



KAZAKHMYST

Kazakhmys PLC

2008 Half Yearly Results
Presentation

28 August 2008



KAZAKHMYST

Oleg Novachuk

Chief Executive Officer

Kazakhmys: 2008 highlights



Corporate transactions

- ▣ Completed acquisition of Ekibastuz GRES-1
- ▣ Increased stake in ENRC from 14.59% to 25.02%

Major growth projects progressing well

- ▣ Boschekul and Aktogay moving towards feasibility stage and production

Operations

- ▣ Continuing recovery in production following severe Q1 weather
- ▣ Cost inflation is the key industry challenge

Positive momentum in all areas of strategy

Kazakhmys: 2008 highlights – results



Production of cathode from own material at 157kt

- ▣ Three consecutive quarters of continuous growth in ore output
- ▣ Benefit of mine extensions and equipment availability
- ▣ Cathode output in Q2 +8% on Q1 2008 after impact of severe weather in Q1

Revenue of \$2,838 million, +2% on H1 2007

- ▣ Higher copper, silver and gold prices offsetting lower production

EBITDA (excluding special items) of \$1,050 million, -21% on H1 2007

- ▣ Timing of copper and by-product sales
- ▣ Lower zinc prices
- ▣ Impact of input cost inflation
- ▣ H2 will include full contribution from ENRC and Kazakhmys Power

Kazakhmys Copper: Copper overview



Copper production and sales volume

kt (unless otherwise stated)	H1 2008	H1 2007	
Ore extraction	17,472	17,994	(3)%
Copper grade	1.22%	1.21%	1bp
Copper in concentrate (own)	170.7	182.8	(7)%
Copper cathodes production			
from own concentrate	157.1	163.5	(4)%
from purchased concentrate	17.1	26.9	(36)%
Total copper¹	174.2	190.4	(9)%
of which copper rod	23.6	18.0	31%
Copper cathode sales:			
Sales volume	154.5	202.8	(24)%
Average realised price (\$/tonne)	8,192	6,930	18%
Copper rod sales	22.8	16.9	35%

Note: 1. Production excluding tolling

Copper

- ▣ Copper output
 - ▣ Firm recovery in Q2 after weather impact in Q1
 - ▣ 3 quarters of continuous growth
 - Benefiting from new projects
 - Improved equipment availability
 - ▣ Grades remain consistent
- ▣ Continued good demand for copper
 - ▣ Average realised prices +18% on H1 2007
 - ▣ Strong demand for copper rods
 - ▣ Timing impact in sales
- ▣ Programme of productivity and cost initiatives

Kazakhmys Copper: By-products overview



Major by-products production and sales volume

	H1 2008	H1 2007	
Silver			
Production ¹ (koz)	8,329	10,104	(18)%
Sales (koz)	7,363	7,395	-
Average realised price	17.5	13.3	32%
Zinc in concentrate			
Production (kt)	66.4	71.2	(7)%
Sales (kt)	40.9	62.9	(35)%
Average realised price	1,104	2,448	(55)%
Zinc metal			
Production (kt)	24.6	27.4	(10)%
Sales (kt)	17.0	25.1	(32)%
Average realised price	2,277	3,572	(36)%
Gold			
Production ¹ (koz)	62.8	51.4	22%
Sales (koz)	64.4	44.7	44%
Average realised price	918	649	41%

Note: 1. Production excluding tolling

Silver

- Kazakhmys 4th largest global producer
- Principal by-product in H1 2008
- Silver production fell due to lower output at Zhezkazgan and East Region

Zinc

- H1 2008 increase in zinc metal inventory compared to reduction in H1 2007
- Zinc in concentrate production decreased due to lower ore output from zinc rich regions
- Continue to focus on zinc concentrate sales with strong regional demand

Gold

- Gold production higher due to increased grades from two new mines
- Increase of gold in stockpiled ore – which should be processed in H2
- Gold sales benefited from inventory brought forward from 2007

