Kazakhmys PLC

2008 Trading Update

5 March 2009

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Chairman

Vladimir Kim

HIGHLIGHTS 2008

Strong operational performance

- Delivered production ahead of target and expectations
- Delivered new mine projects as per plan
- Group turnover: $5,151 million
- EBITDA[1]: $1,627 million

Challenging year

- HSE: fatalities increased from 23 (2007) to 32 (2008)
- Global economic environment

Rapidly reacted to new operating environment

- Closed higher cost mines
- Cut costs
- Reduced 2009 capex
- Focus on cash preservation

Notes: 1. From managed businesses only

Positive medium-term outlook for copper and power

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Oleg Novachuk

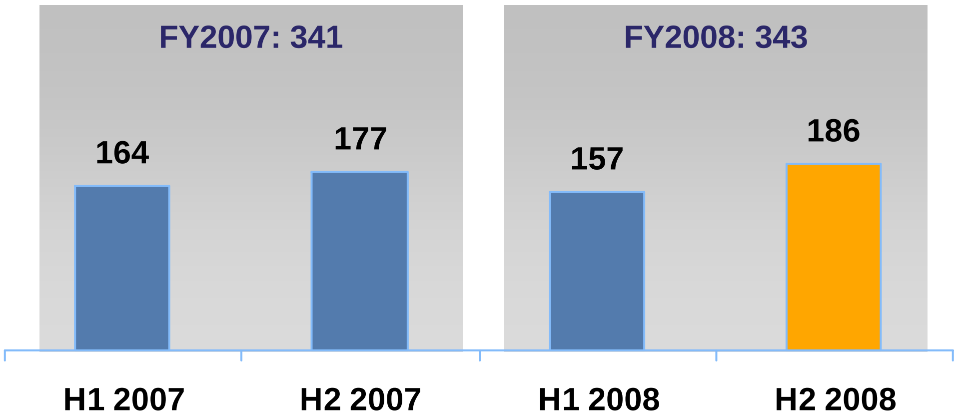
Chief Executive Officer

OPERATIONAL HIGHLIGHTS

2008 Results

- Cathode equivalent from own concentrate: 343 kt
- Ahead of target and 2007 production
- Recovered from impact of poor weather in H1

Copper cathode equivalent production (kt)



2008 Actions

- Improved productivity during 2008
- Delivered number of projects
- Rapidly revised capex for 2009
- Identified cost-savings opportunities

2009 Key focus areas

- Improve efficiencies
- Cash preservation
- Profitability

Rapidly reacted to new operating environment

KAZAKHMYS COPPER: 2008 PRODUCTION MET EXPECTATIONS

Copper production and sales volume

kt (unless otherwise stated)	**2008**	**2007**	
Ore extraction	35,675	33,967	*5%*
Copper grade	1.26%	1.22%	
Copper in concentrate (own)	371	348	*7%*
Copper cathodes equivalent production[1]			
from own concentrate	343	341	*1%*
from purchased concentrate	38	39	*(3)%*
Total copper[2]	**381**	**380**	***0%***
of which copper rod	48	36	*33%*
Copper cathode sales			
Sales volume	338	351	*(4)%*
Average realised price ($/tonne)	*6,714*	*7,175*	*(6)%*
Copper rod sales	47	35	*34%*
Cathode equivalent sales	3	-	
Total copper equivalent sales	**388**	**386**	***1%***

Note: 1. Includes copper sold in concentrate
2. Production excluding tolling

2008 production

- Ore extraction and grades increased
  - Improved operational efficiencies
  - Improved equipment availability
- Delivered number of new mines and extensions
- Increase in copper cathodes equivalent output
  - Successful trial sales of copper in concentrate
- Firm realised prices

Focus on operational performance delivered strong results

KAZAKHMYS COPPER: 2008 BY-PRODUCTS PRODUCTION

Major by-products production & sales volume

kt (unless otherwise stated)	2008	2007	
Zinc in concentrate			
Production (kt)	137	133	*3%*
Sales (kt)	98	89	*10%*
Zinc metal			
Production (kt)	48	45	*7%*
Sales (kt)	49	38	*29%*
Silver			
Production[1] (koz)	16,710	18,985	*(12)%*
Sales (koz)	17,140	19,323	*(11)%*
Gold			
Production[1] (koz)	124	113	*10%*
Sales (koz)	124	116	*7%*

Note: 1. Production excluding tolling

Zinc

- Robust local market for concentrate
- Decision to suspend zinc refinery plant in 2009

Silver

- Decreased due to declining grades at Zhezkazgan and timing of material processing

Gold

- Lifted by increased grades and output

Solid by-products output

KAZAKHMYS COPPER: 2009 OUTLOOK

Operations

- 4 mines suspended - other mines under review
- Optimising material flow through concentrators
- Review of copper smelters
- Operations can be quickly resumed

300kt	135kt	120koz	13,000koz
Copper cathode equivalent	Zinc in concentrate	Gold production	Silver production
2009 estimate	2009 estimate	2009 estimate	2009 estimate

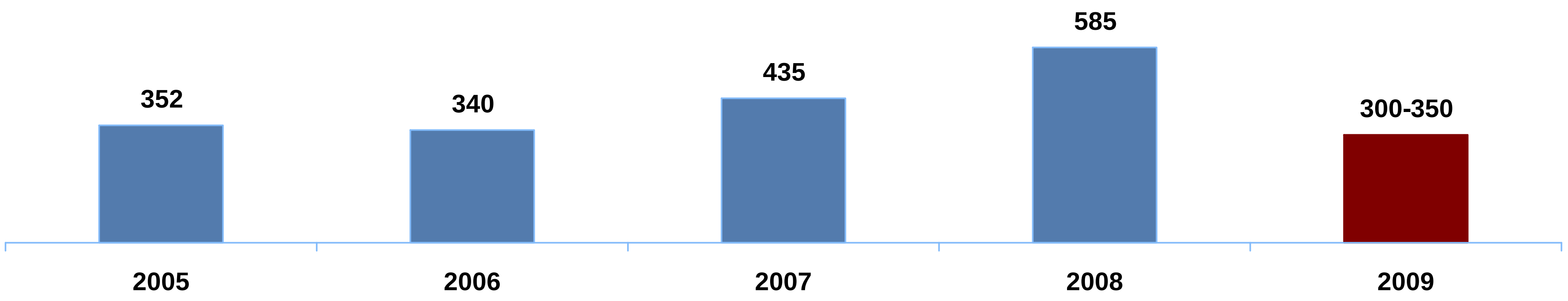
Cost actions across the Group

KAZAKHMYS COPPER: 2009 OUTLOOK

Capex cut by approximately $250 million

- Capex reduced due to
  - suspension of high cost mines
  - mid-term mine extensions put on hold
- Recent equipment replacement programme permits decrease in sustaining capex
- Long-term copper projects require little near-term expenditure
- Negotiation of improved terms with suppliers

