Kazakhmys PLC

2012 Trading Update

28 February 2013

IMPORTANT NOTICE

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Oleg Novachuk

Chief Executive Officer

2012 HIGHLIGHTS

Strong operational performance

- Metal production in line with guidance
- Growth in power generation
- Continued focus on Health & Safety

Growth projects progressing well

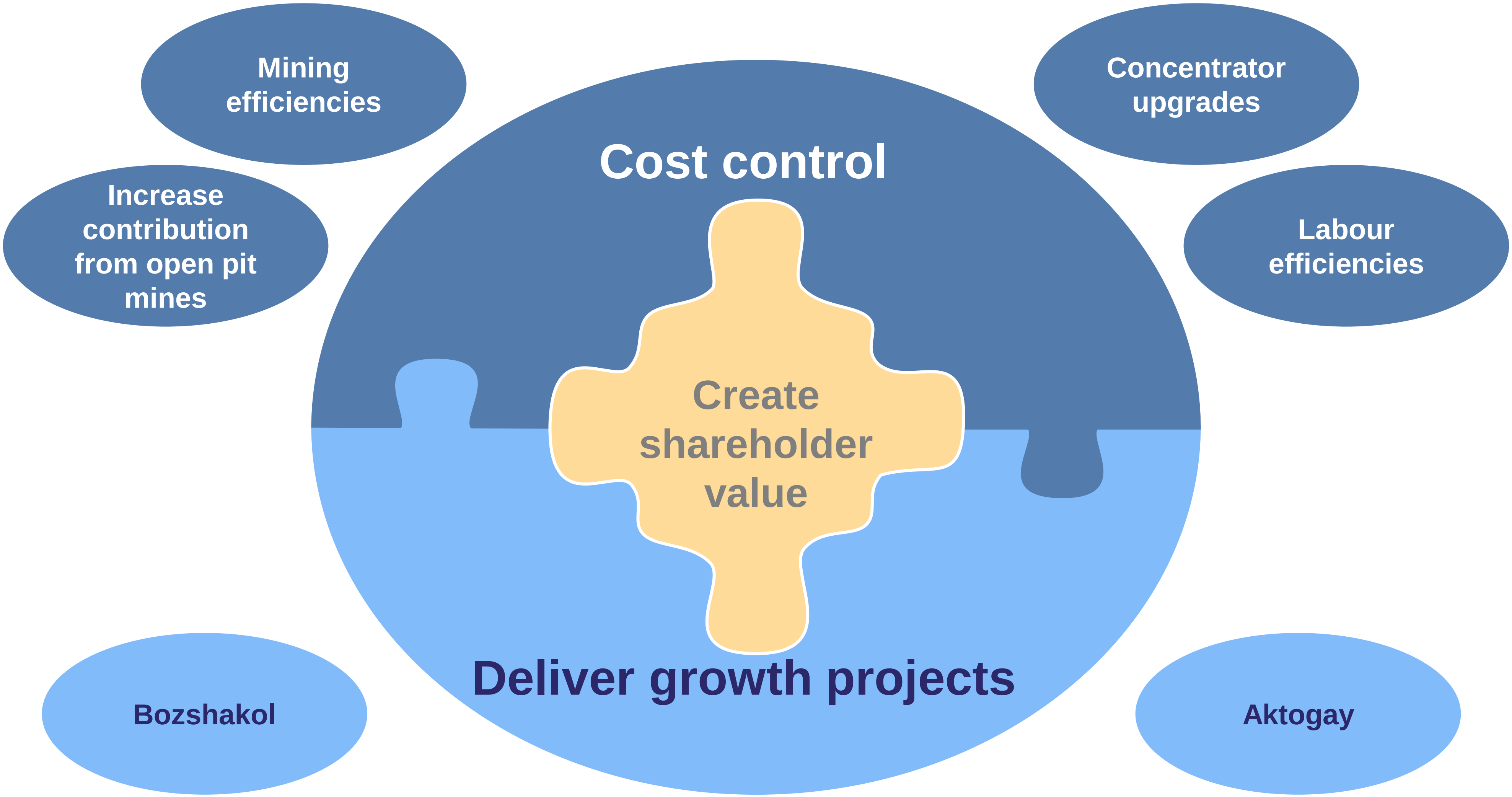
- Bozshakol on track and on budget
- Aktogay moved to development stage
- Ekibastuz GRES-1:
  - Unit 8 commissioned Q4 2012
  - Unit 2 to complete by end of 2014 (capacity increase to 3,500 MW)

Financial performance

- Segmental EBITDA $1.36 billion
- Net cash cost 174 USc/lb
- Net debt $707 million
- Balance sheet flexibility
  - Long dated debt for projects

Robust performance in 2012

PRIORITIES


Mining efficiencies
Concentrator upgrades
Cost control
Increase contribution from open pit mines
Labour efficiencies
Create shareholder value
Bozshakol
Deliver growth projects
Aktogay

Matthew Hird

Chief Financial Officer

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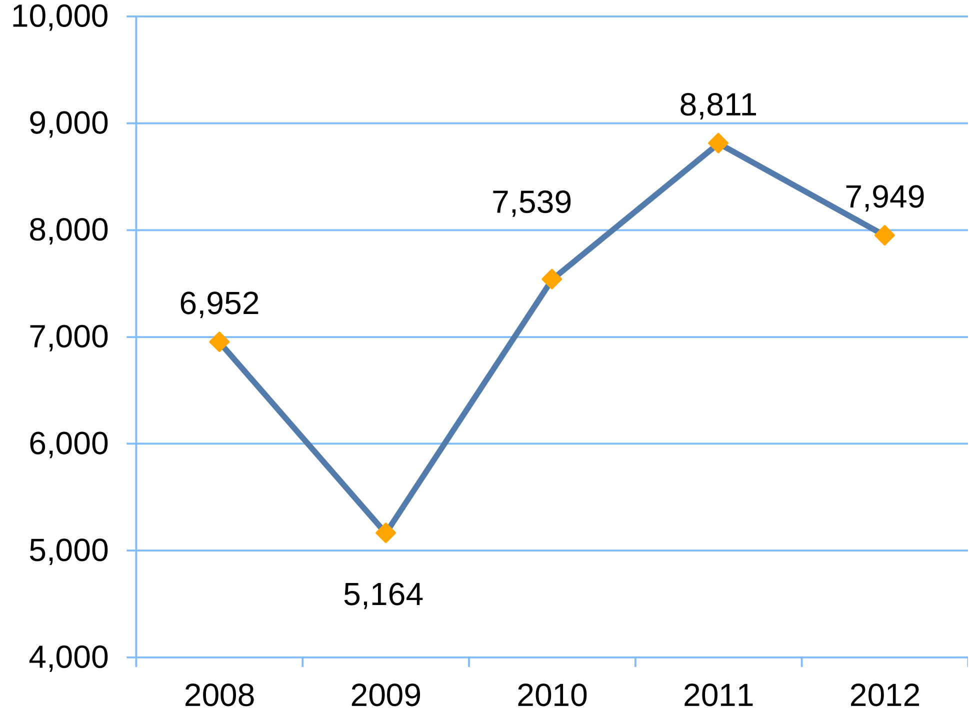
Key financial indicators