Kazakhmys Copper: Operational developments in H1



New mines

Akbastau

- Commenced output early 2008
- The open pit mine has ore resources of 12.4MT containing 208kt of copper at a grade of 1.67%

Taskura

- Commenced output in April 2008
- The mine has an estimated ore resource of 4MT containing 32kt of copper at a grade of 0.75%

Mine extensions

Abyz

- Re-opened early 2008 after the overburden was removed in 2007
- The open pit mine has a rich gold content of 4.95g/t and copper grade of 1.82% with resources of 5,716kt
- The mine's production capacity is 500kt per annum

Zhomart upgrade

- Work has progressed on increasing the underground mine's ore production to a design capacity of 4MT per annum

Optimisation

Equipment replacement programme

- Ongoing programme to improve equipment availability at the mines
- The programme has assisted in increasing production volumes in Q2 2008. Continued deliveries of equipment expected in H2 2008

Sulphuric acid plant

- Commenced in June 2008 with annual production of 1.2MT of sulphuric acid forecast by Q4 2008
- Output is principally sold to third parties

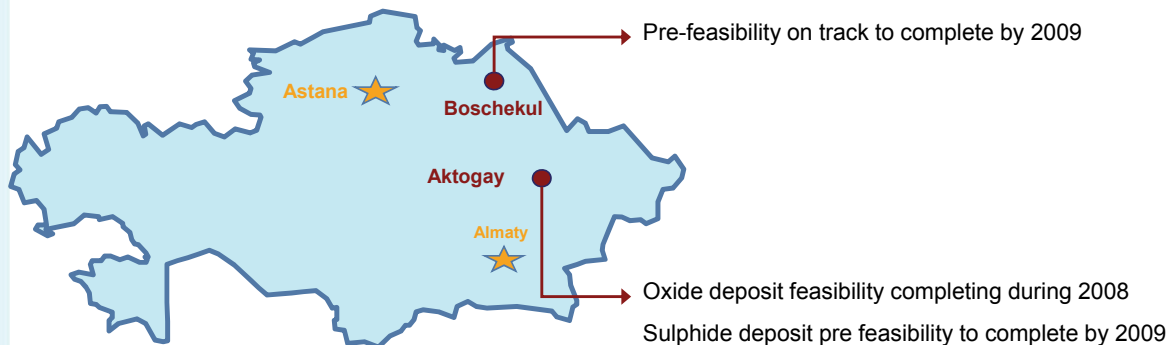
Delivered range of improvements in H1

Kazakhmys Copper: Major growth projects



Boschekul and Aktogay projects progressing well

- ▣ Two globally significant, low risk copper projects
- ▣ Both project studies being managed by Fluor
 - ▣ Assisted by separate, dedicated Kazakhmys project team
- ▣ Board approved \$50 million investment in milling and other equipment in June 2008
 - ▣ To ensure that projects remain on track



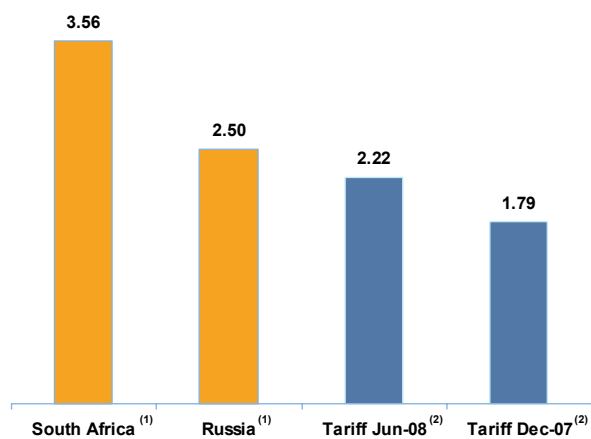
Approaching significant rise in production

Kazakhstan energy market – investment opportunity



Increasing tariffs in Kazakhstan (c/kWt)

- Purchased largest power station in Kazakhstan in May 2008
- Low historic power tariffs
 - Led to under investment in assets
 - Attractively priced assets
 - Insufficient future supply to cope with rising demand
- Tariffs are starting to rise
 - To expand capacity and meet future demand
 - But remain significantly below international levels



