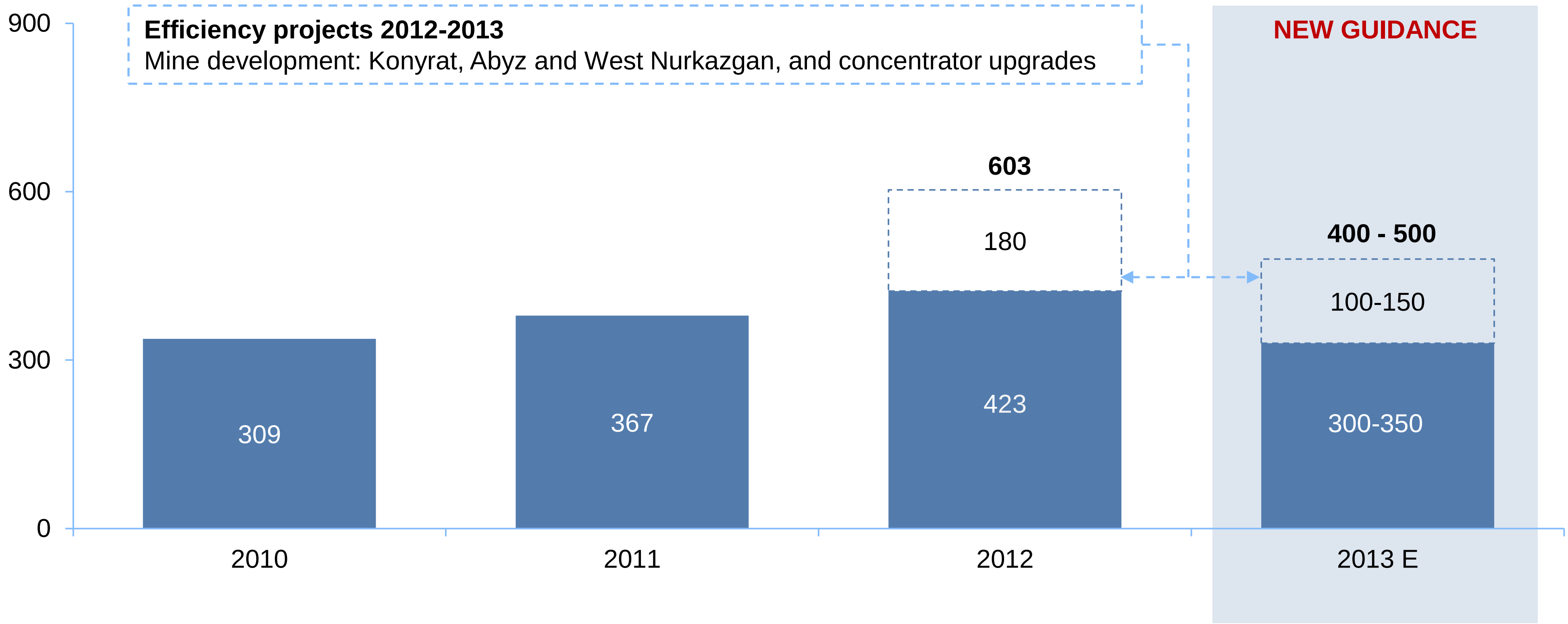
CASH FLOW GENERATION[1]



Notes: 1. Segmental EBITDA and cash flow movements exclude Ekibastuz GRES-1 and MKM.

KAZAKHMYS MINING SUSTAINING CAPEX

Sustaining capex profile[1] ($m)



Notes: 1. Sustaining capital expenditure excluding non-cash additions such as capitalised depreciation and capitalised interest.

