



Kazakhmys PLC

2006 Interim Results Presentation

19 September 2006



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Today's speakers



Vladimir Kim
Executive Chairman



Yong Keu Cha
Chief Executive



Oleg Novachuk
Finance Director



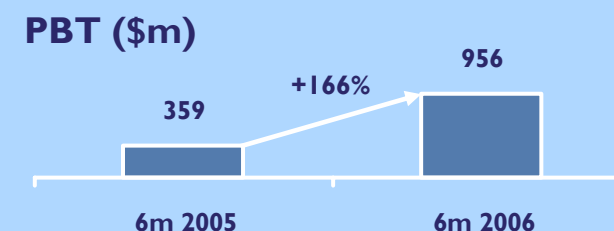
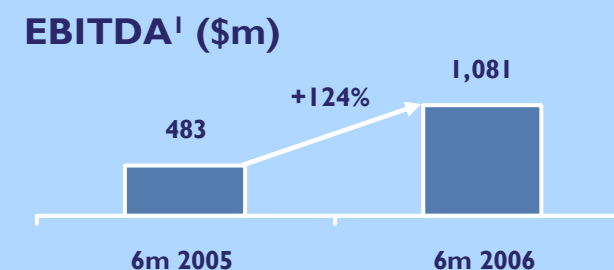
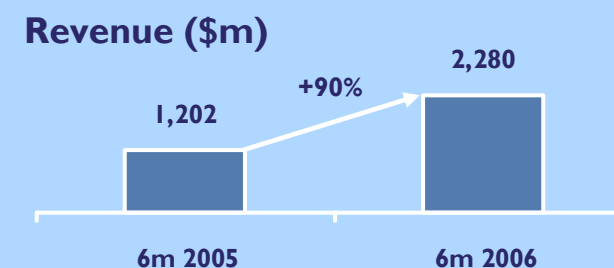
Vladimir Kim

Executive Chairman



Financial highlights

- ▣ **Revenue** up 90% to \$2,280m
- ▣ **EBITDA¹** up 124% to \$1,081m
- ▣ **PBT** up 166% to \$956m
- ▣ **EPS²** up 124% at \$1.32 per share
- ▣ **Dividend³** declared at 12.8 US cents per share



1. EBITDA excluding special items
2. EPS based on Underlying Profit
3. 2006 Interim Dividend

Operational highlights

- **Group's own copper cathode production up 1% to 169kt from 167kt in 6m 2005**
 - Despite adverse weather conditions in Q1
 - In line with the Group's plan, volumes of purchased concentrate have been reduced
- **Solid by-products performance**
 - Own zinc metal production: —————→ up 18% to 34kt
 - Own gold production: —————→ up 13% to 54koz
 - Own silver production: —————→ up 1% to 10,660koz
- **Completion of new Zhaman-Aybat and Kosmurun copper mines**
 - Ahead of schedule and contributing to ore output
- **Other recently commissioned mines (Artemyevskoe and Abyz) are ramping up well**

Changes in Board and Management

- YK Cha standing down as Chief Executive with effect from 31 December 2006, will continue serving as a Special Adviser to the Board
- David Munro joining executive management as Strategy Director, will continue as Chairman of HSE committee
- Philip Aiken joining Kazakhmys PLC Board with effect from 1 November 2006, also becoming member of Audit, Remuneration and HSE committees
 - Brings natural resources experience from major UK PLCs
- Another independent non-executive director to be appointed in due course
- Several appointments in Kazakhstan to strengthen operational management

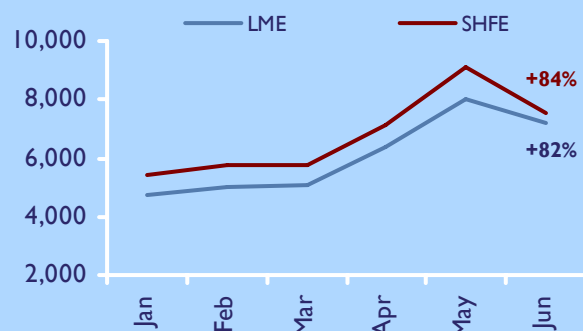


Yong Keu Cha

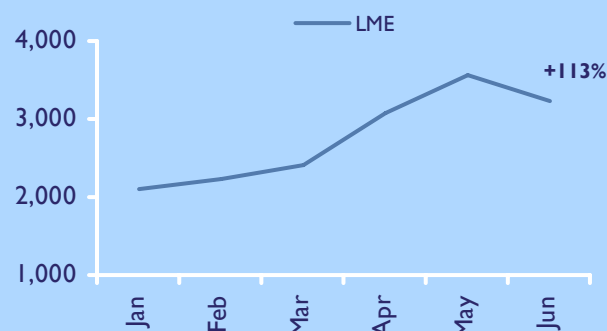
Chief Executive

Resilience in strong metal price dynamics

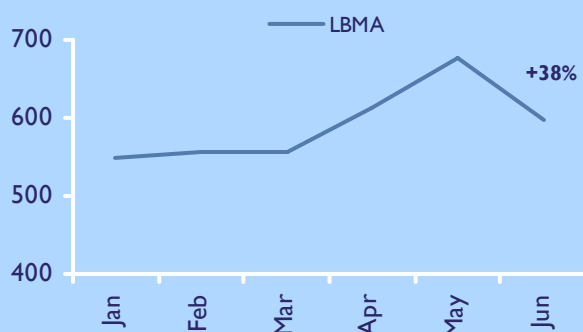
Copper price 6m 2006 (\$/t)