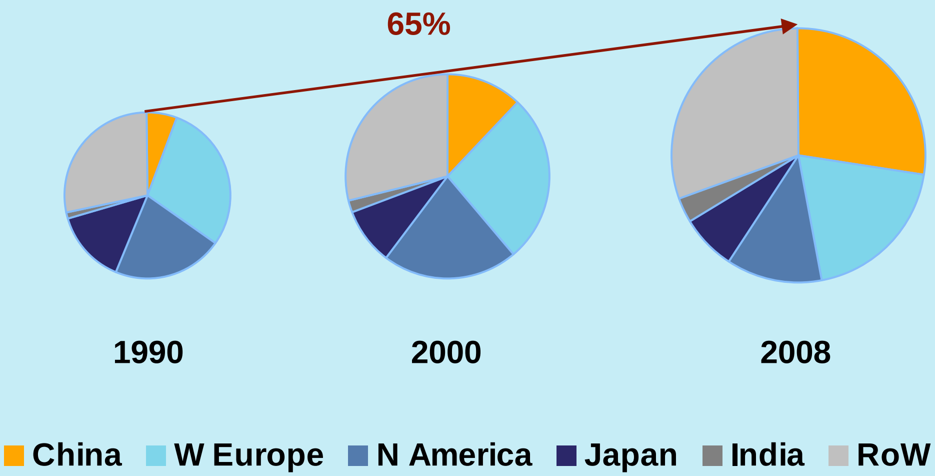
Copper division capex ($m)



Flexibility in operations

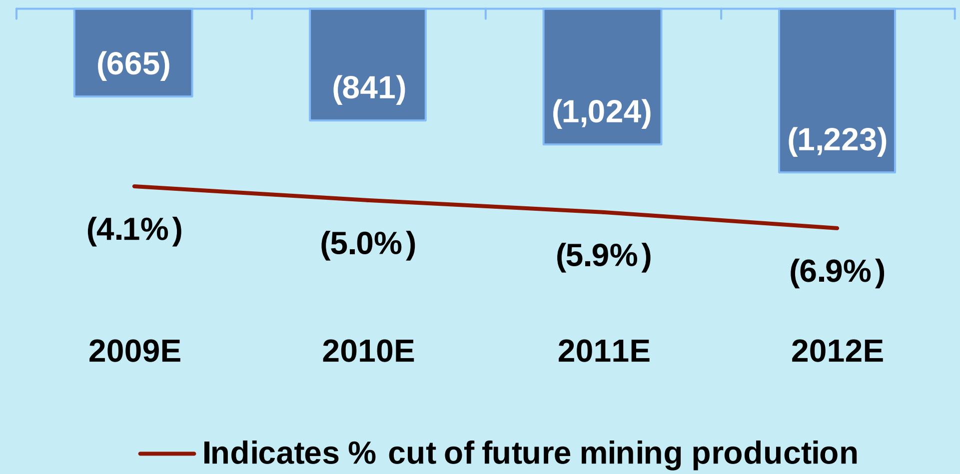
COPPER OUTLOOK

Global refined copper consumption



Source: Brook Hunt

Global production cuts (kt)



Source: AME, broker reports

Outlook for medium-term demand unchanged

- Sustained global urbanisation
- Infrastructure renewal
- Governmental stimulus packages

Global supply constraints

- Significant cuts in production
- Closure of marginal operations
- Industry project execution is challenging
- Significant project delays with estimated capex cutbacks of approximately $40bn

Kazakhmys: low cost and low risk growth projects

AKTOGAY & BOSCHEKUL: LOW RISK GROWTH PROJECTS

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Project design

- ▣ Driven by NPV
- ▣ Considering optimal cut off grades for projects

Deliverability

- ▣ Open pits
- ▣ Proximity to existing infrastructure

Capital outflow timing

- ▣ Capex requirements: minimal short-term
  - ⊡ $25 million in 2009
- ▣ Postponed $50 million contract for long lead time equipment
- ▣ Improved purchasing terms with suppliers
- ▣ Reviewing options to undertake project financing

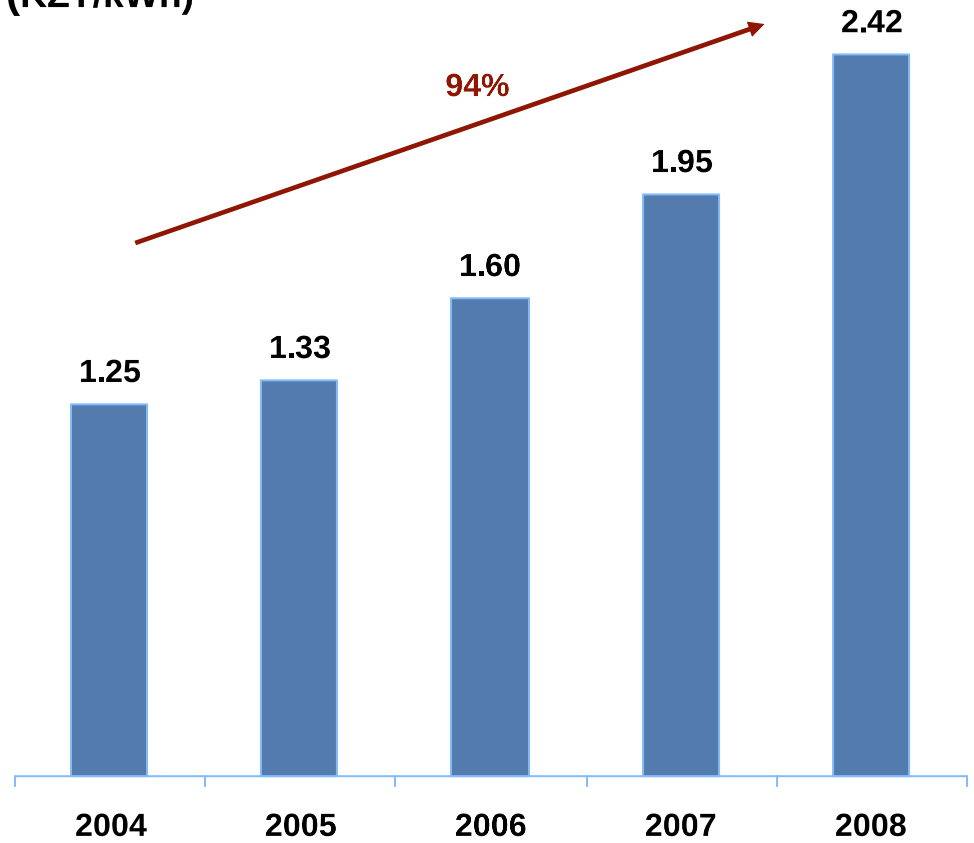
Decision will be made based on economics