Reducing sustaining capex

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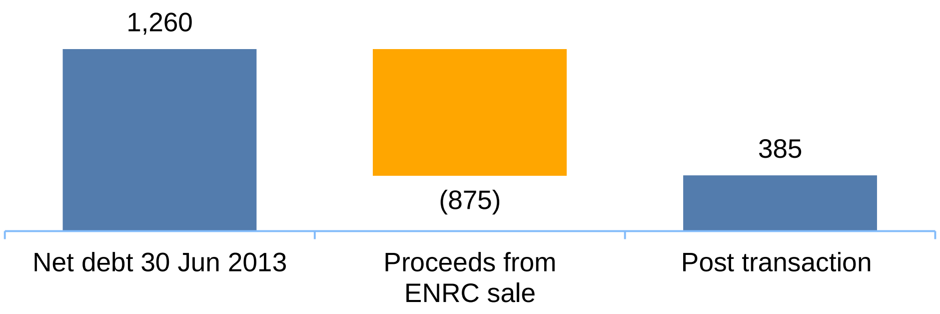
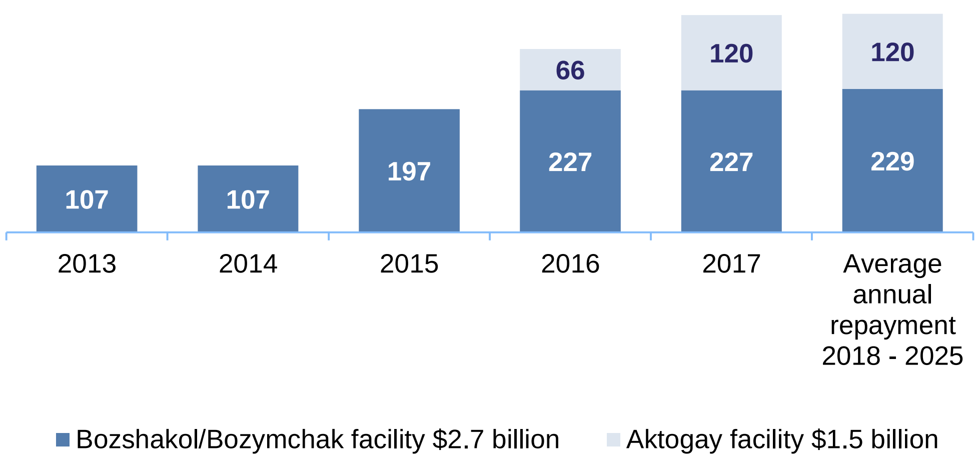
Net debt proforma ($m)



Expansionary projects debt repayment profile ($m)



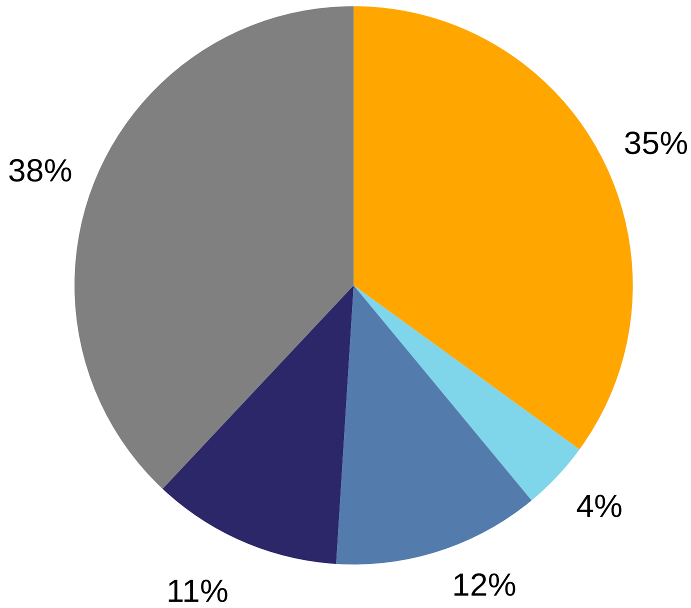
- Disposal of ENRC holding
  - Proceeds of $875 million
  - Reduce net debt
  - Increase funding flexibility

- Committed debt facilities for major projects
  - Long dated maturity of 12 to 15 years
  - Balance sheet covenants only

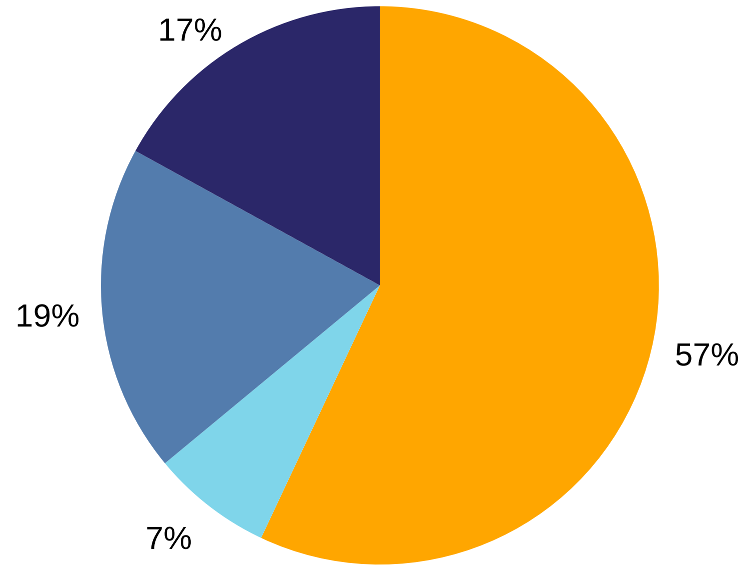
Committed long-term financing in place

EBITDA COMPOSITION

Proforma EBITDA[1] ($m)