$m (unless otherwise stated)	2012	2011
Segmental EBITDA	1,364	1,959
Free Cash Flow	85	824
Net cash cost of copper, USc/lb	174	114
Net (debt)/funds	(707)	19

Average LME copper prices ($/tonne)



Copper price remains resilient

SEGMENTAL EBITDA

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Segmental EBITDA[1]

$m (unless otherwise stated)	2012	2011
Kazakhmys Mining	**1,160**	**1,808**
EBITDA margin	*35%*	*52%*
Kazakhmys Power	**208**	**176**
EBITDA margin	*58%*	*55%*
Ekibastuz GRES-1[2]	**189**	**162**
EBITDA margin	*65%*	*63%*
Other	**(4)**	**(25)**
Segmental EBITDA	**1,364**	**1,959**

Kazakhmys Mining EBITDA

- Realised copper price down 8%
- Cost pressures from labour, transportation and higher ore volumes

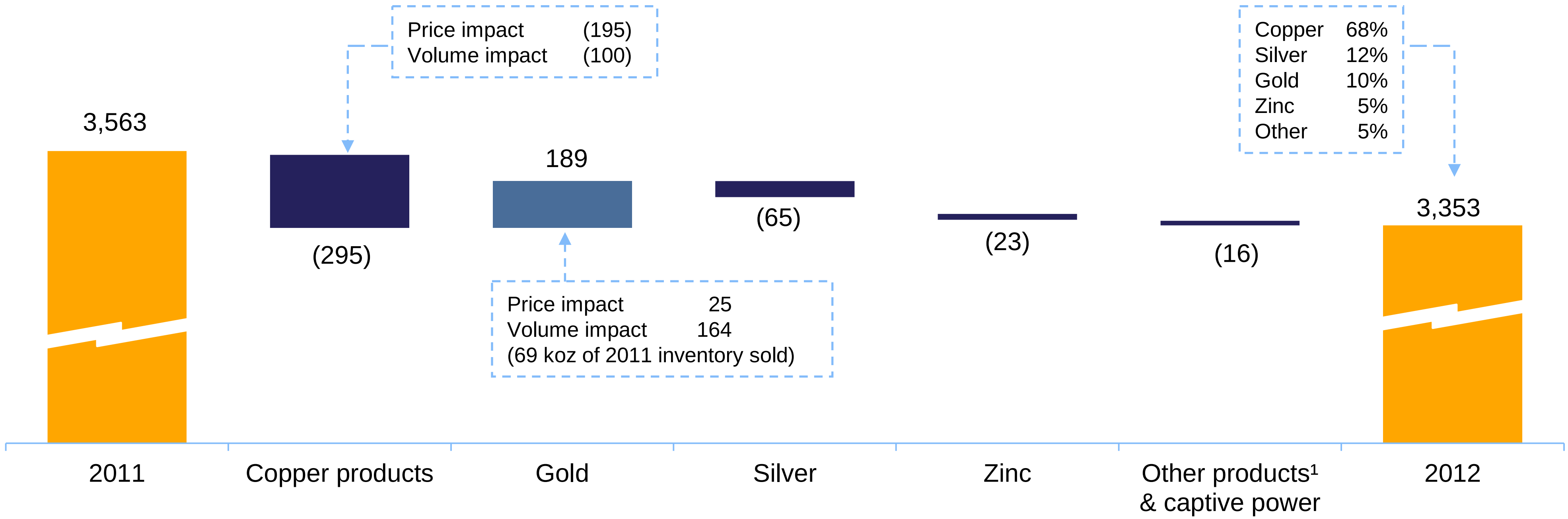
Kazakhmys Power EBITDA

- Growth in sales volumes and realised tariffs
- Higher margin domestic sales increased

Notes 1. Excluding ENRC, MET, the non-cash component of the charge relating to the disability benefits obligation and special items.
2. Includes Maikuben coal mine until 17 May 2011.

Strong performance from Power Division

2011 – 2012 Revenue reconciliation ($m)



- 8% decrease in realised copper price
- Reduction in copper sales volumes
  - Increase in inventories of 10 kt
- Strong silver and gold output and sales

- Copper sales split by destination:
  - China/Asia: 65% (2011: 64%)
  - Europe: 27% (2011: 32%)
  - CIS: 8% (2011: 4%)

Notes: 1. Includes coal, sulphuric acid, lead products and other.

Sales to China remain strong

EBITDA VARIANCE

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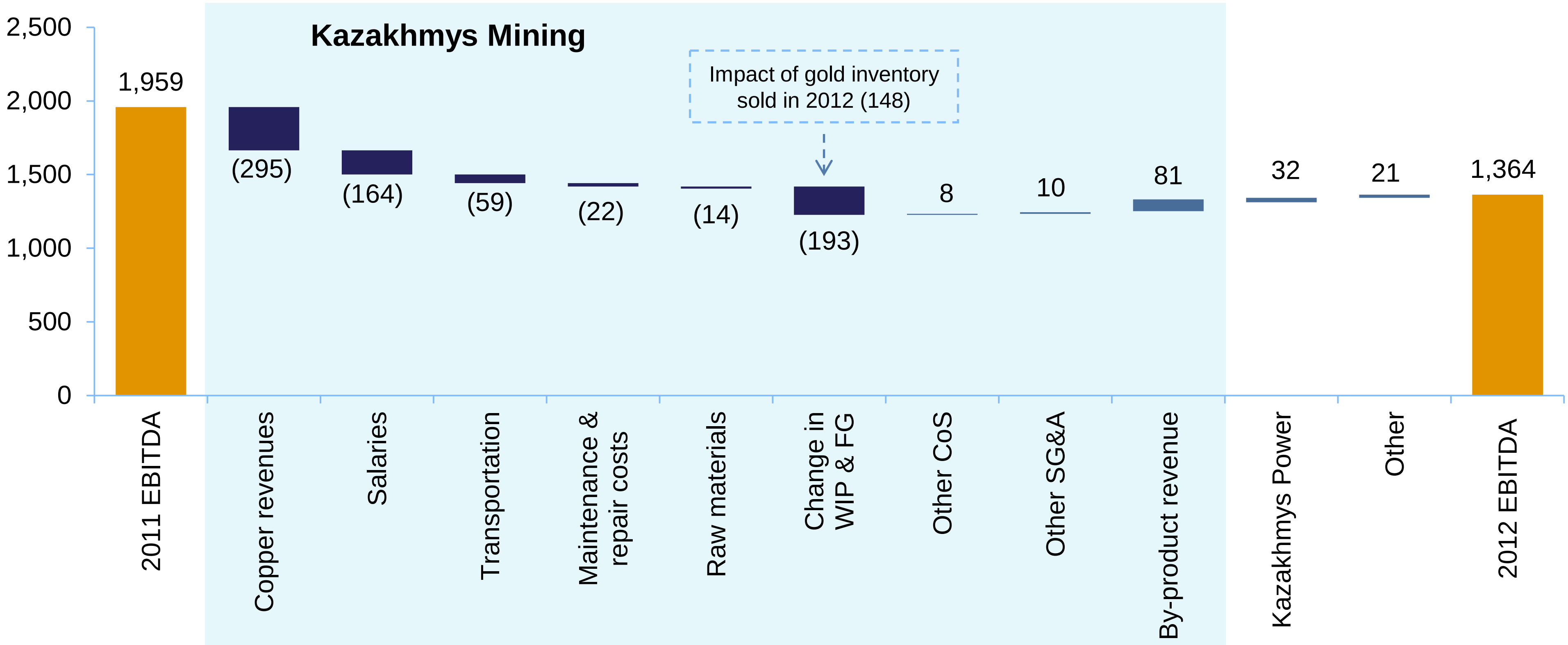
2011 to 2012 Segmental EBITDA reconciliation ($m)