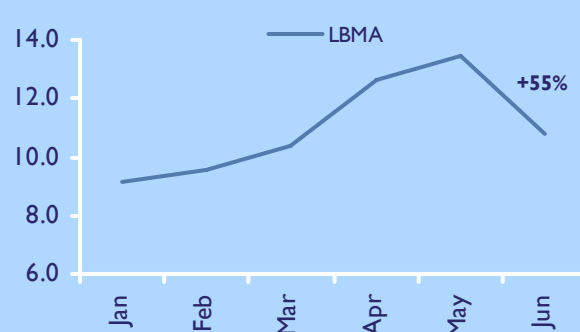
Zinc price 6m 2006 (\$/t)



Gold price 6m 2006 (\$/oz)



Silver price 6m 2006 (\$/oz)



Note: Percentage change shown is 6m 2005 to 6m 2006

	Average LME/LBMA price	Average Realised price	% diff to LME/LBMA price
6 m 2006			
Copper (\$/t)	6,070	6,510	7.2%
Zinc (\$/t)	2,762	2,767	0.2%
Silver (\$/oz)	10.95	10.87	(0.7)%
Gold (\$/oz)	590	600	1.7%
6 m 2005			
Copper (\$/t)	3,328	3,458	3.9%
Zinc (\$/t)	1,294	1,231	(4.9)%
Silver (\$/oz)	7.06	7.04	(0.3)%
Gold (\$/oz)	427	430	0.7%

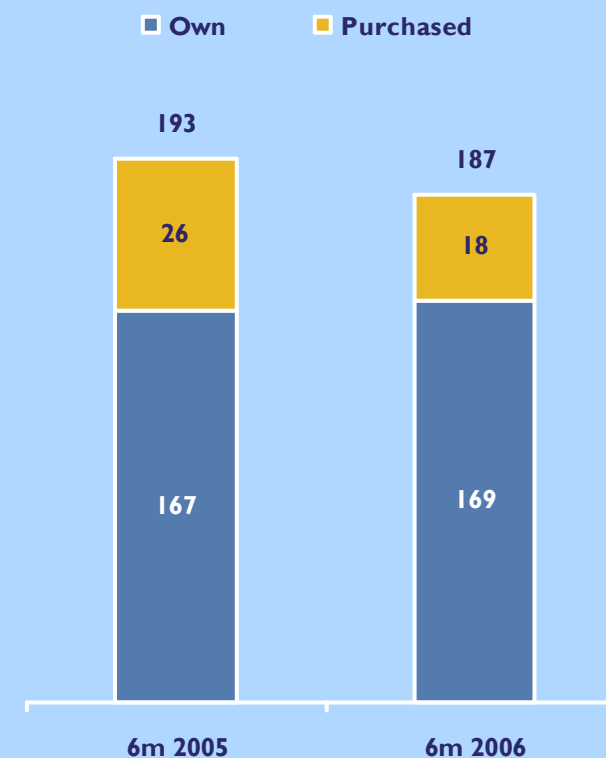
Source: Datastream, Brook Hunt

Copper overview

Copper sales and production volume

	Production (kt)		Revenue (\$m)	
	6m 2006	6m 2005	6m 2006	6m 2005
Copper cathodes				
From own concentrate	169	167	1,060	596
From purchased concentrate	18	26		
From tolling	1	7	6	15
	188	200	1,066	611
Copper rod	14	6	99	20
Total copper			1,165	631

Copper cathode production¹ (kt)

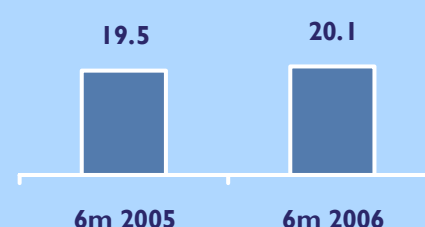


1. Excluding tolling

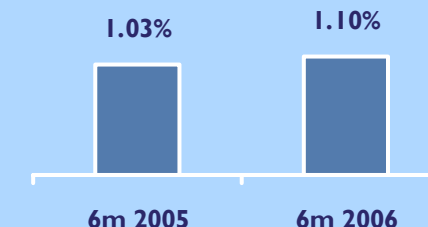
Operational review: Copper

- Copper cathode (incl. tolling and copper rod) sales up 85% to \$1,164.5m
- Ore extraction volumes and copper cathode production from own concentrate slightly up with an increasing contribution from recently commissioned mines
- Copper grades increased by 7 percentage points from 1.03% to 1.10%
- Copper cathode production from purchased concentrate and through tolling arrangements down by 32% and 79% respectively

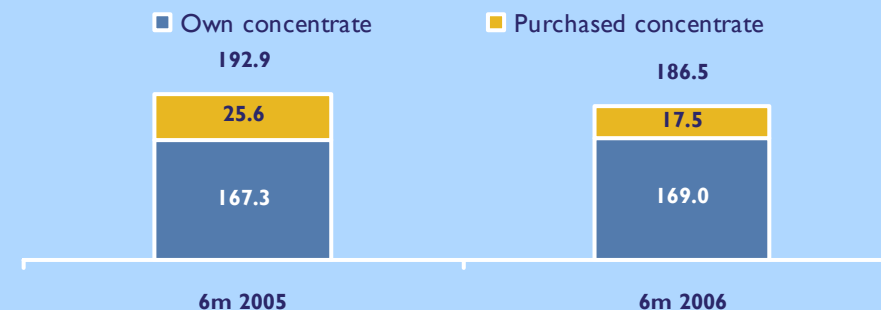
Ore extraction (mt)