Proforma Group EBITDA post ENRC disposal ($m)



Copper[2] | Captive power | Ekibastuz GRES-1 | By-products[2] | ENRC

Notes:
1. *Excluding MET, the non-cash component of the charge relating to the disability benefits obligation and special items. Excluding EBITDA from MKM and Corporate services.*
2. *Calculated proportionately based on revenue.*

FINANCIAL OUTLOOK H2 2013

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Gross cash cost

Actual H1 2013
336 USc/lb

Guidance 2013
5-8% increase on FY 2012

Previous guidance
8-12% increase on FY 2012

Sustaining capex[1]

Actual H1 2013
$286 million

Guidance 2013
$470-590 million

Mining

Previous guidance	New guidance
$450-550 million	$400-500 million

Captive power
$70-90 million

Expansionary capex

Actual H1 2013
$418 million

Guidance 2013
$1,140-1,340 million

Bozshakol
$500-600 million

Aktogay
$500-600 million

Bozymchak and mid-sized projects
$140 million

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

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Mian Khalil

Head of Projects

BOZSHAKOL – PROJECT PROGRESS

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Plan for 2013

- Complete main access road
- Complete majority of concrete works
- Erect main process buildings
- Deliver and install grinding mills and drives
- Deliver and install major mechanical equipment
- Construct 220 kV power line to site
- Delivery of haul tracks and shovels

Progress during H1 2013

- Main access road 50% complete
- Main process building foundations complete
  - Foundation for primary crusher, stockpile and tailings thickener 70% complete
- 98% of steel for the main process building erected
- First delivery of grinding mills and drives – July 2013
- Copper concentrate filter and 220kV transformer delivered
- Construction of power line 40% complete
- Assembly area for receipt of tracks and shovels complete

2011	2012	2013	2014	2015
Commenced EPC work & development	Commenced main construction activities on site	Mills & GMDs[1] on site	Commence pre-production mining	First ore to mills
Done	Done	On track	On track	On track

Notes: 1. Gearless Mill Drive.

DEVELOPMENT PROGRESSES

Main process building

Primary crusher 212,550 level

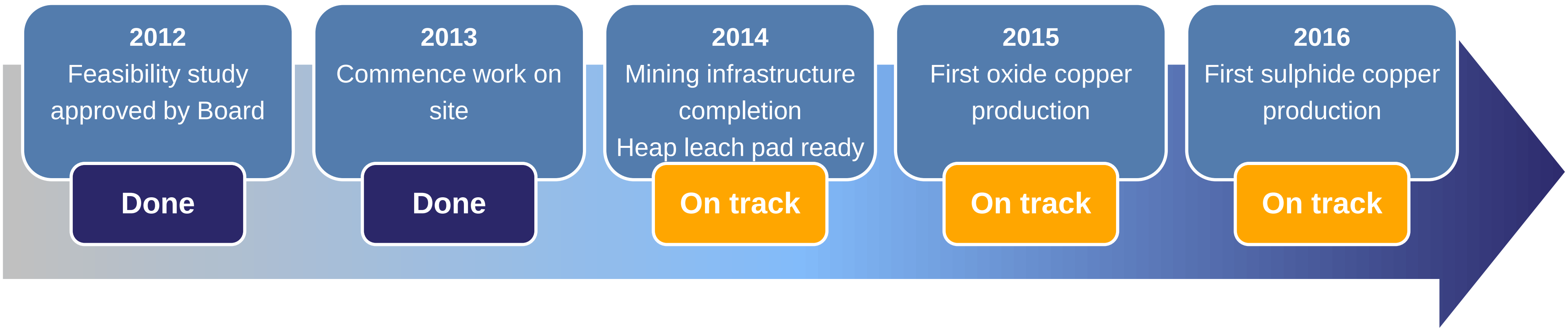
AKTOGAY – PROJECT PROGRESS

Plan for 2013

- Use current site infrastructure to support erection of temporary facilities
- Start earthworks in April 2013
- Complete procurement of all major equipment
- Pour main foundations and start steel erection of non-process buildings
- Begin site-wide general electrical works
- Start leach pad construction
- Start SX-EW footings and foundations
- Start concentrator footings and foundations