Cost pressures expected to ease in 2013

COST PRESSURES

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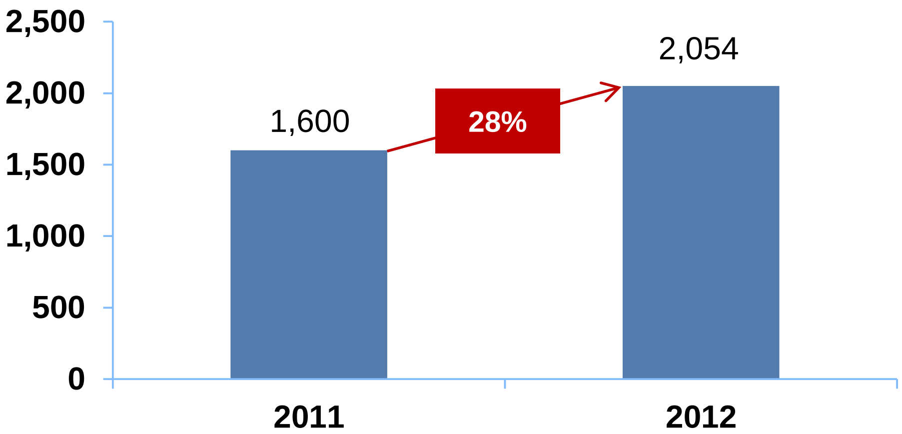
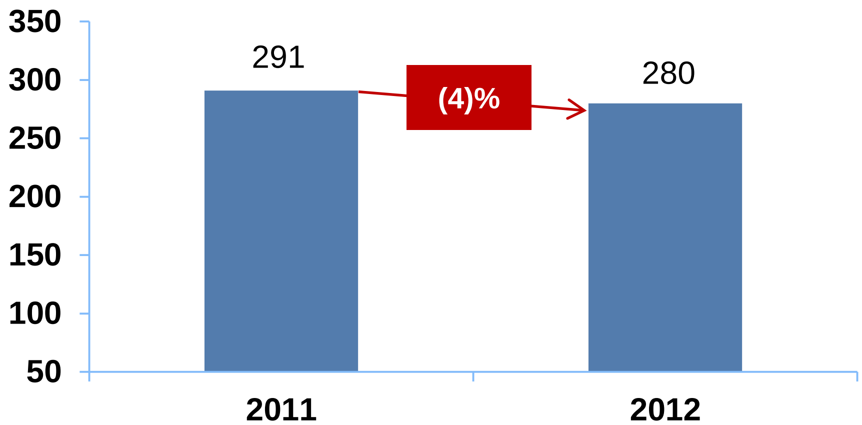
Kazakhmys Mining gross cash cost of own production ($m)



Copper sales volumes (own production)[1] (kt)



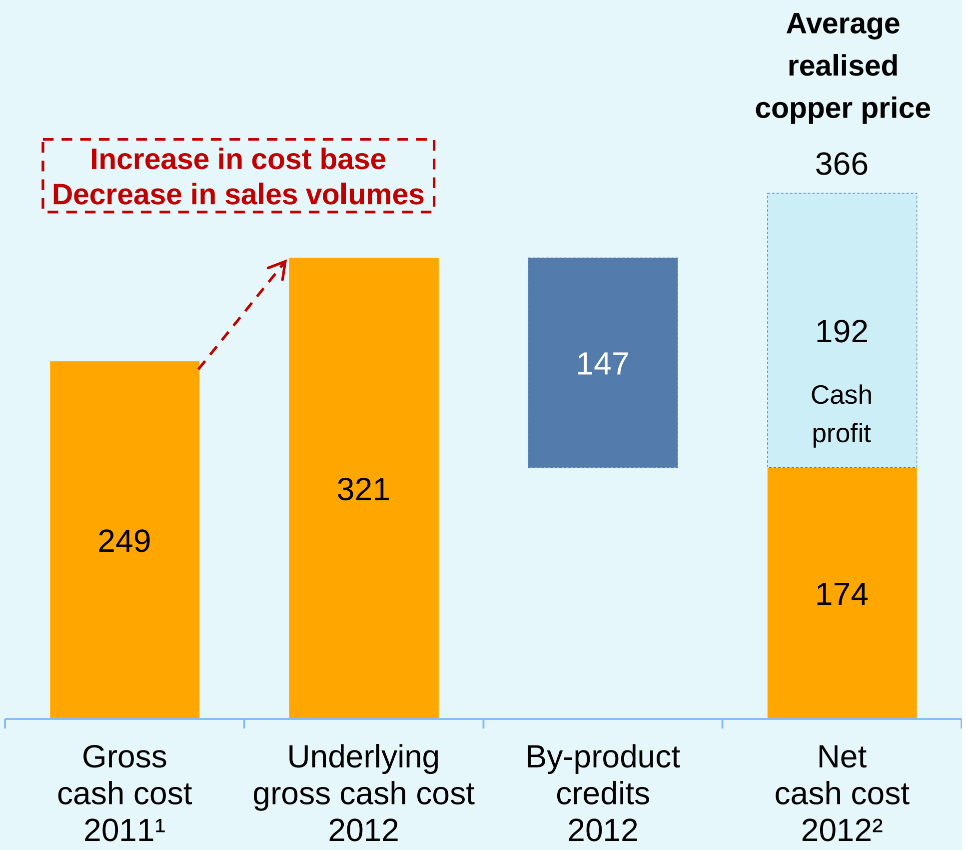
Notes: 1. Excludes sales from purchased concentrate.

- Operational cost drivers:
  - Increase in ore extraction – 12%
  - Increase in ore processed – 12%
    - Cu grade reduction to 0.95% (2011:1.01%)
    - Decrease in copper recovery rate
- Inflationary pressures:
  - Increase in employee costs
  - Transportation:
    - Increase in outsourced tariffs
    - Higher ore volumes transported

Costs impacted by inflation and increased ore volumes

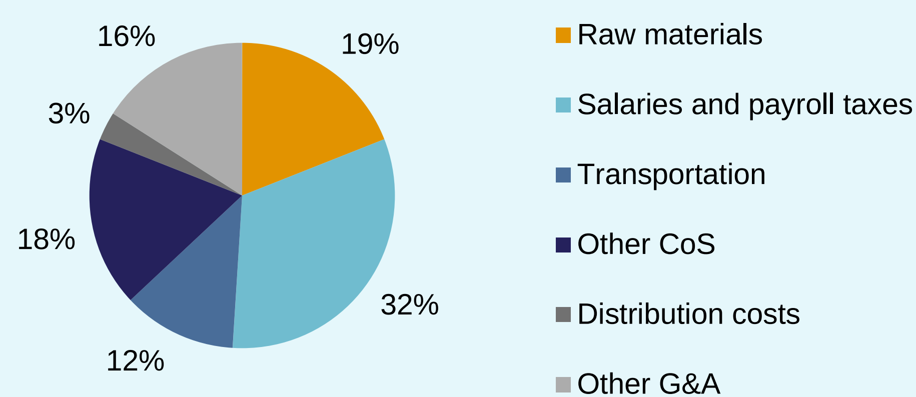
COPPER CASH COSTS

Cash costs of copper cathode (USc/lb)