Ore grade (%)



Copper cathode production (kt)¹



1. Excluding tolling

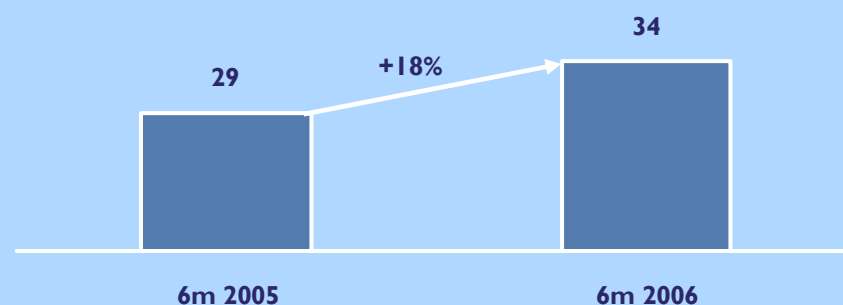
Operational review: By-products

Zinc (Artemyevskoe); Gold (Abyz, Artemyevskoe)

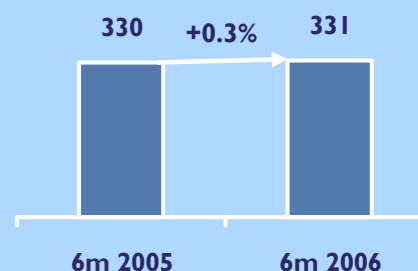
By-products sales and production volume

	Production		Revenue	
	6m 2006	6m 2005	6m 2006	6m 2005
Zinc metal (kt/\$m)	34	29	102.4	46.8
Gold (t/\$m)				
Own Production	1.7	1.5		
Tolling	0.7	0.5		
Total Gold	2.4	2.0	30.1	15.3
Silver (t/\$m)	331	330	117.8	77.2

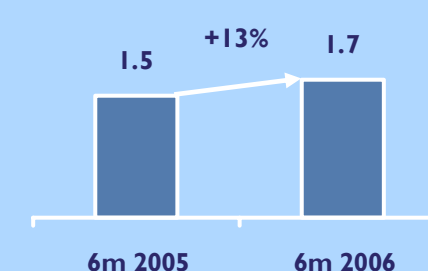
Zinc metal production (kt)



Silver production (t)



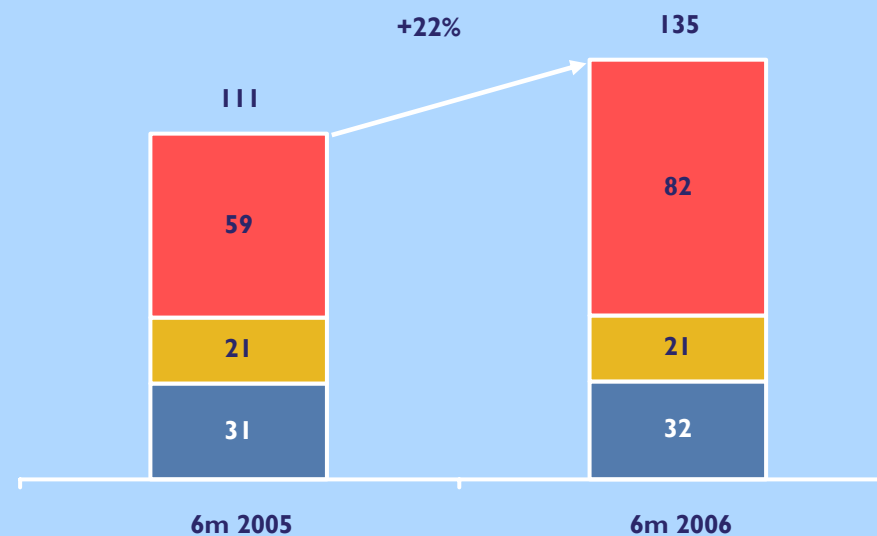
Gold production (t)



- Production volumes increased, primarily in low margin products
- Continued strength in input metal prices reduced operating margins and led to increased working capital. This resulted in negative cash flow
- Gradual improvements in ContiM[®] lines utilization

MKM production (kt)