Progress during H1 2013

- Construction of temporary facilities commenced
- Top soil removal completed at heap leach pad
- Procurement of all major equipment is 70% complete
- Commissioned existing site substation to deliver power to temporary facilities
- Leach pad earthworks commenced in April 2013
- Concentrator earthworks commenced in June 2013



Leveraging from Bozshakol development

AKTOGAY COPPER PROJECT PROGRESS

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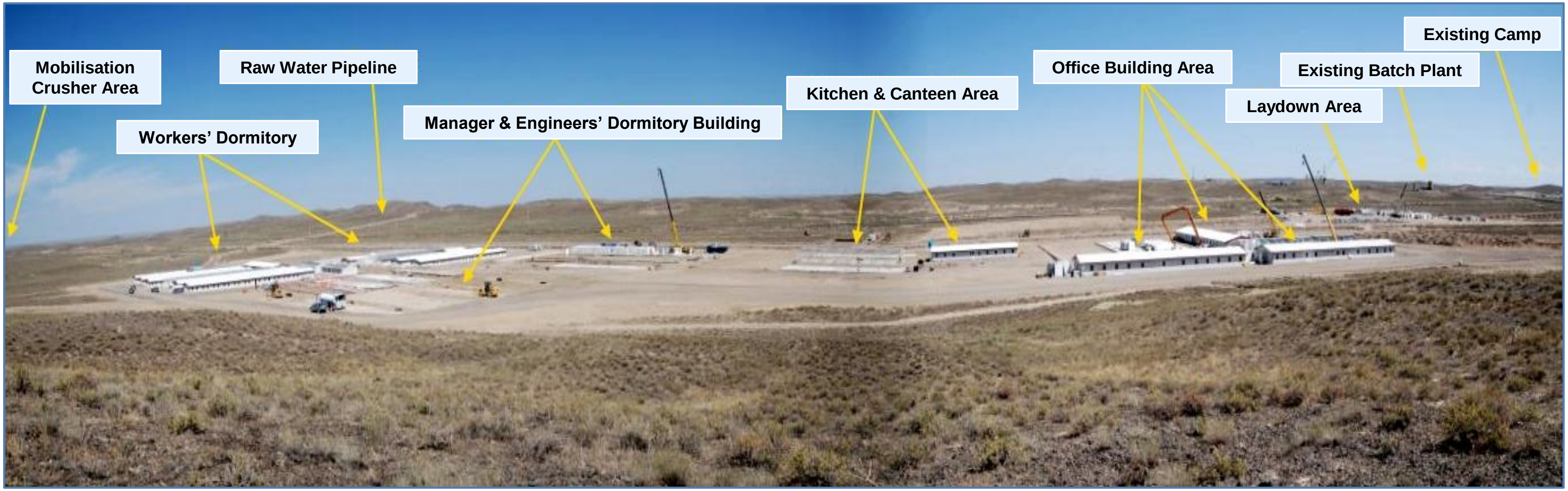
Site overview



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Mobilisation – aggregate crusher area