Notes: 1. Average tariffs 2007
 2. Ekibastuz tariff for Kazakhstan
 Source: DB and company

Energy market in transition

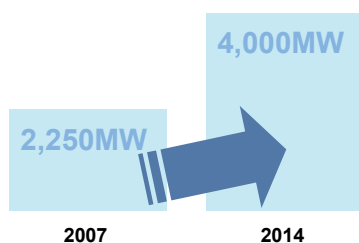
Kazakhmys Power: Key assets



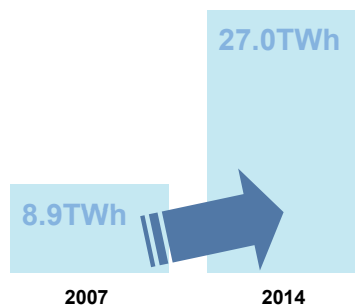
Ekibastuz GRES-1

- Coal-fired thermal power station
- Largest power plant in Kazakhstan
- Nameplate capacity: 4,000MW
- Acquisition price of \$1.1 billion
- Deferred consideration of up to \$381 million
- Board approved capex to 2011 of \$650 million

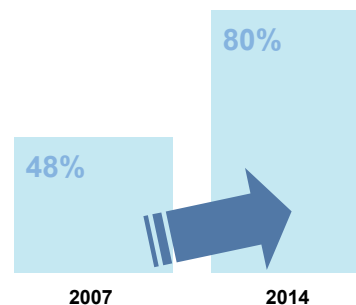
Capacity



Output



Load factor



Key power asset in Kazakhstan

Kazakhmys Power: Recent developments



Power key figures

	H1 2008	H1 2007	
Net power generated, GWh	5,506	3,931	40%
Attributable to Kazakhmys	948	-	
Net dependable capacity, MW	2,036	1,926	6%

- Significant increase in generation
 - ▣ Rising demand in Kazakhstan led to 40% increase in power generated
 - ▣ EBITDA of \$8 million for 1 month
- Next phase of development
 - ▣ One unit to go off line this year for maintenance
 - ▣ Feasibility study to improve emissions and raise capacity will complete in 2008
 - ▣ Restoration of further unit is commencing and will complete in 2011
 - ▣ Two remaining units to be restored by 2014

Significant growth to continue in market

Kazakhmys Gold & Petroleum



Growth projects updates

Bozymchak development project

- Project has moved into feasibility stage (by Worley Parsons) expected to complete by end of 2008
 - First ore extraction by 2009
- Board approved investment of \$24 million
- Measured and indicated 1.35 moz gold equivalent, Au, Ag & Cu (Krygyzstan)

Mizek Sulphide development project

- Extended pre-feasibility ongoing with Worley Parsons
 - Should lead to shorter feasibility commencing H1 2009
- 0.94 moz gold equivalent, Au & Cu (Kazakhstan)

Akjlga development project

- Exploration works started in Q2 2008
- Ag & Cu (Tajikistan)

Petroleum exploration update

- 3D seismic survey
 - Completed field works in Q2 2008
 - Data analysis expected to be completed in Q4 2008
- Duplicate well underway and will be completed in 2008
 - Preparation work taking place for four further deep wells in 2009



KAZAKHMY

Matthew Hird

Chief Financial Officer

Group financial KPIs



\$m (unless otherwise stated)	H1 2008	H1 2007	
EBITDA ¹	1,050	1,324	(21)%
EPS (\$) ²	1.34	1.71	(22)%
Net (debt)/liquid funds	(901)	1,740	-
Free cash flow ³	391	614	(36)%
Return on capital employed	8%	24%	(160)bp

Notes: 1. EBITDA excluding special items
 2. EPS based on Underlying Profit
 3. Operating cash flow after tax and sustaining capex