■ Flat products ■ Tubes and bars ■ Wire





Oleg Novachuk

Finance Director



Summary Income Statement

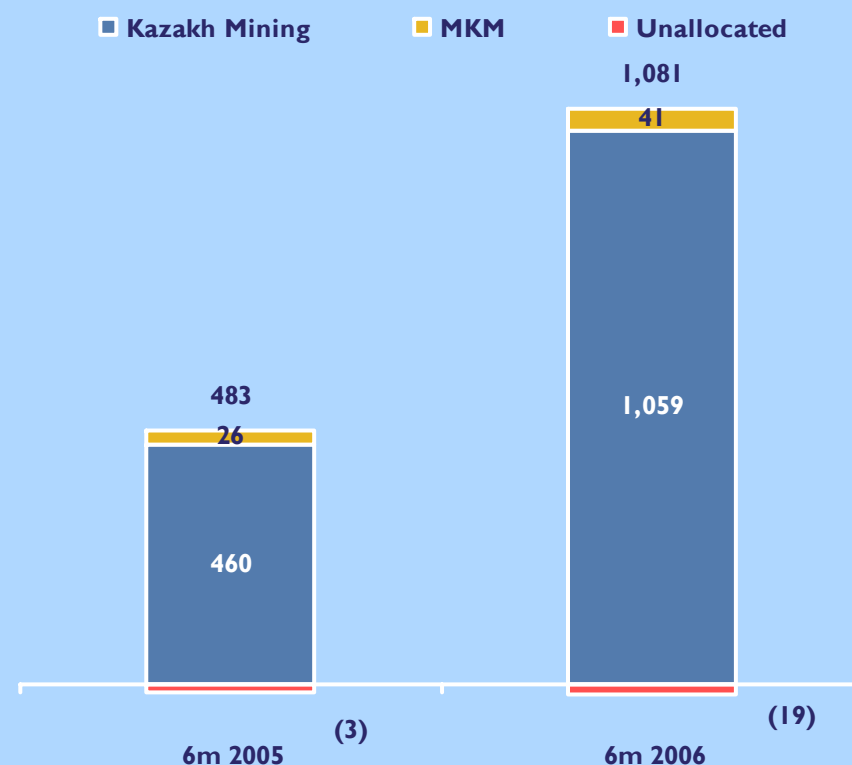
Key line items (\$m)	6m 2006	6m 2005	% Change
Turnover	2,280	1,202	90%
Kazakh Mining	1,521	792	
MKM	759	410	
EBITDA¹	1,081	483	124%
Kazakh Mining	1,059	460	
MKM	41	26	
Unallocated corporate costs	(19)	(3)	
EBITDA¹ margin			
Kazakh Mining	70%	58%	
MKM	5%	6%	
PBT	956	359	166%
Effective income tax rate	33%	35%	
Underlying Profit for the Period	619	237	161%
EPS²	1.32	0.59	124%
Declared interim dividend (USc)³	12.8	12.0	7%

1. EBITDA excluding special items.

2. EPS based on Underlying Profit.

3. Inferred 2005 interim dividend has been calculated based on one-third of 2005 full year final dividend.

EBITDA (\$m)¹



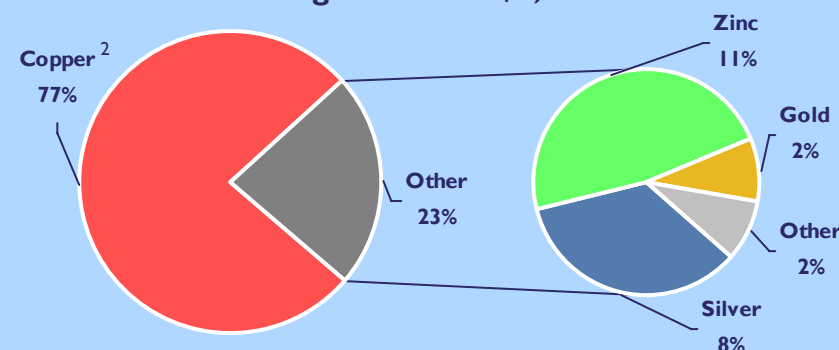
Revenue analysis

Revenue by Product (\$m)	6m 2006	6m 2005	% change
Copper cathode	1,065.9	610.8	75%
From own and purchased concentrate	1,060.2	595.5	
From tolling	5.7	15.3	
Copper rod	98.6	20.1	391%
Total copper	1,164.5	630.9	85%
Zinc	161.5	48.4	234%
Zinc metal	102.4	46.8	
Zinc concentrate	59.1	1.6	
Silver	117.8	77.2	53%
Gold	30.1	15.3	97%
From own production	28.2	14.2	
From tolling	1.9	1.1	
Other¹	47.0	19.8	137%
Kazakh Mining	1,520.9	791.6	92%
MKM	758.9	410.5	85%
Total	2,279.8	1,202.1	90%

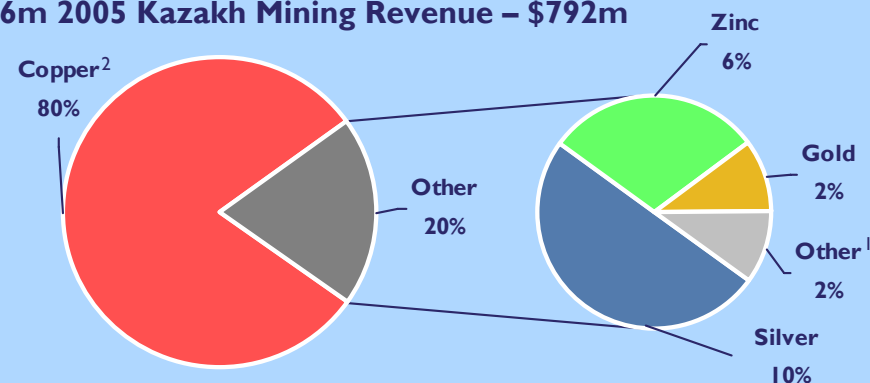
1. Includes coal, electricity, heat, and other by-products.