KAZAKHMYS POWER: 2008 PRODUCTION DRIVEN BY DEMAND

Key production and sales of Power division

	2008	2007	
Net power generated (GWh)	10,402	8,864	*17%*
Net dependable capacity (MW)	2,013	1,913	*5%*
Coal extraction (kt)	3,600	3,420	*5%*
Net electricity sold (GWh)	10,922	9,122	*20%*
Average realised tariff (tenge/kWh)	2.42	1.95	*24%*

Average realised electricity tariffs at Ekibastuz (KZT/kWh)



Electricity

- Increase driven by demand during 9m 2008
- Industrial users reduced consumption Q4 2008
- Average realised tariff increased by 24% (YoY)

Strategically placed assets

KAZAKHMYS POWER: 2009 OUTLOOK

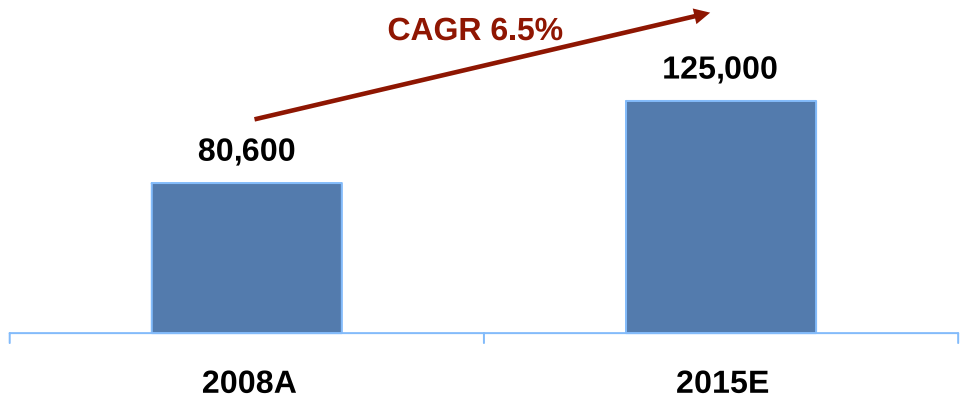
Demand

- Softening demand expected in H1 2009
- 2009 output around 9,000 GWh

Potential partnership with Samruk

- Memorandum of understanding signed in October 2008
- Due diligence is ongoing

Electricity consumption in Kazakhstan (GWh)



Source: KEGOC forecast as, November 2008

Capex

- Sustaining capex funded by operating cash flows
- Expansionary capex depends on tariff price increase
- Seeking non-recourse project financing from development banks

Medium-term view of electricity market fundamentals remains positive

KAZAKHMYS: OTHER DEVELOPMENT PROJECTS

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Petroleum development project

- Located east of Caspian Sea
- Oil presence was demonstrated in 1980s

- Main focus: deep well programme
  - 3D seismic survey completed
  - Analysis to be finalised early 2009
    - Provide basis for commercial drilling
  - Started drilling deep well in 2008
    - Expect test results in H1 2009
  - Second well to be drilled during 2009
  - Minimum capex in 2009

Bozymchak gold development project

- Located in Kyrgyzstan

- Project progressed to development stage
- Robust economics
- Increased gold reserves:
  - from 2.3 Moz to 2.5 Moz
- Planned extraction 2011
- Seeking non-recourse project financing

KAZAKHMYS: IN BRIEF

Copper

- Major global producer
- Cost competitive

Power

- Largest producer in Kazakhstan
- Significant growth potential at low capital cost

ENRC

- Largest shareholder
- Cash gain based on current[1] share price

Notes: 1. Based on closing price as at 4 March 2009

Matthew Hird

Chief Financial Officer

SUMMARY INCOME STATEMENT[1]