	(USc/lb)
Underlying gross cash cost 2012	**321**
b/f 2011 gold inventory ($74 million)	12
Reported gross cash cost 2012	**333**

Gross cash costs 2012

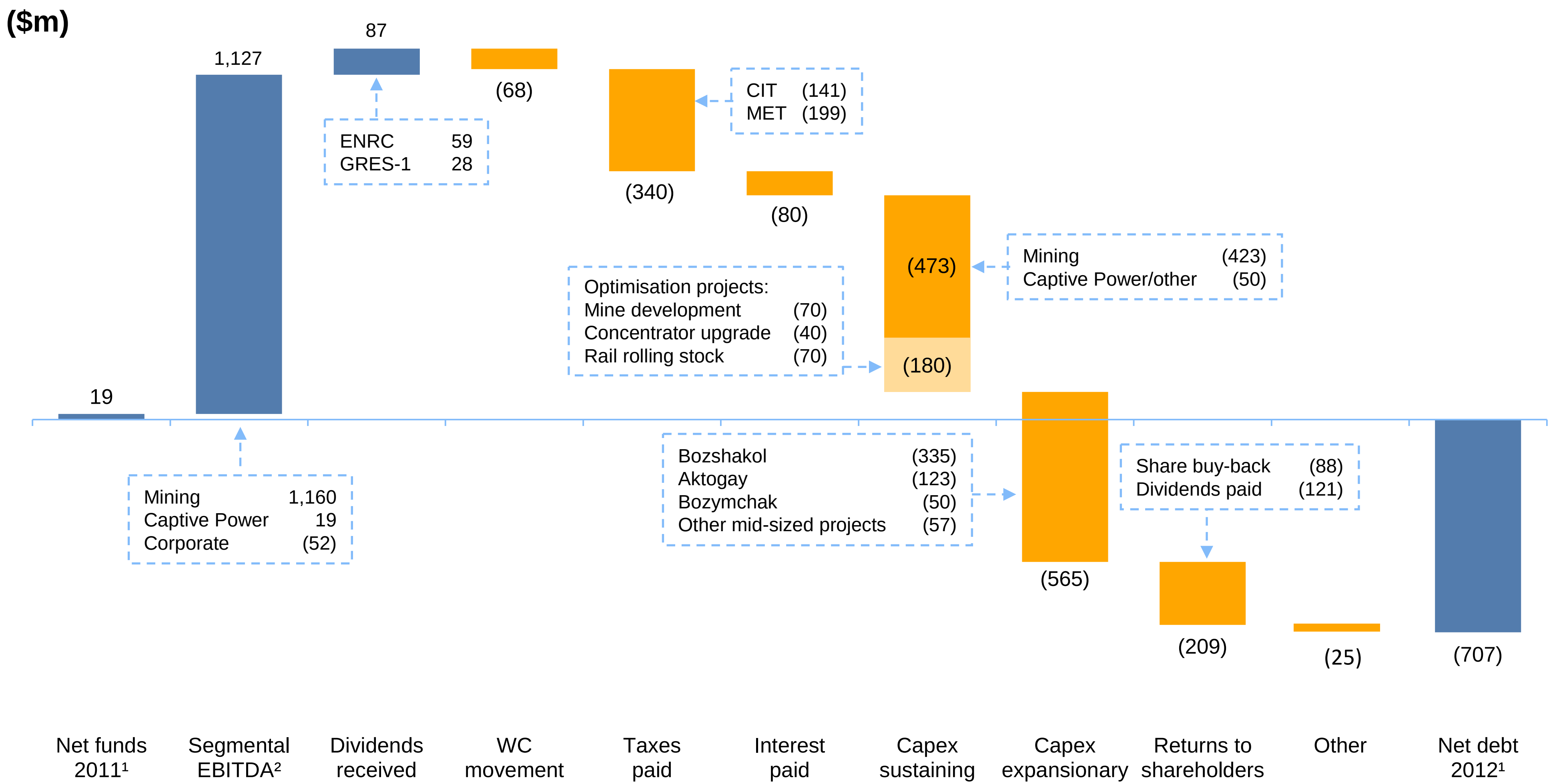


Notes: 1. Kazakhmys Mining cash operating costs excluding purchased concentrate and MET, divided by the volume of copper cathode sales from own production.

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

Net cash cost within guidance

2011 TO 2012 MOVEMENT IN NET DEBT



Notes: 1. From continuing operations. Includes cash and cash equivalents, current investments with a maturity of 3 to 6 months (liquid funds), less borrowings.

2. Segmental EBITDA excluding Ekibastuz GRES-1 and MKM.

CAPITAL AND DEBT MANAGEMENT

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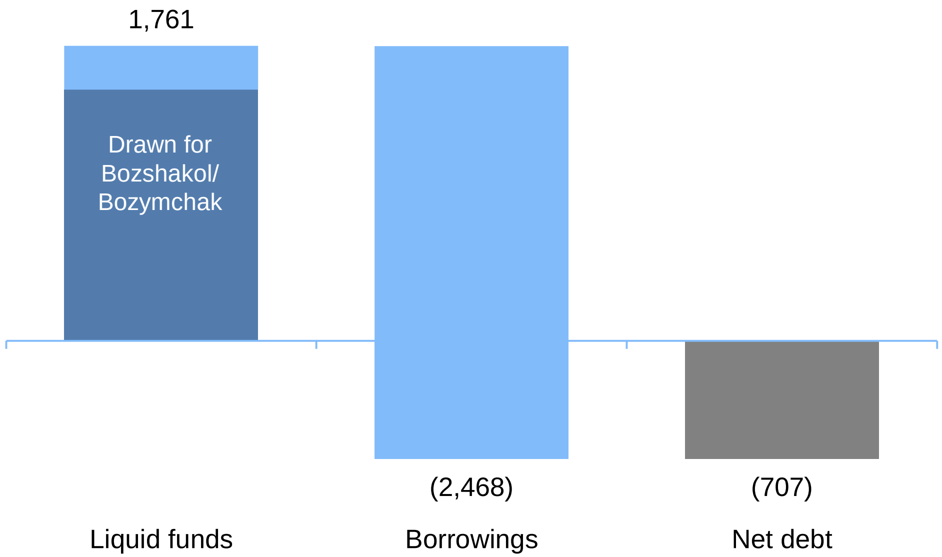
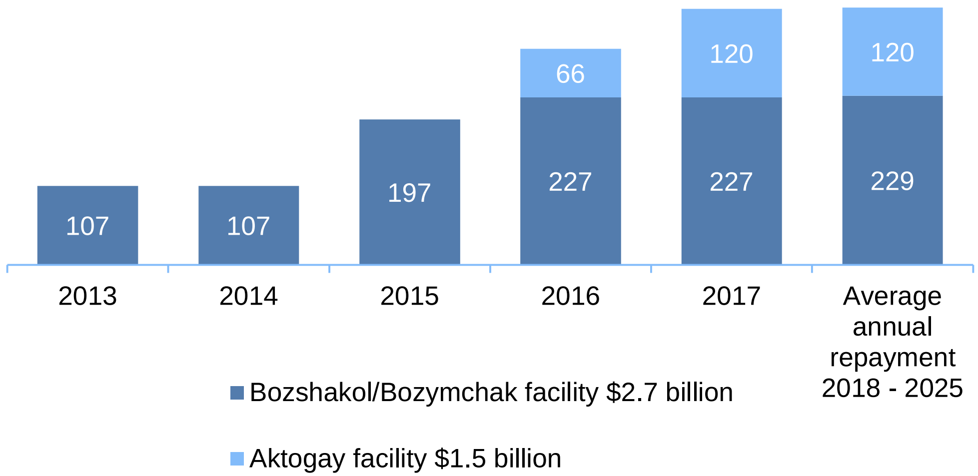
Net debt ($m)