2. Including copper rod and tolling.

6m 2006 Kazakh Mining Revenue – \$1,521m

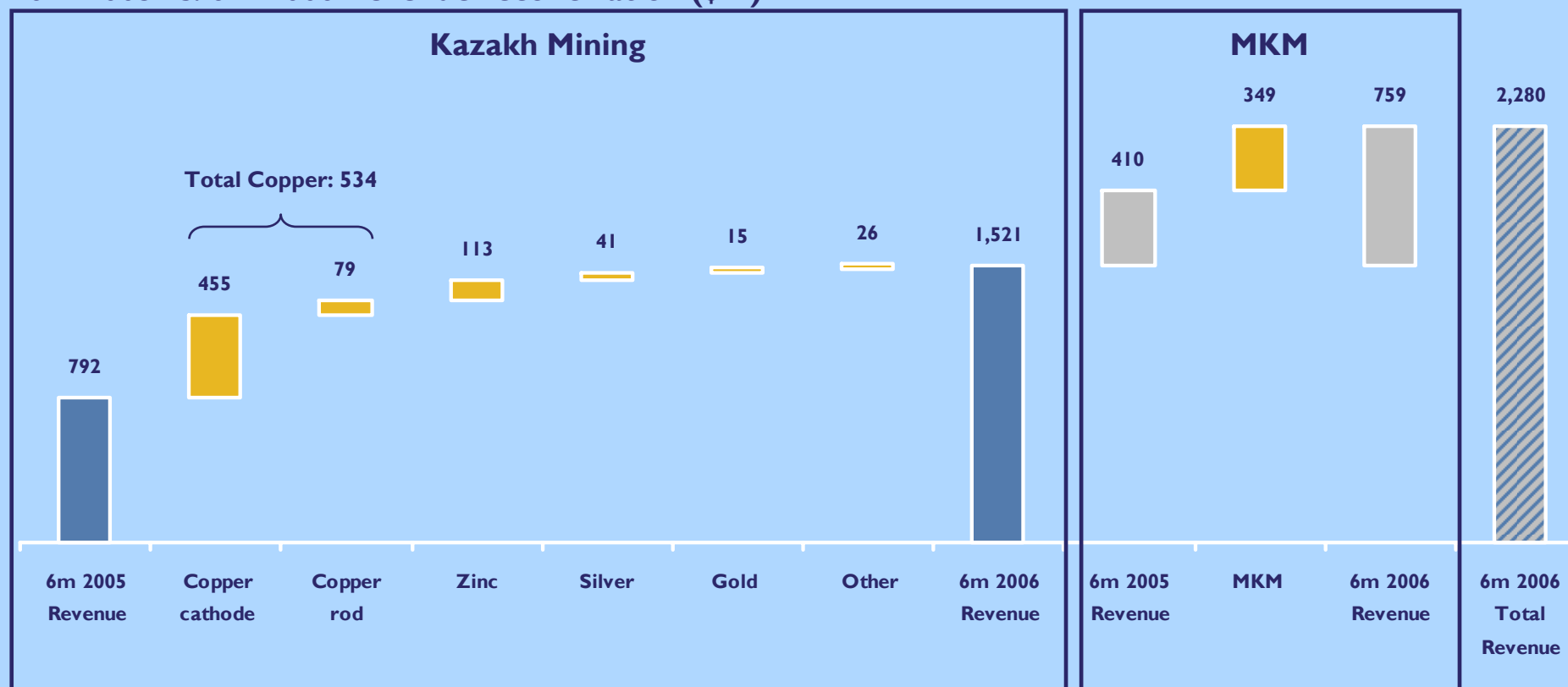


6m 2005 Kazakh Mining Revenue – \$792m



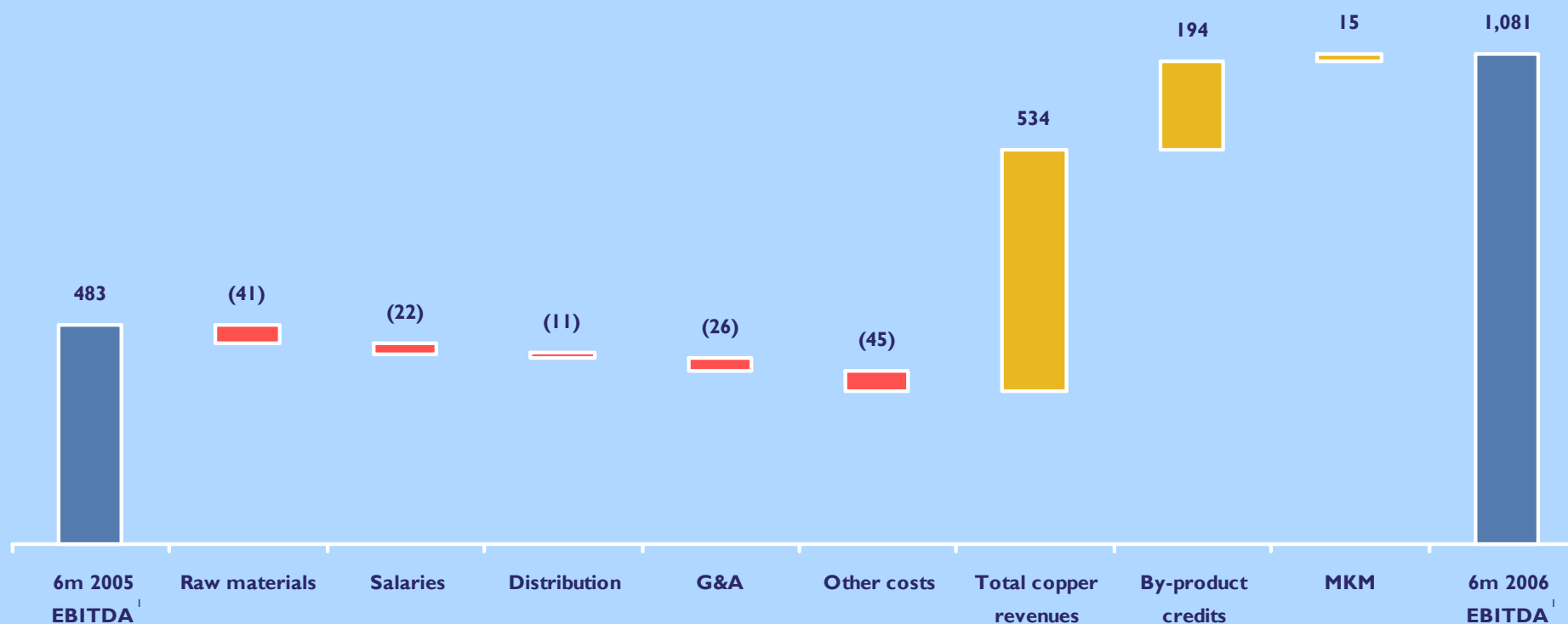
Revenue variance

6m 2005 vs. 6m 2006 Revenue reconciliation (\$m)



EBITDA variance

\$m

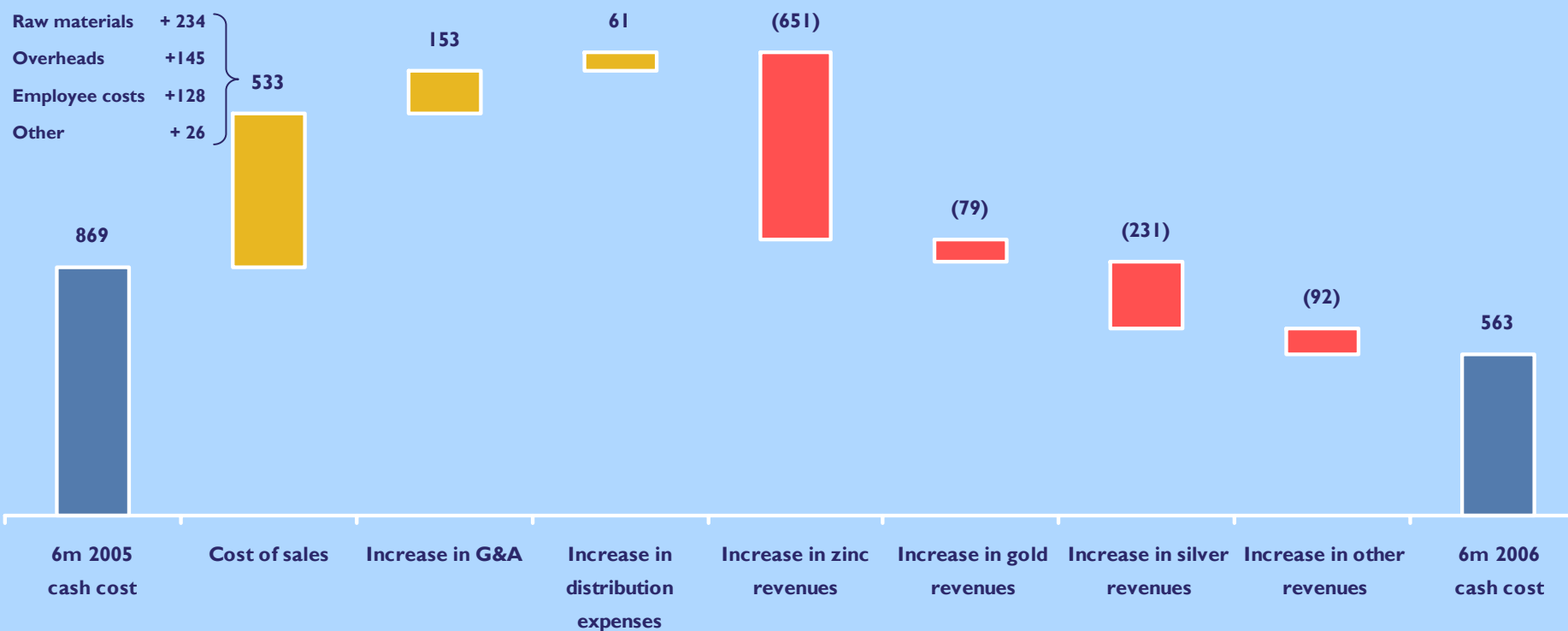


1. Excludes special items

Reconciliation of copper cash costs for Kazakh Mining



\$/t





Summary balance sheet and net liquid funds

(\$m)	30-Jun-06	30-Jun-05	(\$m)	30-Jun-06	30-Jun-05
ASSETS					
Current assets					
Inventories	541	320	Monetary current investments	824	314
Trade, other receivables, prepayments and restricted cash	387	240	Cash and cash equivalents	582	169
Monetary current investments	824	314	Borrowings	(185)	(204)
Cash and cash equivalents	582	169	Finance leases	-	(1)
	2,334	1,043	Net liquid funds	1,221	278
Non-current assets	2,078	1,647			
TOTAL ASSETS	4,412	2,690			
LIABILITIES					
Current liabilities					
Trade & other payables	193	163			
Income tax payable	286	109			
Other current liabilities	5	173			
	484	445			
Non-current liabilities	553	345			
TOTAL LIABILITIES	1,037	790			
EQUITY					
Share capital and reserves	3,346	1,854			
Minority interest	29	46			
TOTAL EQUITY	3,375	1,900			
TOTAL EQUITY & LIABILITIES	4,412	2,690			