Key line items

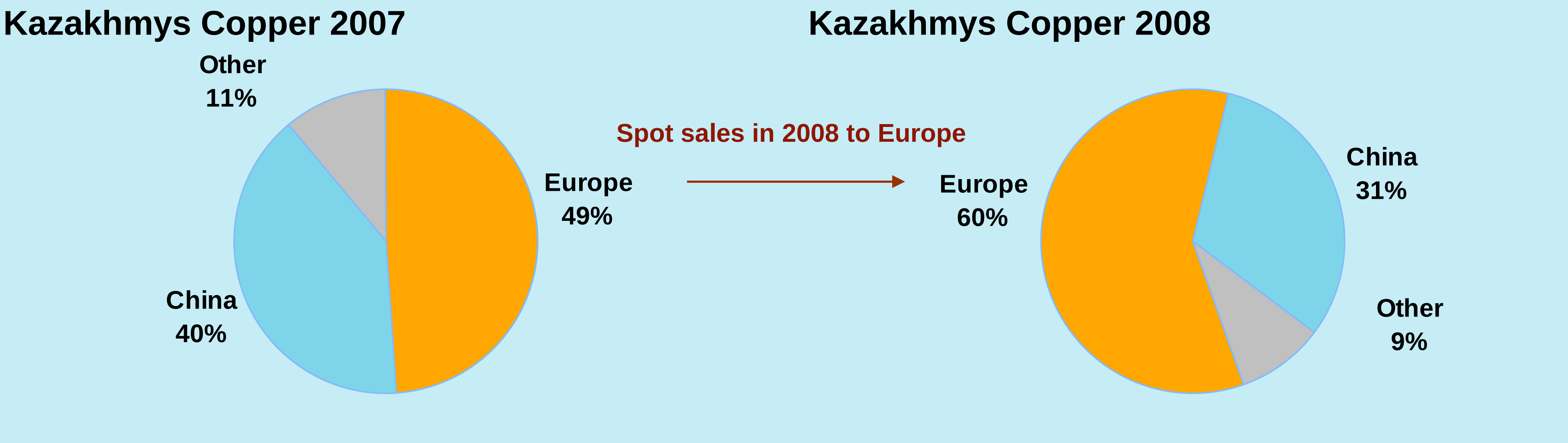
$m	2008	2007
Turnover	**5,151**	**5,256**
Kazakhmys Copper	3,227	3,588
Kazakhmys Power	156	-
MKM	1,719	1,643
Kazakhmys Gold	49	25
Segmental EBITDA (excluding special items)	**1,627**	**2,336**
Kazakhmys Copper	1,597	2,234
Kazakhmys Power	42	-
MKM	(1)	34
Kazakhmys Gold	19	6
Other	(30)	62
Segmental EBITDA margin (excluding special items)	***32%***	***44%***
Kazakhmys Copper	*49%*	*62%*
Kazakhmys Power	*27%*	-
Kazakhmys Gold	*39%*	*24%*
Operating profits (managed businesses)	**896**	**2,048**
Recurring income tax rate[2]	*32%*	*33%*

Notes: 1. Income statement from managed businesses
2. Income tax rate after adjusting for non-recurring tax items

Group audited results on 31 March 2009

KAZAKHMYS COPPER REVENUE ANALYSIS: BY DESTINATION

Kazakhmys Copper 2007 / Kazakhmys Copper 2008



Revenues ($m)

		Europe	China	Other	Total
Kazakhmys Copper	2008	1,922	1,006	299	3,227
	2007	1,759	1,424	405	3,588

- 80% of Kazakhmys Copper sales are on annual contracts priced at prevailing market prices
  - China / Europe split approximately 50:50

2009 sales contracts already concluded

- Benefit of long customer relationships
  - Jiangxi Copper Corp (copper)
  - Baiyin (zinc concentrate)
- Demand still present in China and Europe

Flexibility in sales strategy due to location and relationships

KAZAKHMYS COPPER REVENUE ANALYSIS: BY COMMODITY

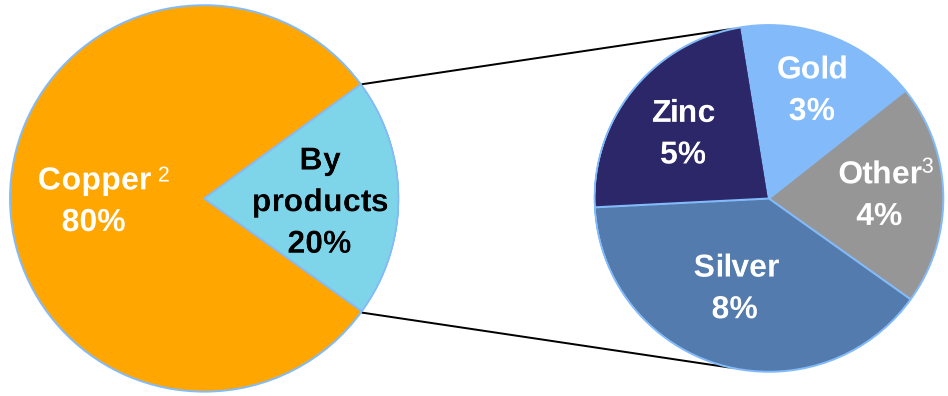
Revenues ($m)

	2008	2007	
Copper			
Copper cathodes	2,272	2,516	*(10)%*
Copper rod	314	251	*25%*
By-products			
Zinc metal	88	124	*(29)%*
Zinc in concentrate	61	201	*(70)%*
Silver	251	256	*(2)%*
Gold	109	80	*36%*
Other[1]	132	160	*(18)%*
Kazakhmys Copper	**3,227**	**3,588**	***(10)%***

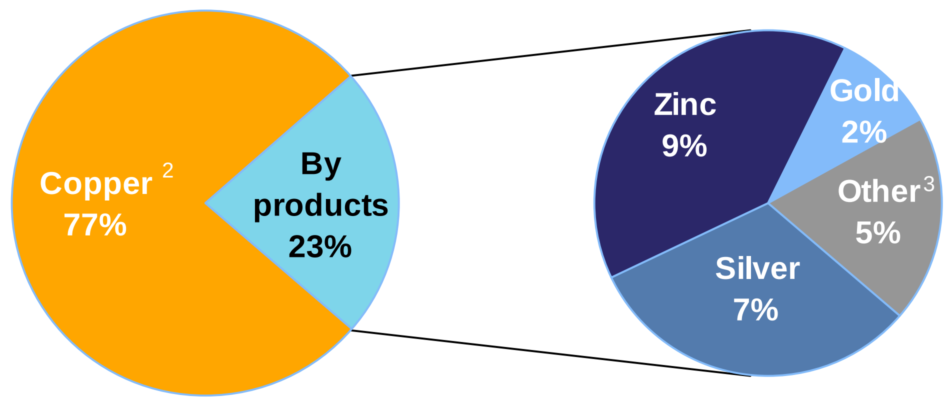
- Copper still comprises majority of revenues
- Gold revenues offset by decline in zinc revenues