Expansionary projects debt repayment profile ($m)



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

- $2.1 billion corporate facility fully repaid December 2012
- New $1.0 billion corporate facility signed December 2012
  - Reserve liquidity

Committed long term financing in place

FINANCIAL OUTLOOK 2013

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Cash cost

- Underlying gross cash cost to increase 8 - 12%
  - Kazakhstan inflation and higher ore volumes
  - Minimal salary increases
  - Operational efficiencies
- Net cash cost
  - Lower gold inventory brought forward

Financing

- Bozshakol/Bozymchak $2.7 billion facility fully drawn
- Aktogay $1.5 billion – $450 million to be drawn in 2013

Sustaining capex 2013

- Mining Division: $450 - 550 million
  - Includes mine development and concentrator projects of $150 million
- Captive power stations: $70 - 90 million

Expansionary capex 2013

- Bozshakol: $700 - 800 million
- Aktogay: $550 - 650 million
- Bozymchak: $70 - 100 million
- Mid-sized projects: $100 million

Solid platform for development of major projects

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Sergei Diachenko

Chief Operating Officer

HEALTH AND SAFETY

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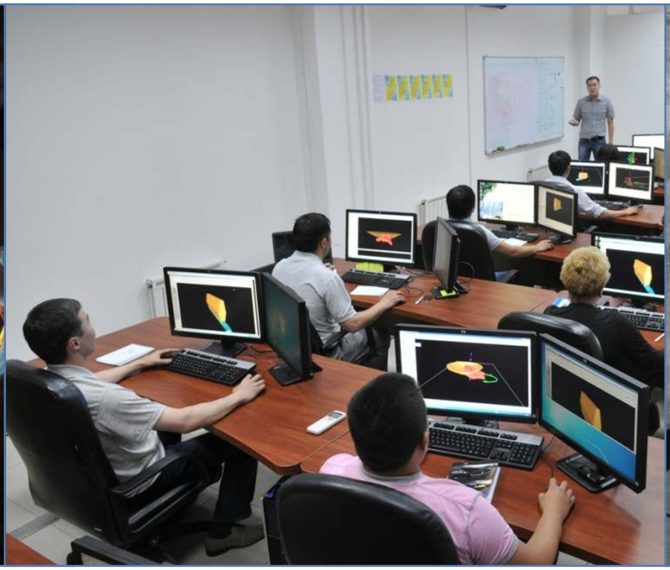
Continuing focus on health and safety

- 19 fatalities in 2012 (2011: 24)
- LTIFR of 1.78 in 2012 (2011: 1.55)
- Expanded long-term Group-wide education and training scheme
- Improving reporting practices
- Improvement of safety standards for working with contractors

2013 targets

- Our goal – zero fatalities
- To reduce total number of incidents by at least 20%
- Continue implementation of improved safety standards (progress – 70%)
- Roll out Emex, the incident reporting and evaluation programme, across the Group
- Continue work with DuPont on safety culture change



Target zero fatalities

2012 METAL PRODUCTION

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Copper production

- Ore output up 12%
- Commissioning of Konyrat and Itauz open pits
- Copper ore grade reduced to 0.95% (2011: 1.01%)
- Increased output from Akbastau open pit and capacity upgrade at Karagaily concentrator

By-product production

- Zinc and gold output in line with full year targets
- Silver ahead of guidance, reflecting higher than anticipated grade

Copper
cathode

Actual 2012
292kt

Guidance 2012
285-295kt

Zinc
in concentrate

Actual 2012
152kt

Guidance 2012
150kt

Gold
production

Actual 2012
129koz

Guidance 2012
120koz

Silver
production

Actual 2012
12,643koz

Guidance 2012
12,000koz

Production in line with guidance

2013 PRODUCTION OUTLOOK

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Copper production

- Increased ore extraction 7 - 12%
- Ramp up of Konyrat mine and Itauz open pit
- Copper ore grade 0.85 – 0.90%
- North Nurkazgan to commence in Q4 2013 - 1.3 kt of copper in 2013, 3 - 6 kt of copper p.a. when ramped up
- Commissioning of heap leaching operation at Shatyrkul in Q1 2013 - 3 kt of copper p.a.

By-product production

- Reduction in grades - zinc and silver
- Bozymchak production to commence end 2013:
  - 35 koz of gold in concentrate p.a.
- Abyz gold mine reconstruction to be completed H2 2013
  - To extend the mine life by 5 years

Copper
cathode guidance
2013
285-295kt

Zinc
in concentrate guidance
2013
125kt

Gold
production guidance
2013
100koz

Silver
production guidance
2013
11,000koz

Maintain mid-term production

KAZAKHMYS MINING: OPERATIONAL INITIATIVES

2012 implementation

Mining

- 21% output from open pits (2011: 9%)
- Reorganisation of mines at Zhezkazgan
- Developed low cost heap leaching of oxides at Shatyrkul and North Nurkazgan

Processing

- Upgrade of Nikolaevsky concentrator - 8% increase in copper recovery achieved by year end
- New reagent testing at several concentrators
- Increasing processing capacity at Balkhash concentrator

Labour

- Introduction of programme to improve labour productivity

KAZAKHMYS MINING: OPERATIONAL INITIATIVES

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2013 targets

Mining

- Continue to increase open pit mining (25% in 2013)
- Commence heap leaching operations at Shatyrkul and North Nurkazgan
- Ore transportation optimisation at Zhezkazgan and West Nurkazgan (new conveyors)

Processing

- Complete Nikolaevsky concentrator upgrade to increase recovery rates
- Roll-out new reagents initiative
- Complete capacity increase at Balkhash concentrator