Summary cash flow

Key line items		6m 2006 (\$m)	6m 2005 (\$m)	% change
Operating cash flows before changes in working capital		896	286	213%
Changes in working capital	Kazakh Mining MKM	(34) (163)	(31)	
Net cash flows from operating activities		699	255	174%
Sustaining capital expenditure		(77)	(105)	
Free Cash Flow		622	150	315%
Expansionary and new project capital expenditure		(95)	(50)	
Interest received		47	6	
Dividends paid (2005 final dividend of 36.0 US cents per share)		(170)	(55)	
Other movements		(2)	2	
Movement in net liquid funds		402	53	658%

Focus on cost control

Inflationary cost pressure in 2006

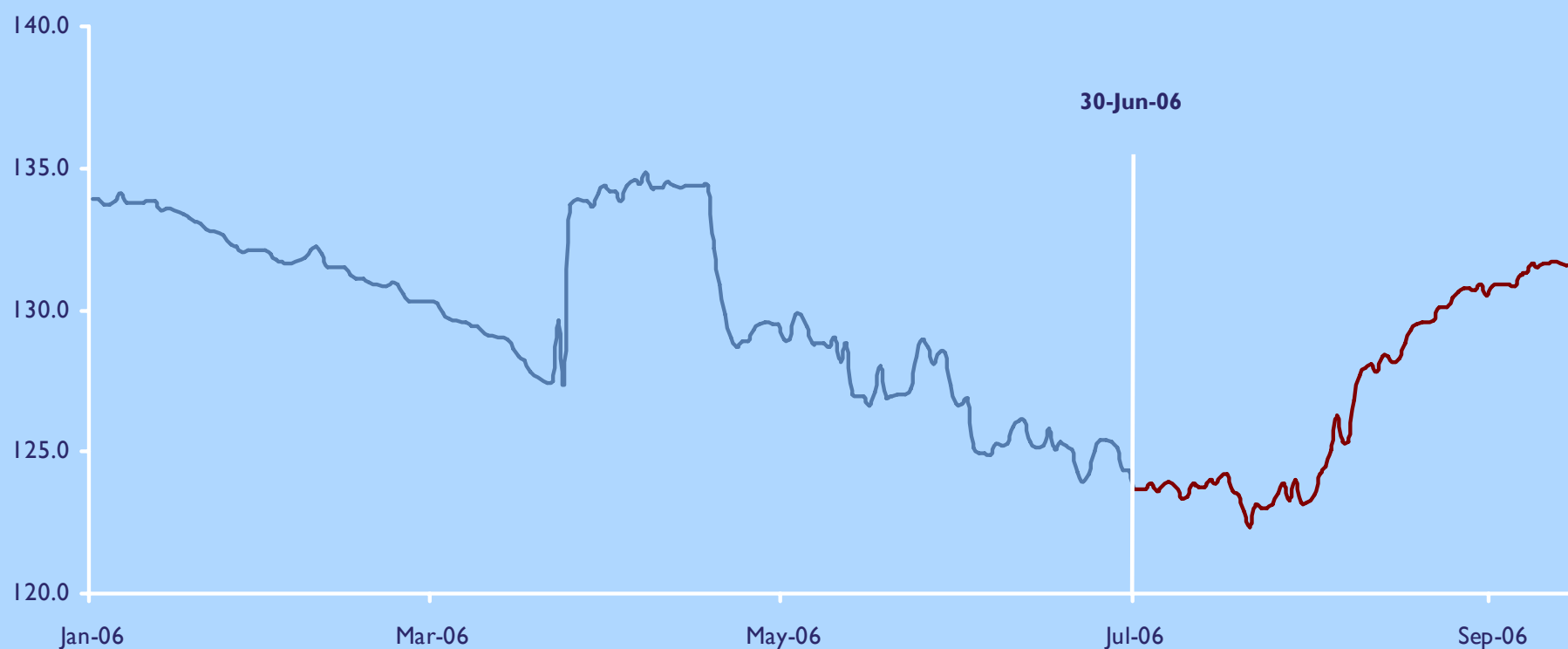
- ▣ Higher input material prices
- ▣ Labour costs
- ▣ Tenge appreciation

Focused on keeping a tight control over cost base

- ▣ Continued growth of by-product volumes
- ▣ Completion of Karagaily concentrator upgrade to accommodate ores from new mines (Artemyevskoe, Abyz, Nurkazgan)
 - ▣ Reducing transportation and third party tolling fees
- ▣ Reduction in purchased concentrate volumes
 - ▣ Improves operating margins
- ▣ Mine efficiency improvements
- ▣ Focus on employee productivity, particularly within mining operations

Tenge movements vs. US Dollar 2006

Tenge/US\$



Capital expenditure

Capital Expenditure H1 2006

Maintenance Projects	\$73.2m
Expansion Projects	\$12.7m
New Projects	\$82.7m
Kazakh Mining	\$168.6m
MKM	\$3.0m
Group Total	\$171.6m

Largest capex projects of H1 2006

▣ \$26.6m	→	Sulphuric acid plant
▣ \$19.6m	→	Zhaman-Aybat mine
▣ \$12.9m	→	Social infrastructure at Zhezkazgan complex
▣ \$3.2m	→	Karagaily concentrator

Organic growth projects – current

Zhaman-Aybat

- ▣ Located 130km south-east of Zhezkazgan
- ▣ Project completed and ramping up to full capacity
- ▣ Production at full capacity of 4mt of ore per year
- ▣ 75mt of ore containing 1,069kt of copper

Kosmurun

- ▣ Located 330km south-east of Karaganda
- ▣ Production commenced in May 2006
- ▣ Production at full capacity of 1mt of ore per year
- ▣ 20mt of ore containing 669kt of copper