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

Copper division 2008 – $3,227 million



Copper division 2007 – $3,588 million



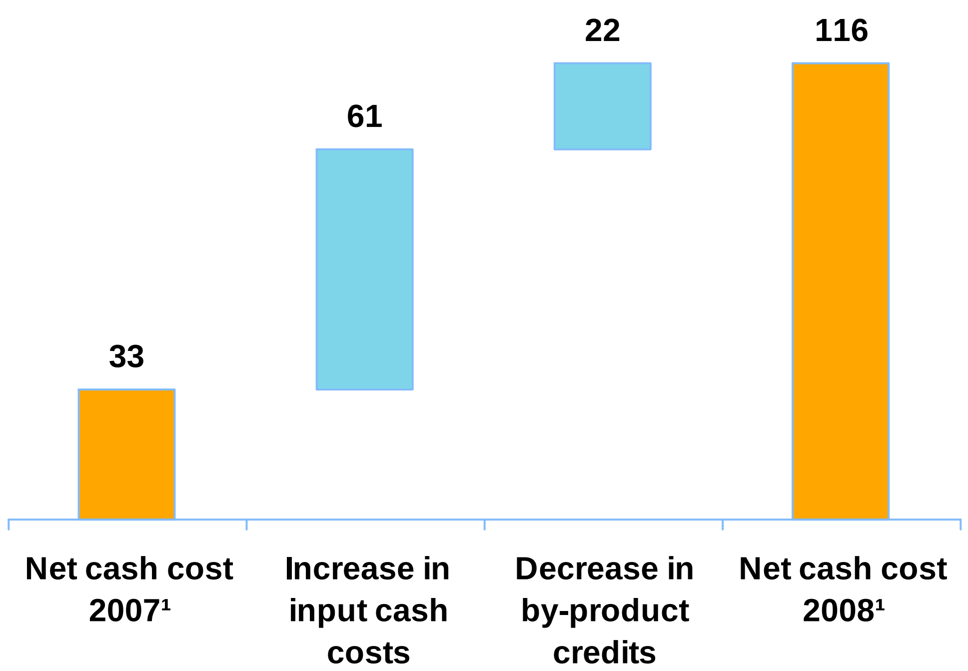
Well diversified portfolio of by-products

CASH COST OF COPPER 2008

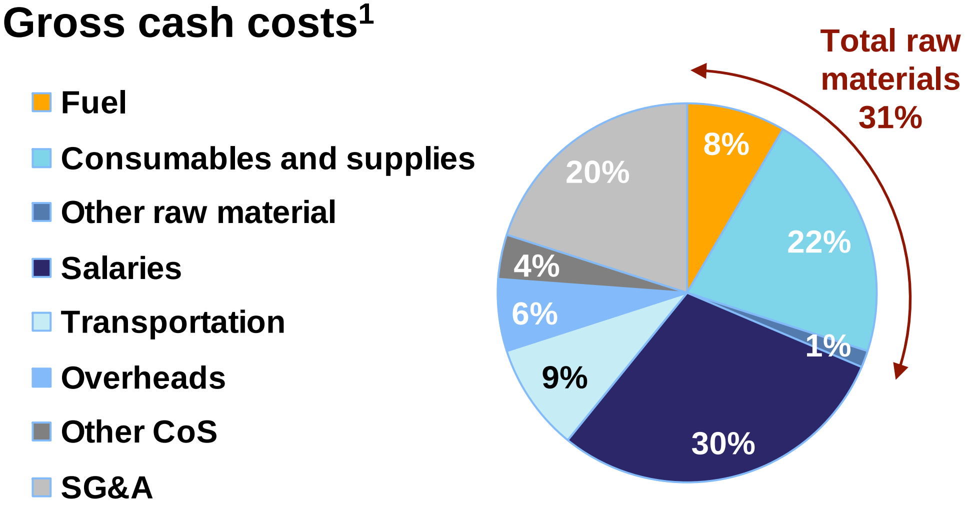
Net cash costs[1]

Average realised copper prices (USc/lb)

2007	2008
325	305



Gross cash costs[1]



Note: 1. Estimated cash cost excluding purchased concentrate

Costs have stabilised

CASH COST OF COPPER 2009

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Lower production base

- 340 kt to 300 kt

Lower by-products credits

Volumes:

- Silver: decreased output
- Gold, Zinc: in line with 2008

Prices:

- By-product pricing mixed

Offset by lower cost base

- Low mining and wage inflation
- Tenge devaluation
  - 20% depreciation – $100 million EBITDA savings