Summary income statement



\$m (unless otherwise stated)	H1 2008	H1 2007	
Turnover	2,838	2,789	2%
EBITDA (excluding special items)	1,050	1,324	(21)%
Kazakhmys Copper	990	1,302	(24)%
MKM	56	37	51%
Kazakhmys Gold	6	-	
Kazakhmys Power	8	-	
Other	(10)	(15)	33%
EBITDA margin (excluding special items)	37%	47%	
Kazakhmys Copper	55%	66%	(110)bp
MKM	6%	5%	10bp
Kazakhmys Gold	34%	-	
Kazakhmys Power	42%	-	
PBT	886	1,186	(25)%
<i>Income tax rate</i> ¹	31%	32%	(10)bp
Underlying Profit ²	610	800	(24)%
EPS based on Underlying Profit (\$)	1.34	1.71	(22)%

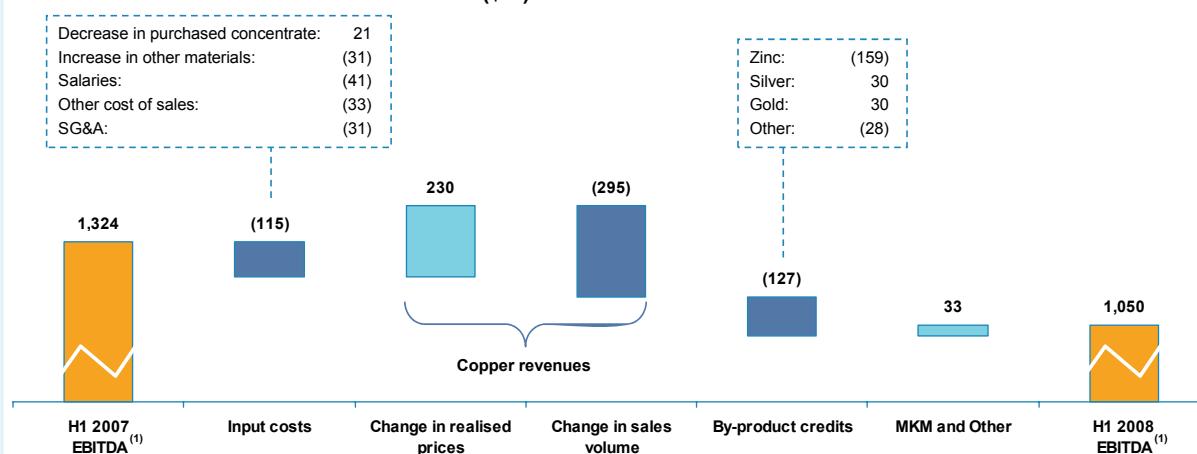
Notes: 1. Income tax rate after adjusting for non-recurring tax items

2. Profit for the year after adding back items which are non-recurring or variable in nature and which do not impact the underlying trading performance of the business and their resultant tax and minority interest effects

EBITDA variance



H1 2007 to H1 2008 EBITDA¹ reconciliation (\$m)



Key drivers

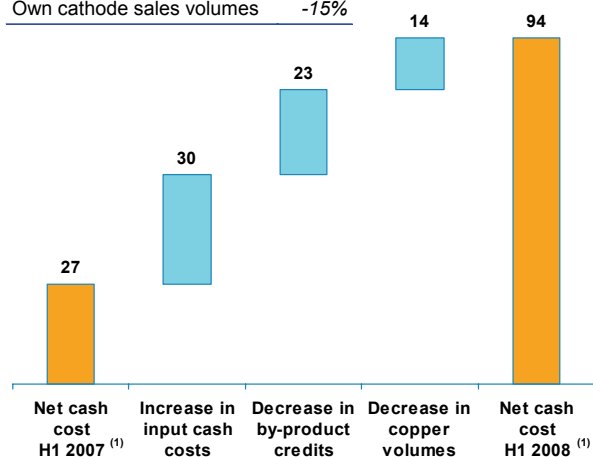
- ▣ Timing of copper sales impacted by goods in transit
- ▣ Inflation input costs
- ▣ By-product revenues affected by zinc stock changes and price
- ▣ Lower ore output