Mobilisation – new batch plant

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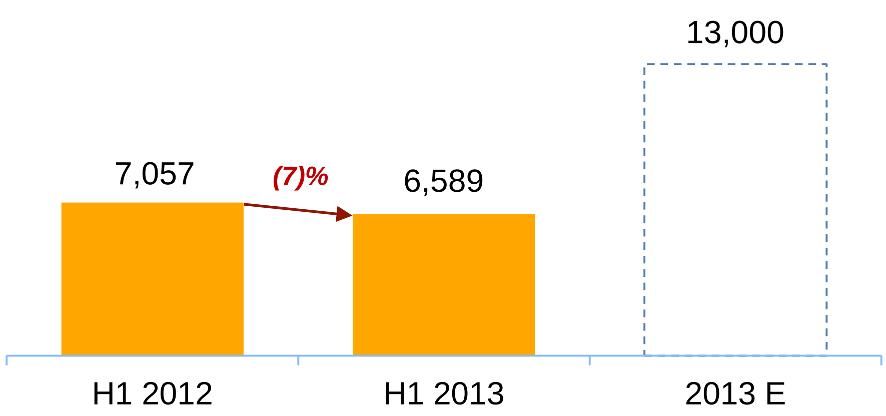
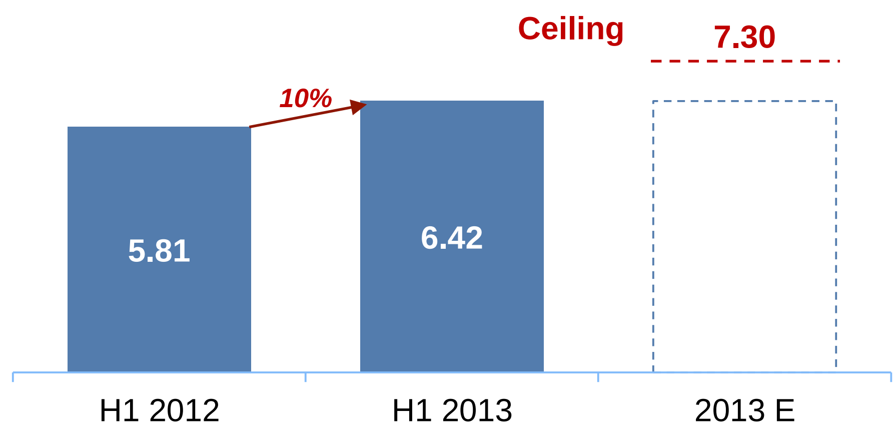
Oleg Novachuk

Chief Executive Officer

Net power generation[1] (GWh)



Average realised tariffs (KZT/kWh)



Generation

- Lower domestic demand for power in Kazakhstan
  - Electricity sales redirected to the export market
  - Sales to Russia – 19% of output

Tariffs

- Realised tariffs 10% higher
  - Ceiling tariff increased in Q1 2013 to 7.30 KZT/kWh

EBITDA

- H1 2013 – $172 million on 100% basis (H1 2012: $184 million)
  - Margin of 61% (2012: 66%)

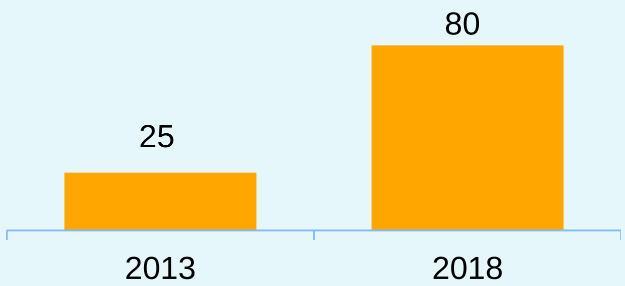
Notes: 1. *The results are for 100% of the business.*

Margins remain strong

H2 PRIORITIES

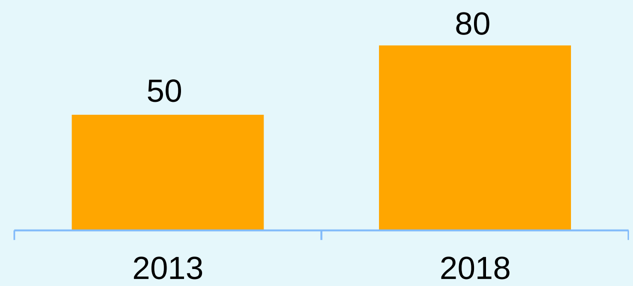
Health and safety	**Continue to improve H&S standards**
Cost control and optimisation	**Optimisation is underway to improve cash flow**
Capital allocation	**Sustaining capital expenditure reduced** **Disposal of non-core assets commenced**
Growth projects	**Delivery of main equipment at Bozshakol** **Complete bulk earthwork at Aktogay**

Expected ore output from open pits (%)



80% of extraction from open pit mines

Expected copper from top 5 mines (%)