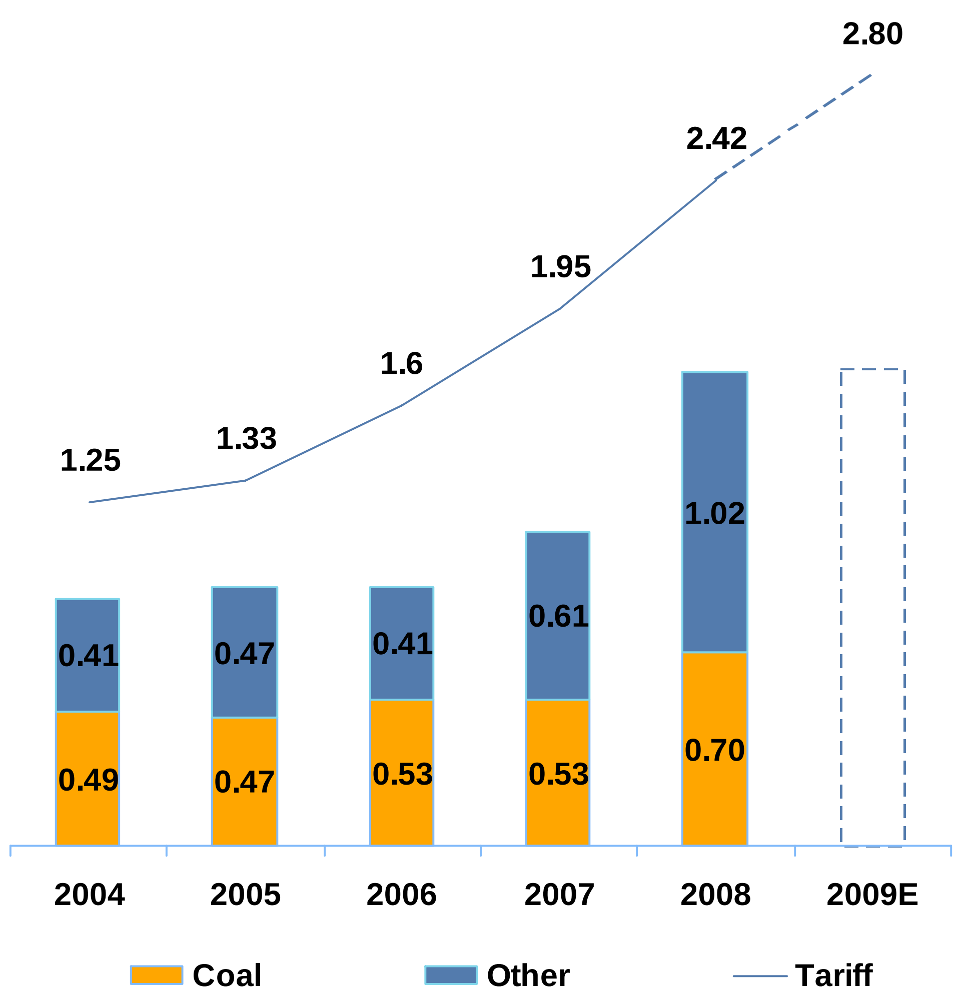
Cost savings

- $200 million identified savings
  - Suspended higher cost mines
  - Review of ore transportation routes
  - Active management of labour costs
  - Reduction in social spending

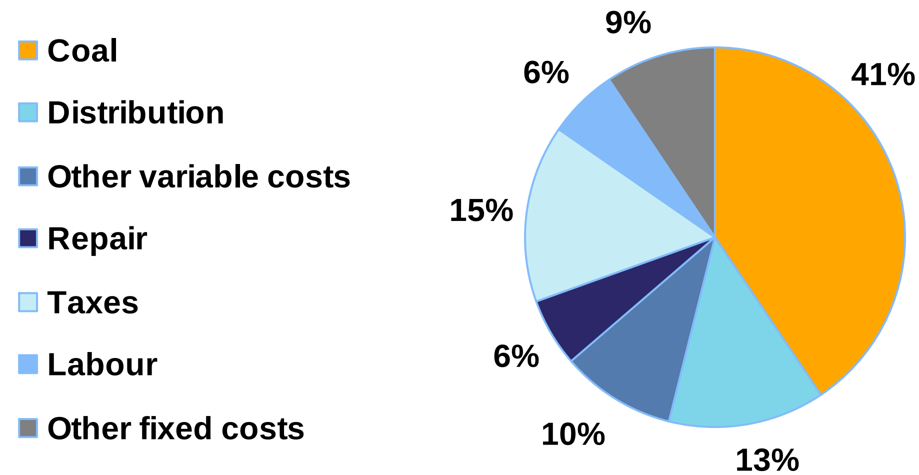
Focus on costs control

KAZAKHMYS POWER: CASH COSTS 2008-2009

Historical cash cost of electricity (KZT/kWh)



Ekibastuz cash costs analysis



Cash cost outlook

- Cost pressures benign
  - Labour and coal prices
- Costs and revenues denominated in tenge
  - Tenge devaluation will have adverse impact
  - 20% devaluation: ($15 million) EBITDA

Cash generating business with healthy margins

MKM: 2008 & 2009 OUTLOOK

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	Sales (kt)		GVA/t[1] (€/t)		GVA[1] (€m)	
	2008	2007	2008	2007	2008	2007
Wire Section	153.4	154.6	247.7	239.7	38.0	37.1
Flat Section	73.9	66.5	1,082.5	1,062.5	80.0	70.6
Tubes and Bars	45.6	43.6	934.2	1,005.2	42.6	43.9
Total	**272.9**	**264.7**	**588.5**	**572.7**	**160.6**	**151.6**

2008

- Overall strong year
- Working capital management improved by $100 million
- Continuing focus on higher margin products increased Gross Value Added (GVA)[1] by 6%
- EBITDA[2] of €30 million up 6% from 2007

2009 outlook

- Tight cost control
- Focus on niche and higher margin products
- 2009 order book is holding up well

Notes: 1. GVA calculated as: Turnover less the input cost of copper cathode i.e. MKM's 'value add'
2. Excluding the non-cash inventory adjustment

Second strong year for MKM

2008 CASH FLOW

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Summary cash flow

$m	2008	2007
Segmental EBITDA before impairment losses	**1,645**	**2,342**
Dividends from associate (interim)	38	-
Working capital movements	132	(282)
Income tax paid	(621)	(850)
Other movements	(95)	(74)
Net cash flows from operating activities	**1,099**	**1,136**
Sustaining capital expenditure	(384)	(241)
Free Cash Flow	**715**	**895**
Expansionary and new project capital expenditure	(310)	(252)
Acquisition of subsidiaries (net)	(1,157)	(715)
Interest received	28	121
Dividends paid	(200)	(424)
Capital transactions with shareholders	(121)	(282)
Acquisition of associate	(918)	(806)
Other	26	(1)
Cash flow movement in net liquid funds	**(1,937)**	**(1,464)**

Working capital movements

$m	2008	2007
Kazakhmys Copper	16	(339)
MKM	98	50
Other	18	7
Total	**132**	**(282)**

Capital expenditure

$m	2008	2007
Kazakhmys Copper	585	435
Kazakhmys Petroleum	42	33
Kazakhmys Power	39	-
Kazakhmys Gold	13	8
MKM	11	11
Other	4	6
Total	**694**	**493**

KEY BALANCE SHEET MOVEMENTS

Acquisition of Power business

- $1.0 billion plant & equipment and mining assets
- $0.6 billion goodwill recognised

Net debt position as at 31 Dec 2008

- $2.1 billion credit facility used for Power acquisition and ENRC share purchase

Investment in ENRC: average cash purchase price £3.43 (current price[1] £3.70)

- Total cash investment $1.7 billion (2007-2008)
- Accounted as associate (previously: available for sale investment)
- Equity accounting following share exchange

Impairments ($400 million)

- Reflecting economic situation and lower commodity prices

Note: 1. Price as at 4 March 2009

Group audited balance sheet on 31 March 2009

CAPITAL AND DEBT MANAGEMENT

$m	2008	2007
Cash and liquid funds	572	496
Borrowings	(2,200)	(198)
Short-term	*(498)*	*(196)*
Long-term	*(1,702)*	*(2)*
Net liquid funds/(debt)	**(1,628)**	**298**