Labour

- Continue programme to improve labour productivity
- Reduction in social assets

Estimated efficiencies $150 million per annum by 2014

KAZAKHMYS MINING SUSTAINING CAPEX

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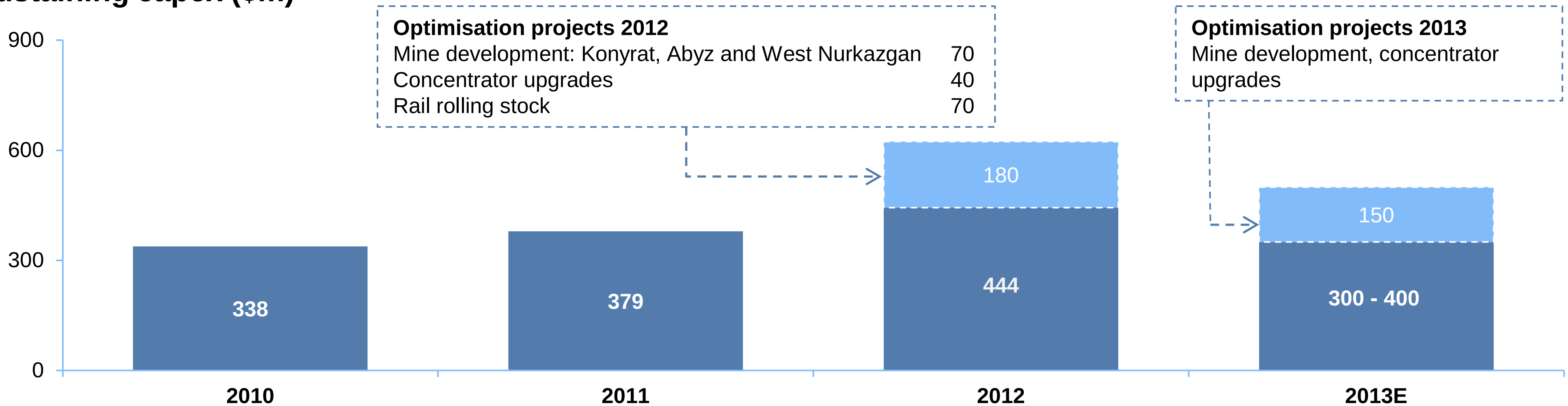
Sustaining capex ($m)



2012

- Increase in mine development to facilitate future extraction
- Upgrade of Nikolayevsky and Balkhash concentrators
- $40 million spent on equipment which improved operating conditions and health and safety

2013

- Optimisation of existing assets:
  - Capital expenditure reflects mine development projects: West and North Nurkazgan, Konyrat and Abyz
  - Concentrator upgrades

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Mian Khalil

Head of Projects

BOZSHAKOL – TRANSFORMATIONAL PROJECT

Progress during 2012

- Construction camp established
- Water supply line completed
- Major earthworks 80% complete
- Concrete work started for major plant areas
- Steel work started for major plant areas

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
- Start assembly of mine haul trucks

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.

First quartile long life mine

Reclaim tunnel – October 2012

Reclaim tunnel – February 2013

DEVELOPMENT PROGRESSES

Grinding and flotation building – October 2012

Grinding and flotation building – January 2013

On track and on budget

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Concentrator building – February 2013

On track and on budget

Primary crusher – February 2013

Tailings thickener – February 2013

On track and on budget

AKTOGAY – TRANSFORMATIONAL PROJECT

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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 building haul roads from mine to heap leach area
- Start leach pad construction
- Start SX-EW footings and foundations
- Start concentrator footings and foundations

Mobilisation to site Jan 2013

2012	2013	2014	2015	2016
Feasibility study approved by Board	Commence work on site	Mining infrastructure completion Heap leach pad ready	First oxide copper production	First sulphide copper production
Done	On track	On track	On track	On track

Leveraging from Bozshakol development

AKTOGAY – EXISTING INFRASTRUCTURE

Cranes

Powerline

Rail Spur

Camp

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Oleg Novachuk

Chief Executive Officer

EKIBASTUZ GRES-1: OPERATIONAL REVIEW

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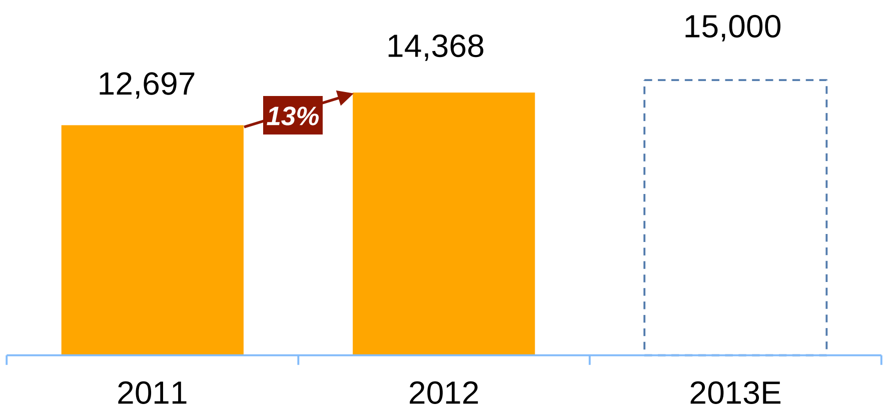
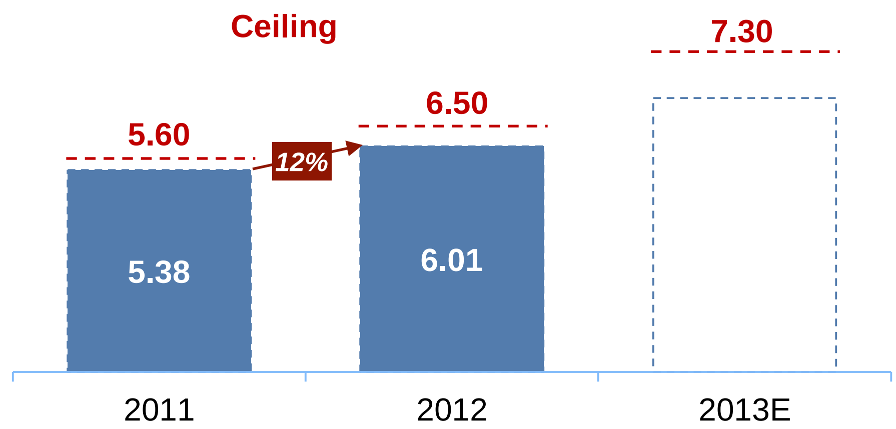
Net power generation[1] (GWh)



Average realised tariffs 2011-2012 (KZT/kWh)



Generation

- Increased demand for power in Kazakhstan
  - Total sales increased by 13%
  - Domestic sales increased by 19%

Tariffs

- Realised tariffs 12% higher
  - Ceiling tariff increased in Q2 2012
  - 5% of electricity sold to Russia

EBITDA

- 2012 – $378 million on 100% basis (2011: $316 million[2])
  - Margin of 65% (2011: 63%)

Notes: 1. The results are for 100% of the business.
2. Includes Maikuben coal mine until 17 May 2011.