Production focused on 5 large mines

Sustainable positive cash flow

Appendices

BOZSHAKOL – TRANSFORMATIONAL PROJECT

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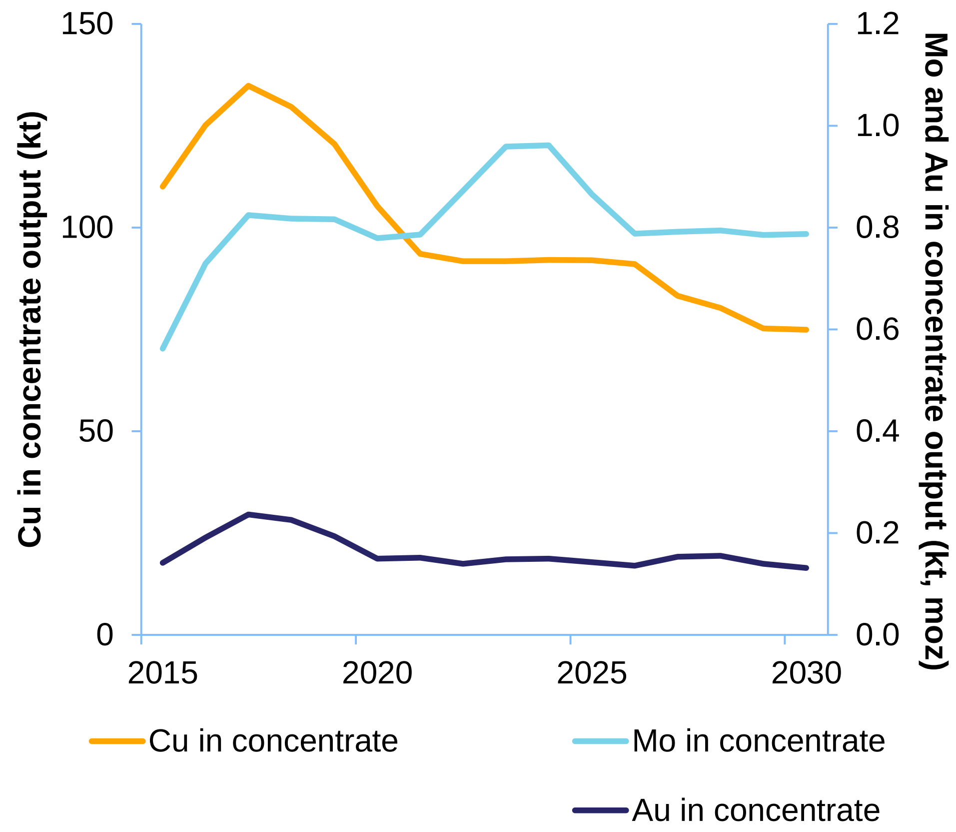
Key statistics

- 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 – 120 to 140 USc/lb[1]
- Net cash cost – 50 to 70 USc/lb[2]
- Total anticipated project capital cost $1.9 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 $1,000 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