Note: 1. Excluding special items

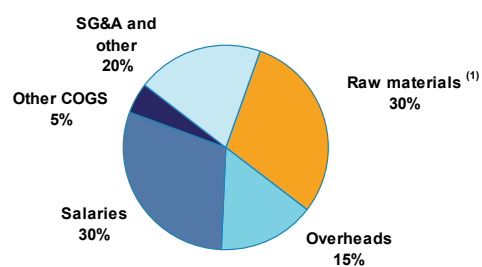
Change in estimated net cash cost of copper

H1 2007 – H1 2008 net cash cost reconciliation (c/lb)

Cash input costs	+25%
By-product credits	-24%
Own cathode sales volumes	-15%



Pre by-product cash costs



Note: 1. Excluding purchased concentrate

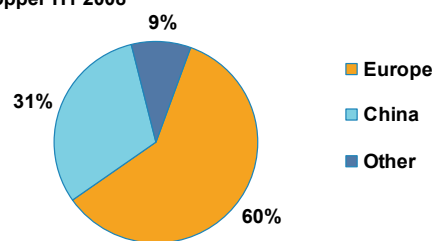
Revenue analysis – by destination



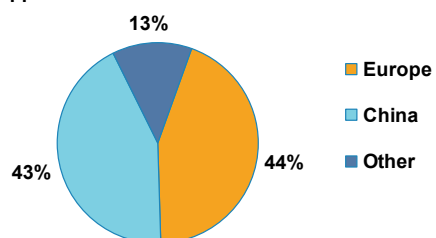
\$m		Europe	China	Other	Total
Kazakhmys Copper	H1 08	1,066	553	167	1,786
	H1 07	878	846	254	1,978

- ▣ 80% of Kazakhmys copper sales are on annual contracts
- ▣ All sales are at the prevailing LME market price
- ▣ Flexibility in sales strategy due to
 - ▣ Proximity to China
 - ▣ Infrastructure links to Europe
- ▣ Demand firm in both areas
 - ▣ Spot sales have principally been to Europe

Kazakhmys Copper H1 2008



Kazakhmys Copper H1 2007

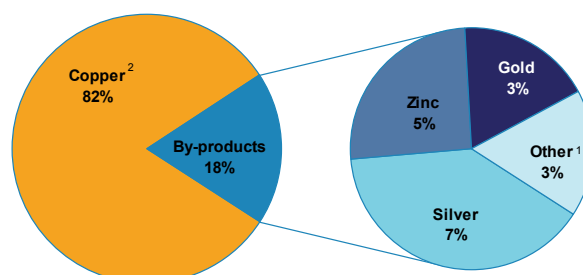


Revenue analysis – by commodity

\$m	H1 2008	H1 2007	
Copper cathodes	1,266	1,407	(10)%
Copper rod	195	118	65%
Zinc (by-product)	84	243	(65)%
Silver (by-product)	129	99	30%
Gold (by-product)	59	29	103%
Other ¹	53	82	(35)%
Kazakhmys Copper	1,786	1,978	(10)%
MKM	1,015	811	25%
Kazakhmys Gold	18	-	
Kazakhmys Power	19	-	
Total Group	2,838	2,789	2%

- By-products 18% of revenue – slight reduction compared to H1 2007
- Copper revenue decrease driven by lower sales volumes offset by increased realised prices

H1 2008 Kazakhmys Copper revenue



Notes: 1. Other revenue includes gold tolling revenues, coal, electricity, heat, etc
2. Includes copper rod and tolling

Summary cash flow



\$m	H1 2008	H1 2007	
Profit before taxation	886	1,186	
Net interest cost	5	18	
Depreciation and amortisation	157	115	
Working capital movements	(86)	(173)	
Income tax paid	(379)	(427)	
Other movements	(21)	(21)	
Net cash flows from operating activities	562	698	
Sustaining capital expenditure	(171)	(84)	
Free Cash Flow	391	614	
Expansionary and new project capital expenditure	(202)	(116)	
Acquisition of businesses ¹	(1,154)	(450)	
Interest received	19	57	
Dividends paid	(125)	(123)	
Share buy-back	(121)	-	
Other	11	1	
Cash flow movement in net (debt)/liquid funds	(1,181)	(17)	