Increased profitability

EKIBASTUZ GRES-1: MODERNISATION PROGRAMME

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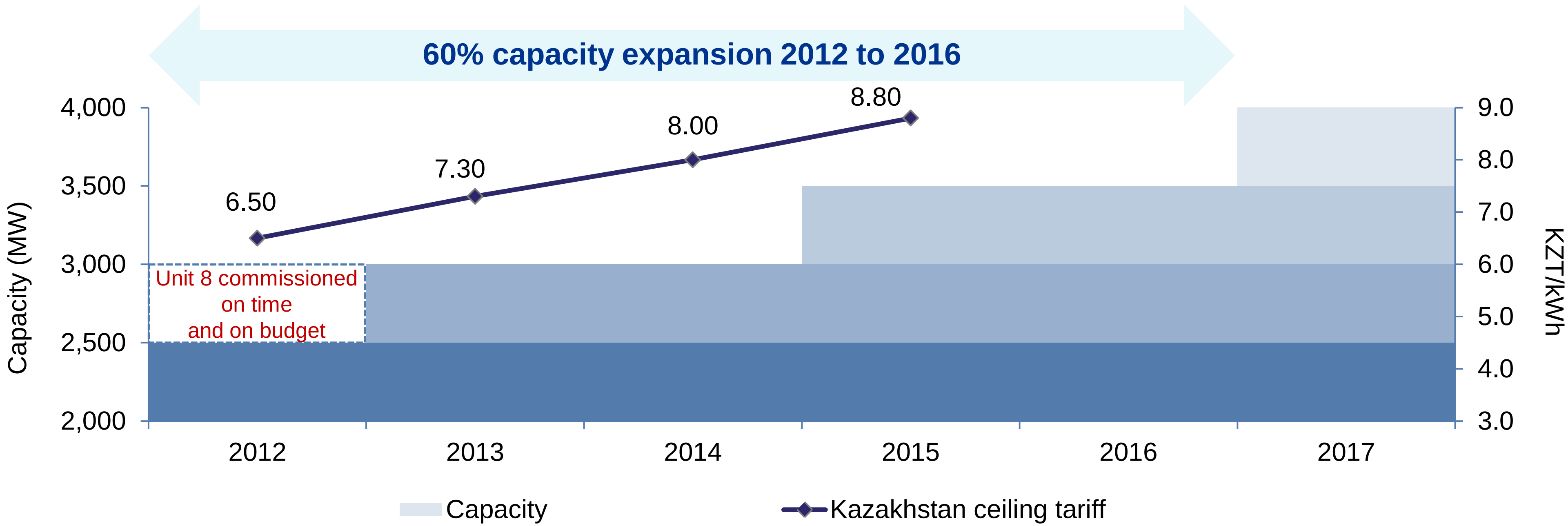

$1 billion programme to expand capacity remains on budget and ahead of schedule

- Completed commissioning of first dormant unit in Q4 2012
  - Total modernisation cost $156 million
- Completion of second dormant unit expected end 2014
  - Estimated cost $410 million
- Rehabilitation of third dormant unit to commence in 2013
  - Estimated cost $460 million

Environmental improvements

- Raising efficiency and improving emission standards
  - Three ESPs installed in 2012
  - Further ESPs to be installed on all operating units by end 2013

KAZAKHMYS: KEY PRIORITIES FOR 2013

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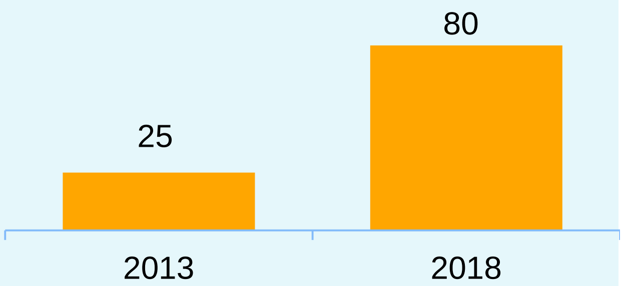
Health and safety	Continue to implement H&S improved standards Zero fatalities target
Cost control and optimisation	Major focus on operational efficiencies
Capital allocation	Reduce sustaining capital expenditure Optimise capital structure and non core assets Driven by shareholder value
Growth projects	Build operational team for the growth projects Continue development on time and on budget

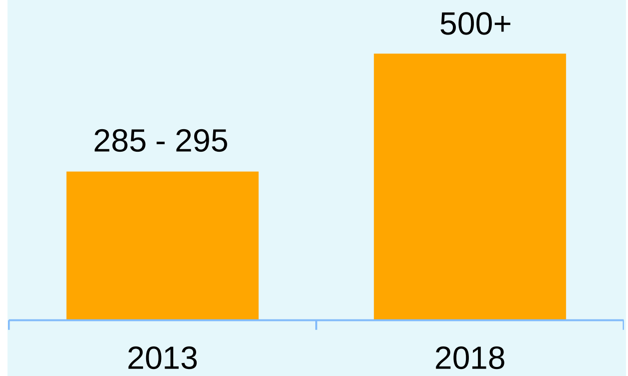
KAZAKHMYS IN TRANSFORMATION: 2013 to 2018

Ore output from open pits (%)



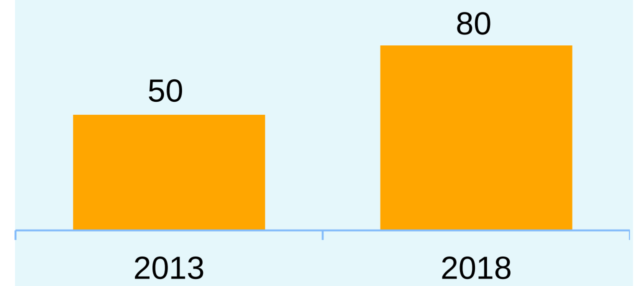
80% of extraction will be from open pit mines

Copper cathode production (kt)



Cathode output to exceed 500kt

Cu from the 5 top mines (%)



Production focused on 5 large mines

Globally competitive cost position

Appendices

BOZSHAKOL – TRANSFORMATIONAL PROJECT

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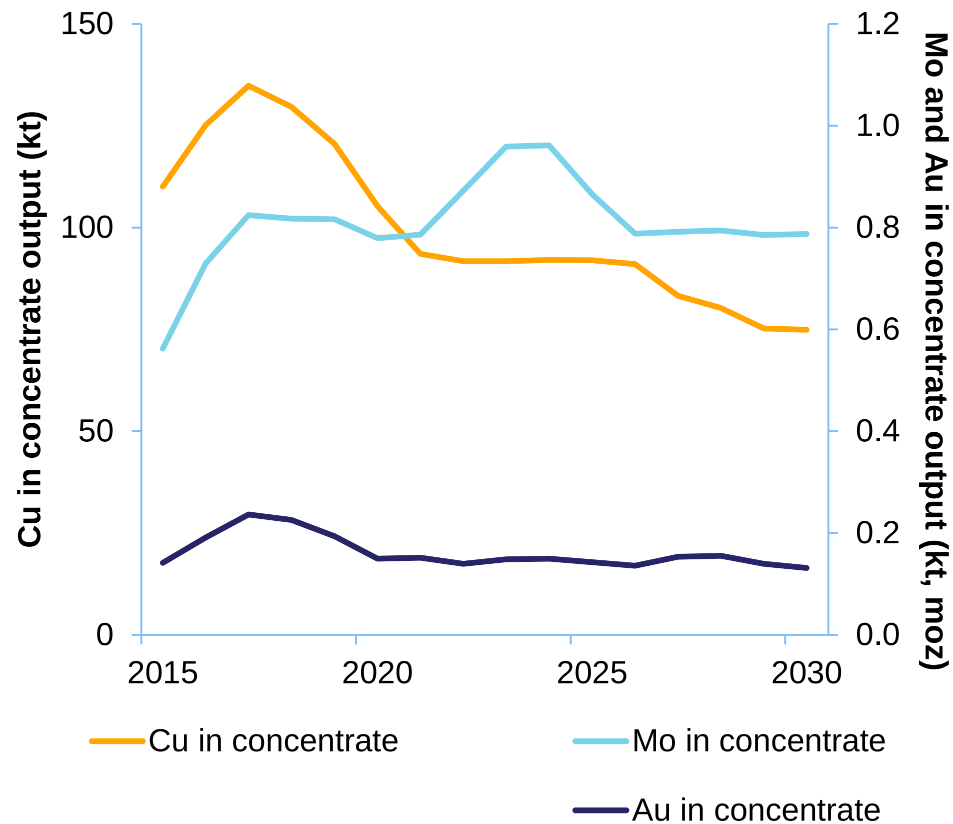
Key statistics