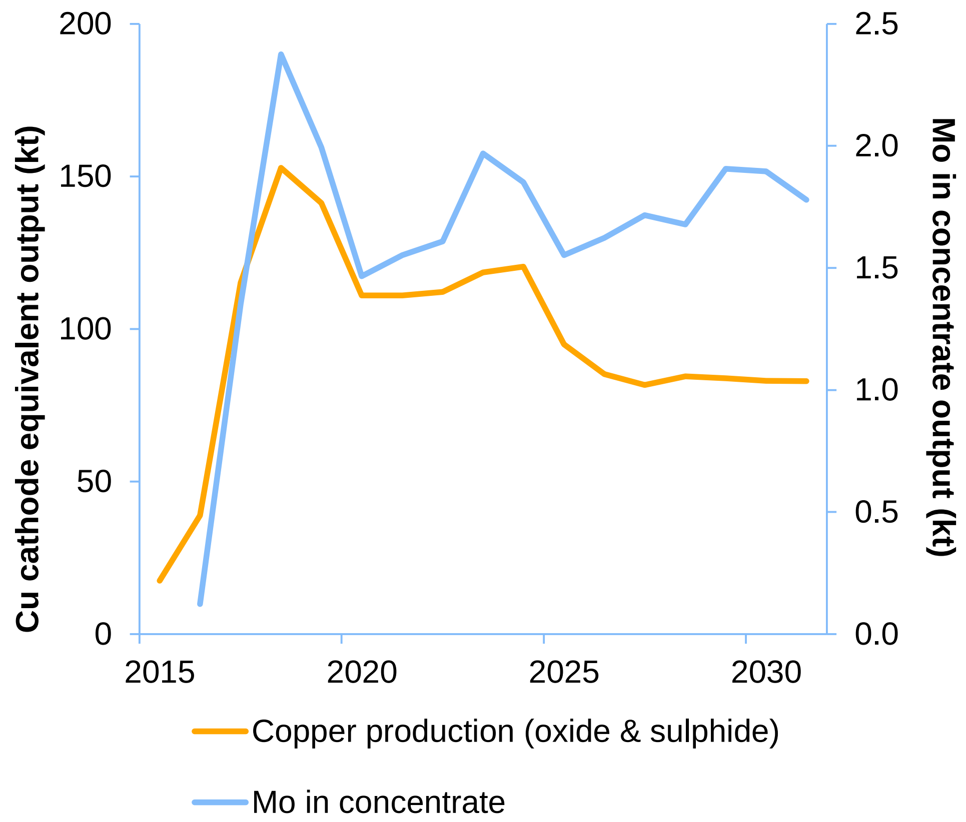
Key statistics

- Large scale open-pit processing on average 25 MT ore annually (sulphide ore)
  - 31 MT on average for the first 10 years
- 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 104 kt copper cathode equivalent in first 10 years
- Employee numbers estimated 1,500 at full operation
- Gross cash cost – 120 to 140 USc/lb[1]
- Net cash cost – 110 to 130 USc/lb[2]
- Total anticipated project capital cost $2 billion

Mineral Resource[3]

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

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 molybdenum price of $30,500 per tonne, expressed in real terms.*
3. *Includes measured and indicated material. Stated at 0.2% Cu cut-off grade. In accordance with JORC code.*

SUMMARY INCOME STATEMENT

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Key line items

$m (unless otherwise stated)	H1 2013	H1 2012
CONTINUING OPERATIONS		
Revenues	**1,571**	**1,516**
(Loss)/profit before finance items and taxation	(146)	126
Net finance costs	(47)	(45)
(Loss)/profit before taxation	**(193)**	**81**
Income tax credit/(expense)	16	(63)
(Loss)/profit for the year from continuing operations	**(177)**	**18**
DISCONTINUED OPERATIONS		
(Loss)/profit for the period from discontinued operations	(785)	104
(Loss)/profit for the period	**(962)**	**122**
Non-controlling interests	-	(1)
(Loss)/profit attributable to owners of the Company	**(962)**	**121**
EPS – basic and diluted ($)	(1.84)	0.23
EPS – based on Underlying Profit ($)	**0.21**	**0.58**

Reconciliation of Underlying Profit

$m	H1 2013	H1 2012
CONTINUING OPERATIONS		
Net (loss)/profit attributable to owners of the Company from continuing operations	**(177)**	**17**
Impairment charges	146	162
Additional disability benefits obligation related to previously insured employees	84	-
Loss on disposal of assets	10	10
Taxation effect of special items	(29)	(13)
Underlying Profit from continuing operations	**34**	**176**
DISCONTINUED OPERATIONS		
Net (loss)/profit attributable to owners of the Company	**(785)**	**104**
Loss on disposal of subsidiary	1	13
Impairment to fair value less costs to sell	845	10
Other special items	20	4
Underlying Profit from discontinued operations	**81**	**131**
Total Underlying Profit	**115**	**307**

REVENUES AND SALES VOLUMES

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Revenues from continuing operations and joint venture

$m	H1 2013	H1 2012
Kazakhmys Mining	**1,524**	**1,482**
Copper products	1,168	976
Silver	158	191
Gold	65	195
Zinc	70	70
Other[1]	63	50
Captive power	**47**	**34**
Total revenues	**1,571**	**1,516**
Ekibastuz GRES-1[2]	**140**	**139**

Kazakhmys Mining sales volumes

kt (unless otherwise stated)	H1 2013	H1 2012
Copper cathode equivalent sales	**156**	**118**
Copper cathodes	149	108
Copper rod	7	10
Zinc	66	69
Silver (koz)	6,049	6,091
Gold[3] (koz)	42	118

Notes: 1. *Other revenue includes coal, lead, sulphuric acid etc.*
2. *Ekibastuz GRES-1 on a 50% basis.*
3. *Includes gold doré.*