Artemyevskoe

- ▣ Located 120 km north-west of Ust-Kamenogorsk
- ▣ Project completed and ramping up to full capacity
- ▣ Production at full capacity of 1.5mt of ore per year
- ▣ 31mt of ore containing 628kt of copper

Infrastructure upgrade

- ▣ Sulphuric acid plant
 - ▣ Annual production capacity of 1.2 mtpa
- ▣ Karaganda power plant upgrade
 - ▣ Additional capacity of 55 Mw per year

Organic growth projects – concentrators

Karagaily upgrade

- ▣ Located 200km east of Karaganda
- ▣ Project completed
- ▣ Capacity increase from 1 to 1.5 mtpa

Nurkazgan construction

- ▣ Located 50km north of Karaganda
- ▣ Construction to be completed in 2007
- ▣ Annual capacity of 4.0 mtpa

Nikolaevskoe upgrade

- ▣ Located in East Region
- ▣ Upgrade to be completed in 2007
- ▣ Capacity increase from 1.5 to 2.5 mtpa



Organic growth projects – longer term

Aktogay

- ▣ Continue assessing mining methodologies and anticipated capital costs
- ▣ 1,614mt of ore containing 5,810kt of copper
- ▣ Production at full capacity of 50mt of ore per year

Boschekul

- ▣ Scoping study will be started in the near future
- ▣ 186mt of ore containing 1,228kt of copper
- ▣ Production at full capacity of 20mt of ore per year



Vladimir Kim

Executive Chairman

Continued focus on Kazakhstan in search of growth opportunities



- ▣ Continued focus on one of the world's richest natural resources regions
- ▣ Kazakhstan provides a stable fiscal, economic and political environment
- ▣ Wealth of underdeveloped resources
- ▣ Solid local platform for future growth
- ▣ Strong opportunities for diversification
- ▣ High Foreign Direct Investment continues
- ▣ M&A outlook positive
- ▣ ENRC option during 2007
- ▣ Application to Kazakh regulators for a secondary Listing for Kazakhmys PLC
 - ▣ Admission expected in Q4 2006

Outlook for H2 of 2006

- ▣ Markets for key commodities predicted to remain strong
- ▣ 2006 copper production expected to be higher than 2005
 - ▣ Driven by moderate growth in production from own concentrate
- ▣ Maintain tight focus on cost control
- ▣ Strong contribution from by-products
- ▣ Continue to seek further growth opportunities (scoping study for Boschekul mine, M&A opportunities)



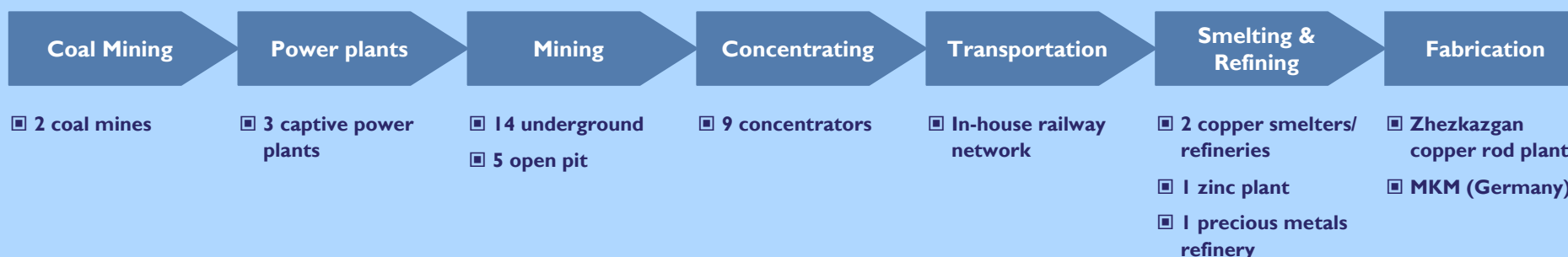
Appendices

Strength of our asset base

Kazakhmys operations in Kazakhstan

KAZAKHMYS

Leading copper producer of both mined and refined copper



Copper cathode production by complex

Zhezkhazgan Complex

	6m 2006	6m 2005
Ore mined (kt)	14,050	13,752
Copper grade (%)	0.82	0.89
Concentrate produced (kt)	280	300
Copper cathode (kt)	106	118
Own concentrate (kt)	103	111
Purchased concentrate (kt)	3	7

Balkhash Complex

	6m 2006	6m 2005
Ore mined (kt)	2,286	2,823
Copper grade (%)	0.82	0.70
Concentrate produced (kt)	133	92
Copper cathode (kt)	81	75
Own concentrate (kt)	66	56
Purchased concentrate (kt)	15	19

East Region

	6m 2006	6m 2005
Ore mined (kt)	2,318	2,428
Copper grade (%)	2.63	2.30
Concentrate produced (kt)	260	241

Karaganda Region

	6m 2006	6m 2005
Ore mined (kt)	1,473	455
Copper grade (%)	1.83	0.58
Concentrate produced (kt)	71	39



Group reserves summary

Group reserves as at 31 December 2005

Complex	Proved and probable (kt)	Copper (%)	Zinc (%)	Gold (g/t)	Silver (g/t)
Zhezkazgan	465,907	0.95	—	—	13.65
Balkhash	2,180,550	0.46	—	0.09	1.72
East Region	121,775	2.83	3.84	0.96	53.48
Total Kazakhmys	2,768,232	0.65	0.17	0.11	6.00



Cash costs of copper of Kazakh Mining