Credit facilities

- $2.1 billion pre-export facility
  - Repayment: $44 million per month starting March 2009 over 4 years
  - Interest rate: fixed on majority at 'all-in' rate below 2.3%
- €230 million MKM facility
  - €85 million was drawn at the year end
  - matures May 2010 – refinancing already commenced
- $200 million revolving credit facility
  - Standby line currently undrawn

2009 financing priorities

- Focus on cash preservation
- Reduction in discretionary spending
- Suspended dividends
- Closing on Ekibastuz deal

Flexibility in meeting funding obligations

2009 MACRO OUTLOOK

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Tenge devaluation

- 20% tenge depreciation provides:
  - Copper: $100 million EBITDA
  - Power: ($15 million) EBITDA

Inflation

- Significant decrease in rates during 2008
- Government's target for 2009 inflation is 11%

Taxation

- Corporation tax will decrease
  - 2009: from 30% to 20%
  - 2011: to 15%
- Excess profit tax no longer payable
- Mineral extraction tax will depend on commodity and profitability of each mine

2009 FINANCIAL OUTLOOK

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Revised costs and capex

- Group capex cut from $700 to $500 million:
  - Copper: $300-350 million
  - Power: $60-80 million
  - Other: $70-80 million

- Copper division costs reduced by $200 million

Managed cash flow

- Hedged copper sales:
  - Volumes: 80 kt to date
  - Collar: $3,024 - $4,010
  - Duration: Feb – Dec 2009
  - Regular reviews

- 2009 interest rate fixed at ‘all in rate’ <2.3%

Focus on cash preservation

Oleg Novachuk

Chief Executive Officer

OUTLOOK 2009

Production will be decreased

- Suspension of some mines due to current market conditions
- Ability to increase output quickly

Main focus areas

- HSE
- Improving operational efficiencies
- Cash preservation

Optimistic about the future

- Managed through 90s crises
- Identified numerous cost savings
- Previous capex investments allows decrease in capex
- Optionality around debt
- Underlying fundamentals of copper and power are unchanged

Strength through flexibility and experience

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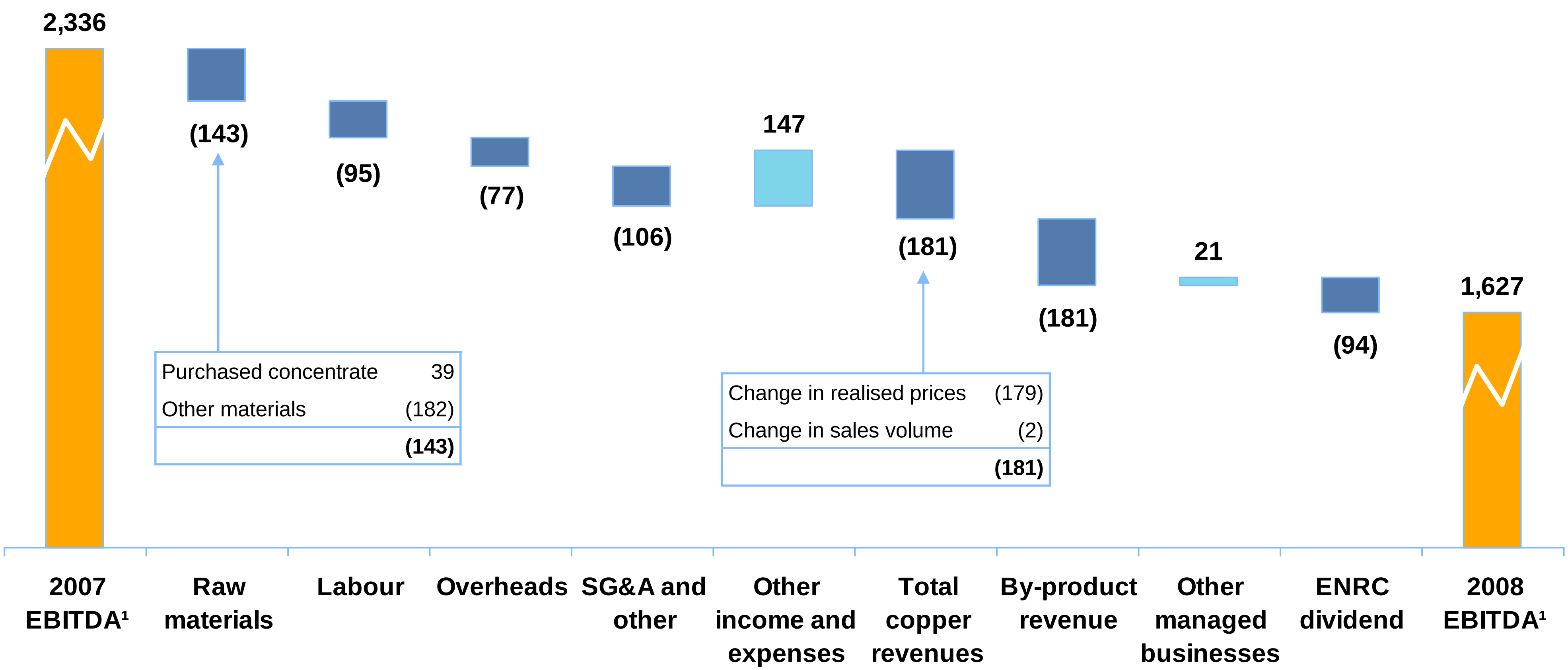
Appendices