Working capital movements	H1 2008	H1 2007
Kazakhmys Copper	(49)	(67)
MKM	(67)	(86)
Other	30	(20)
Total	(86)	(173)

Capital expenditure	H1 2008	H1 2007
Kazakhmys Copper	342	196
MKM	5	3
Other	26	1
Total	373	200

Notes: 1. Net of liquid funds and borrowings acquired

Summary balance sheet



Assets (\$m)	30 June 2008	30 June 2007
Cash and liquid funds	559	1,961
Other current assets	1,653	1,156
Non-current assets	5,081	2,627
Available for sale investment	4,996	-
Total	12,289	5,744

Net liquid funds (\$m)	30 June 2008	30 June 2007
Cash and liquid funds	559	1,961
Borrowings	(1,460)	(221)
Total	(901)	1,740

Equity & liabilities (\$m)	30 June 2008	30 June 2007
Equity	9,396	4,702
Borrowings	1,460	221
Liabilities	1,433	821
Total	12,289	5,744

Shareholding in ENRC



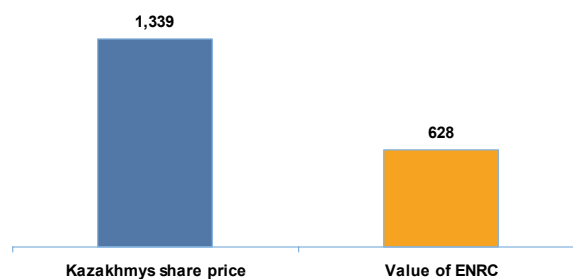
Total holding of 25.02%

Oct 2007	\$806 million	14.59%	Initial stake
Jul 2008	15% Kazakhmys equity	7.66%	Share swap with Government
Aug 2008	\$799 million	2.77%	Market purchase

Current value of holding (27 August 2008)

Total value of holding: \$6,156 million
Value per Kazakhmys share: 628 pence

Value of ENRC stake per Kazakhmys share (p)

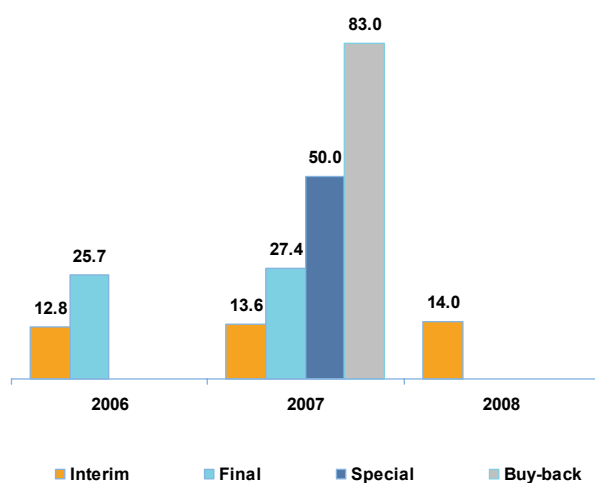


Significant value in shares

Capital return to shareholders since Listing



Capital returned since IPO (USc/share)



- Steady increase in ordinary dividends since Listing
 - Combined with payouts of surplus funds when available
- Significant growth projects
 - Substantial capital investment
 - Production and earnings growth
- Total return 262.5c/share since Listing

Strong returns to shareholders since Listing



KAZAKHMYST

Oleg Novachuk

Chief Executive Officer

Outlook for H2 2008



Production

- ▣ Production for 2008 will be at least in line with 2007
 - ▣ Consistent with previous guidance
- ▣ Continue to see positive momentum in copper & by product output

H2 – full contributions from Kazakhmys Power and ENRC

Our copper markets remains firm

- ▣ No change in customer demand

Capital projects

- ▣ Major projects developments
 - ▣ Boschekul
 - ▣ Aktogay oxide
 - ▣ Bozymchak

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