CASH FLOW

Summary cash flow

$m	H1 2013	H1 2012
Segmental EBITDA before ENRC & GRES-1[1]	**89**	**392**
Impairment losses	177	186
Non-cash component of the disability benefits obligation	(55)	(58)
Loss on disposal of assets	11	23
Dividends received from associate and joint venture	-	65
Working capital movements[2]	172	(106)
Interest paid	(70)	(38)
Income tax paid	(70)	(121)
MET paid	(86)	(131)
Foreign exchange and other movements	(8)	(9)
Net cash flows from operating activities before other expenditure associated with major projects	**160**	**203**
Sustaining capital expenditure	(295)	(297)
Free Cash Flow	**(135)**	**(94)**
Expansionary and new project capital expenditure	(418)	(157)
Non-current VAT receivable associated with major projects	(33)	(35)
Major social projects	(31)	-
Dividends paid	(42)	(105)
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 property, plant and equipment	26	26
Other	2	(3)
Cash flow movement in net debt	**(604)**	**(453)**

Working capital movements[2]

$m	H1 2013	H1 2012
Kazakhmys Mining	187	(91)
Captive Power	13	11
MKM	(23)	(60)
Corporate	(5)	34
Total	**172**	**(106)**

Capital expenditure

$m	H1 2013	H1 2012
Kazakhmys Mining	677	436
Sustaining	259	279
Expansionary	418	157
Captive Power	27	13
MKM	9	3
Corporate	-	2
Total	**713**	**454**

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 on major projects.

SUMMARY BALANCE SHEET

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Assets ($m)	H1 2013	H1 2012
Non-current assets	5,302	8,565
Cash and liquid funds[1]	1,685	1,608
Other current assets	2,405	1,615
Total	**9,392**	**11,788**

Non-current assets ($m)	H1 2013	H1 2012
Intangible assets	68	58
Tangible assets	3,389	2,820
Investment in associate	-	4,598
Investment in joint venture	974	869
Other non-current investments	731	143
Deferred tax asset	140	77
Total	**5,302**	**8,565**

Equity & liabilities ($m)	H1 2013	H1 2012
Equity	5,154	8,671
Borrowings	2,945	2,026
Other liabilities	1,293	1,091
Total	**9,392**	**11,788**

Net debt ($m)[2]	H1 2013	H1 2012
Cash and liquid funds[1]	1,685	1,608
Borrowings	(2,945)	(2,026)
Short-term	(102)	(349)
Long-term	(2,843)	(1,677)
Total	**(1,260)**	**(418)**

Notes: 1. Includes current investments with a maturity of 3 to 6 months.
2. From continuing operations.

ENRC RECONCILIATION

KAZAKHMYS

EBITDA

$m	H1 2013
Actual H1 2013 ENRC published results	944
MET (not excluded from ENRC's EBITDA)[1]	119
ENRC's EBITDA H1 2013 exclusive of MET	1,063
Kazakhmys' share of ENRC's EBITDA H1 2013 (26%)	**276**

INCOME STATEMENT

$m	H1 2013
Share of Kazakhmys' holding in ENRC (26%)	65
Impairment charge recognised on remeasurement to fair value	(823)
Total income statement effect for H1 2013	**(758)**

Notes: 1. ENRC's EBITDA includes MET. Kazakhmys reports its EBITDA excluding MET so to be consistent MET is added back when calculating the share of ENRC's EBITDA.

FINANCE FACILITIES

Facility	Maturity and interest rate	Balance as at 30 June 2013
Bozshakol/Bozymchak $2.7 billion	**Final maturity 2023** - LIBOR+ 4.8% - Semi-annual interest payments	**Fully drawn - $2,655 million** - Balance sheet covenants - Capitalised interest of $63 million in H1 2013
Aktogay CDB $1.5 billion facility	**Final maturity 2026** - LIBOR + 4.2% - Quarterly interest payments	**First withdrawal H1 2013 - $56 million** - Balance sheet covenants - Capitalised interest of $10 million in H1 2013
Pre-export corporate $1 billion facility	**Final maturity 2017** - LIBOR + 2.8% - Monthly interest payments	**First withdrawal H1 2013 - $234 million** - Net debt /EBITDA covenant - Monthly principal repayment from Jan 2015

CASH COST RECONCILIATION

Kazakhmys Mining cash costs

$m (unless otherwise stated)		H1 2013	H1 2012
Revenue		1,524	1,482
EBITDA excluding special items		337	574
Gross cash costs		**1,187**	**908**
Other adjustments		(37)	(34)
Gross cash costs of own production		**1,150**	**874**
Sales volumes (own production)	kt	155	117
Gross cash costs of own production	**USc/lb**	**336**	**339**
By-product credits		(355)	(490)
Net cash costs of own production		795	384
Net cash costs of own production	**USc/lb**	**232**	**149**

- There is a similar 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 H1 2012