EBITDA[1] VARIANCE

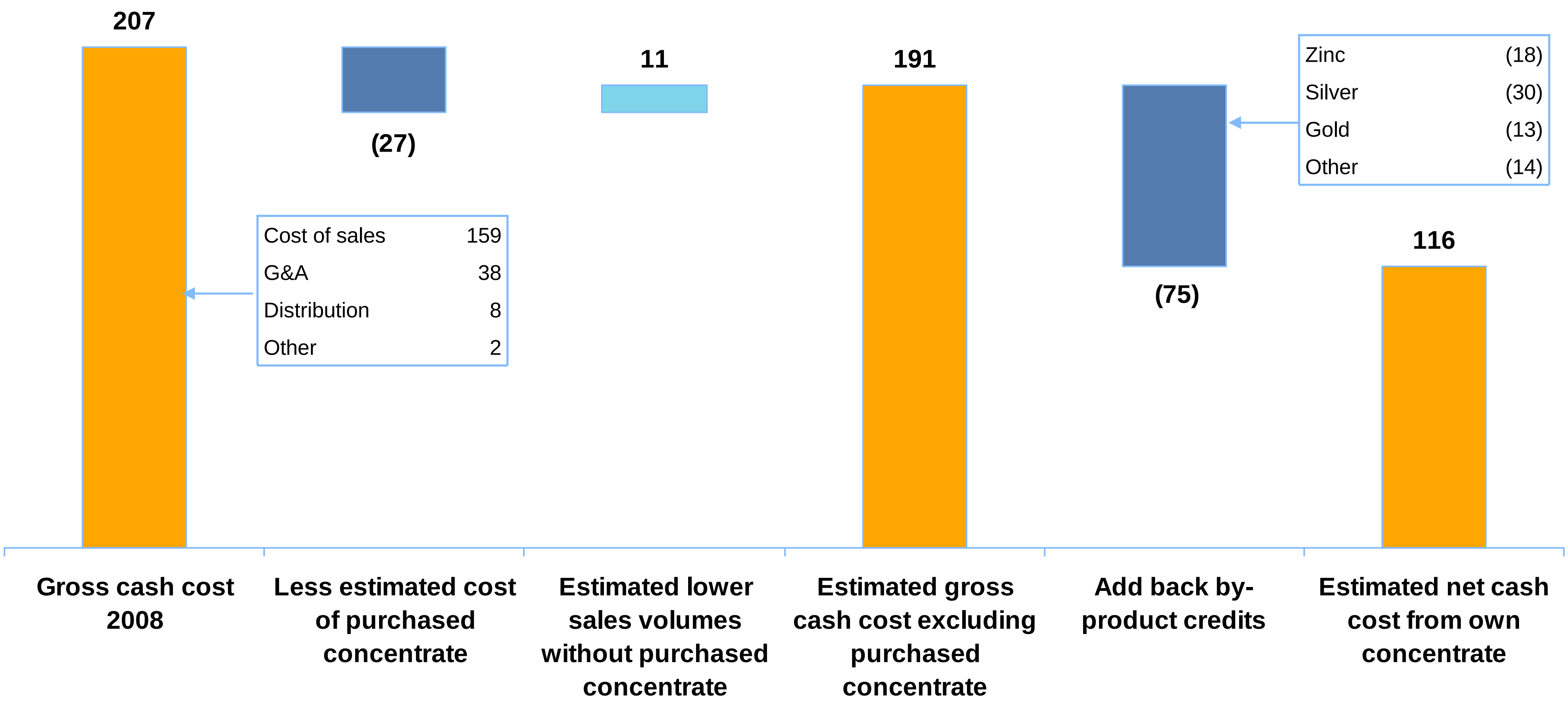
2007 to 2008 EBITDA[1] reconciliation ($m)



Notes: 1. From managed businesses, excluding special items

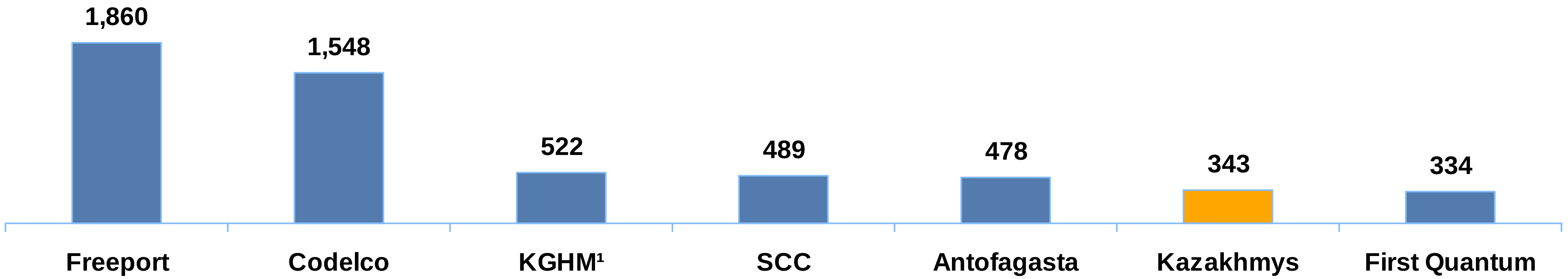
GROSS TO NET CASH COST FROM OWN CONCENTRATE

Gross to net cash cost reconciliation (USc/lb)

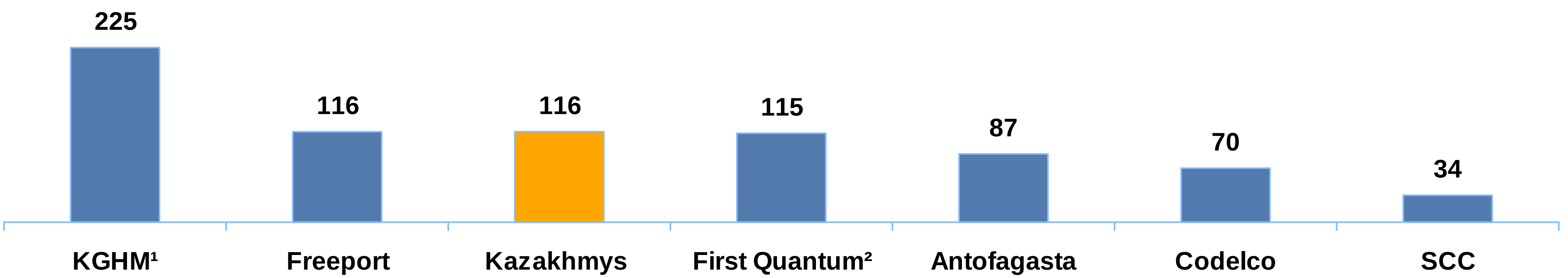


COMPETITIVE GLOBAL POSITION

2008 Copper equivalent production (kt)



2008 Copper cash costs (USc/lb)



Notes: 1. Broker consensus
2. Cash cost guidance as of December 2008
Source: Company financials, broker reports, Factset as at 20 February 2009