- 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

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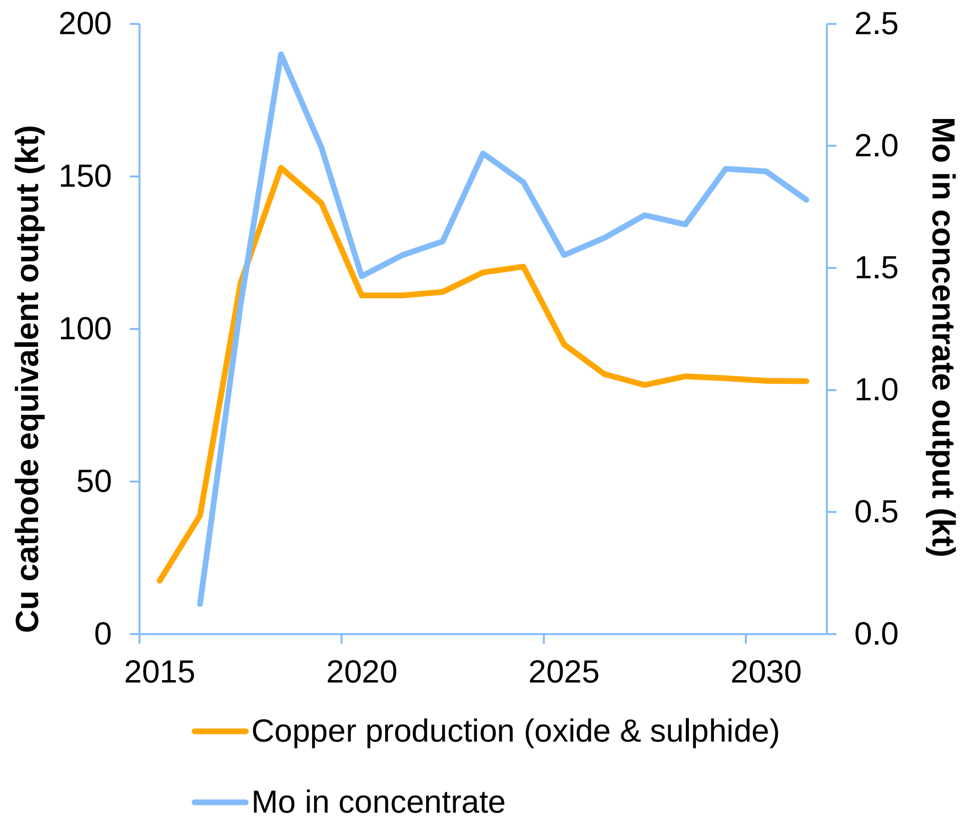
Key statistics

- 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.

REVENUES, OPERATING PROFIT AND SALES VOLUMES

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Operating profit

$m	2012	2011
CONTINUING OPERATIONS		
Revenues	3,353	3,563
Cost of sales	(2,023)	(1,619)
Gross profit	**1,330**	**1,944**
Selling and distribution expenses	(64)	(64)
Administrative expenses	(805)	(751)
Net operating (expense)/income	(17)	5
Impairment losses	(202)	(9)
Share of profits from joint venture	126	100
Operating profit	**368**	**1,225**

Revenues from continuing operations and joint venture

$m	2012	2011
Kazakhmys Mining	**3,285**	**3,499**
Copper	2,275	2,570
Silver	414	479
Zinc	154	177
Gold	322	133
Other[1]	120	140
Captive power	**68**	**64**
Total revenues	**3,353**	**3,563**
Ekibastuz GRES-1[2]	**290**	**233**

Kazakhmys Mining sales volumes

kt (unless otherwise stated)	2012	2011
Copper cathode equivalent sales	**282**	**293**
Copper cathodes	259	265
Copper rod	23	28
Zinc	151	146
Silver (koz)	13,206	13,526
Gold (koz)	193	86

Notes: 1. Other revenue includes coal, lead, sulphuric acid, etc.

2. Ekibastuz GRES-1 on a 50% basis.

CASH FLOW

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Summary cash flow

$m	2012	2011
Segmental EBITDA before ENRC & GRES-1[1]	**945**	**1,221**
Impairment losses	220	462
Non-cash component of employee benefits obligation	(149)	-
Loss on disposal of assets	23	-
Dividends from associate and joint venture	87	113
Working capital movements[2]	64	154
Interest paid	(85)	(66)
Income tax paid	(142)	(341)
MET paid	(199)	(264)
Foreign exchange and other movements	(17)	(35)
Net cash flows from operating activities	**747**	**1,244**
Sustaining capital expenditure	(662)	(420)
Free Cash Flow	**85**	**824**
Expansionary and new project capital expenditure	(567)	(259)
Major social projects	(12)	(36)
Dividends paid	(121)	(129)
Purchase of own shares under the Group's share buy-back programme	(88)	(78)
Cash related to disposal of subsidiaries[3]	3	111
Other	(11)	4
Cash flow movement in net (debt)/funds	**(711)**	**437**

Working capital movements[2]

$m	2012	2011
Kazakhmys Mining	(20)	131
Kazakhmys Power	40	(9)
MKM	(18)	89
Other	62	(57)
Total	**64**	**154**

Capital expenditure $m

	2012	2011
Kazakhmys Mining	1,168	602
Sustaining	603	367
Expansionary	565	235
Kazakhmys Power	47	40
Kazakhmys Petroleum	-	20
MKM	11	16
Corporate	3	1
Total	**1,229**	**679**

Net debt $m

	2012	2011
Cash and liquid funds	1,761	1,912
Borrowings	(2,468)	(1,893)
Short-term	(29)	(525)
Long-term	(2,439)	(1,368)
Total	**(707)**	**19**

Notes: 1. Excluding MET and the non-cash component of the charge relating to 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.
3 Cash related to disposal of subsidiaries in 2011 includes Maikuben West coal mine and Kazakhmys Petroleum.

CASH COST RECONCILIATION

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Kazakhmys Mining cash cost

$m (unless otherwise stated)		**2012**	**2011**
Revenue		3,285	3,499
EBITDA excluding special items		1,160	1,808
Gross cash cost		**2,125**	**1,691**
Other adjustments		(71)	(91)
Gross cash cost of own production		**2,054**	**1,600**
Sales volumes (own production)	kt	280	291
Gross cash cost of own production	**c/lb**	**333**	**249**
By-product credits		(983)	(870)
Net cash costs of own production		1,071	730
Net cash costs of own production	**c/lb**	**174**	**114**

- Increased gross cash cost driven by increased ore volumes and inflationary pressures
- 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 inventory
- Within 2012 guidance of 160 - 190 USc/lb