



KAZAKHMYS

Kazakhmys PLC

**2011 Half-Yearly
Results Presentation**

25 August 2011

**REALISING
OUR POTENTIAL**



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KAZAKHMYN



Oleg Novachuk

Chief Executive Officer

Strong operational performance

- Metal production on target
- Ekibastuz GRES-1 power generation up 19%
- Focus on Health and Safety continues

Strong financial position

- Group EBITDA¹ up 20% to \$1,608 million
- Second quartile cash cost producer at 93 c/lb
- Net debt² reduced to \$36 million

Delivered key milestones on growth projects

- Bozshakol approved and commencing development
- Aktogay commencing feasibility study
- Ekibastuz GRES-1 rehabilitation programme on budget and on time

Returns to shareholders

- Interim dividend of 8.0 USc/share
- Proposed share buy-back programme of up to \$250 million

Notes: 1. From all businesses, including the 26% share of ENRC's EBITDA, excluding MET and special items.
2. From continuing operations.



KAZAKHMYS



Sergei Diachenko

Chief Operating Officer

Focus remains on health and safety

- Zero tolerance of non-compliance with safety standards
- 16¹ fatalities in the first 7 months of 2011 compared to 21 in the same period 2010
- LTIFR² of 1.55 in H1 2011 vs. 1.29 in 2010

Investing in training and safety

- Improved personal protective equipment
- Extended safety training and education
- Continue to develop risk management programme with external consultants



Notes: 1. Fatalities statistics include 5 external contractors in the first 7 months of 2011; contractor fatalities were excluded for the first 7 months of 2010.
2. LTIFR is a standard industry measure for injuries, introduced as a Group KPI for 2010. It measures number of hours lost through injury per 1,000,000 hours worked.

Copper production

- Ore output up 2%
- Reduction in copper ore grade from 1.14% in H1 2010 to 1.01% in H1 2011

By-product production

- Reduction in grades
- Production impacted by timing of processing

Copper
cathode
H1 2011

153 kt

Zinc
in concentrate
H1 2011

76 kt

Gold
production
H1 2011

70 koz

Silver
production
H1 2011

6,773 koz

Copper
cathode
FY 2011 estimate

300 kt

Zinc
in concentrate
FY 2011 estimate

150 kt

Gold
production
FY 2011 estimate

140 koz

Silver
production
FY 2011 estimate

12,000 koz

Improvement of existing assets

- ▣ Re-open Konyrat mine
- ▣ Drilling at Nikolaevsky mine to increase LOM by 2 years
- ▣ Ramp up production at Nurkazgan mine

Mine planning

- ▣ Resource modelling programme on schedule
- ▣ Widening training and use of computerised planning
- ▣ Finalising 2011 strategic business plan

Optimising operational efficiency and cost control

- ▣ Focus on improving mining practices
- ▣ Improve efficiency at the Balkhash Smelter
- ▣ Improve equipment utilisation at Zhezkazgan

Exploration

- ▣ Strategic greenfield targets identified
- ▣ 2011 exploration programme on schedule



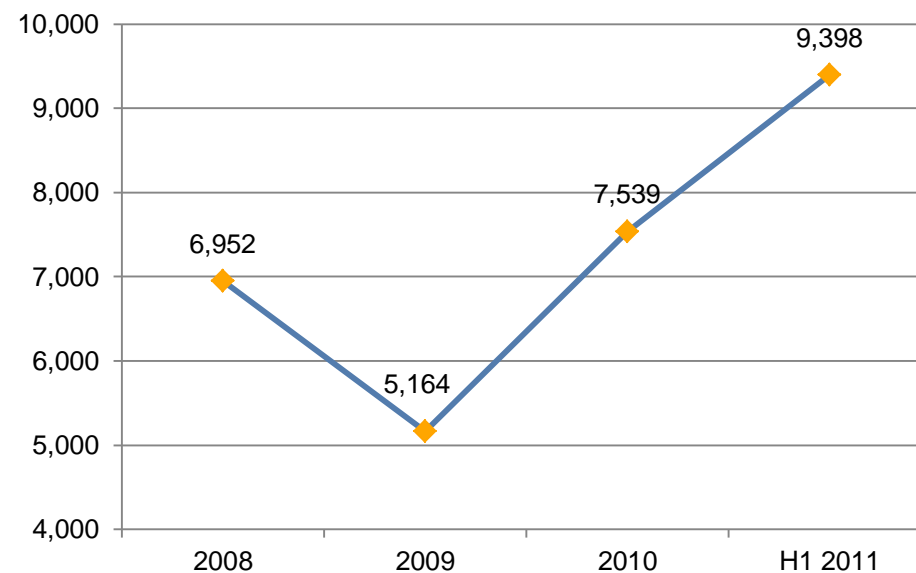
Matthew Hird

Chief Financial Officer

Key financial indicators

\$m (unless otherwise stated)	H1 2011	H1 2010	
Group EBITDA ¹	1,608	1,342	20%
Underlying EPS ² , \$	1.62	1.30	25%
Free Cash Flow ³	554	239	132%
Net cash cost of copper, USc/lb	93	85	9%
Net debt ⁴	36	585	549

Average copper prices (\$/tonne)



- Notes:
1. From all businesses, including the 26% share of ENRC's EBITDA, excluding MET and special items.
 2. From all businesses, including the 26% share of ENRC's equity accounted earnings, excluding special items.
 3. Cash flows from operating activities less sustaining capital expenditure on tangible and intangible assets from all businesses.
 4. From continuing operations.

Group EBITDA¹

\$m (unless otherwise stated)

	H1 2011	H1 2010	
Kazakhmys Mining²	977	818	19%
<i>EBITDA margin</i>	<i>54%</i>	<i>54%</i>	
Kazakhmys Power³	95	88	8%
<i>EBITDA margin</i>	<i>42%</i>	<i>42%</i>	
Other⁴	(7)	29	
Segmental EBITDA	1,065	935	14%
Share of ENRC EBITDA	543	407	
Group EBITDA	1,608	1,342	

New reporting structure

- ▣ Kazakhmys Mining
- ▣ Kazakhmys Power

Kazakhmys Mining EBITDA

- ▣ LME copper price up by 32%
- ▣ Cost pressures across industry
- ▣ Lower sales volumes

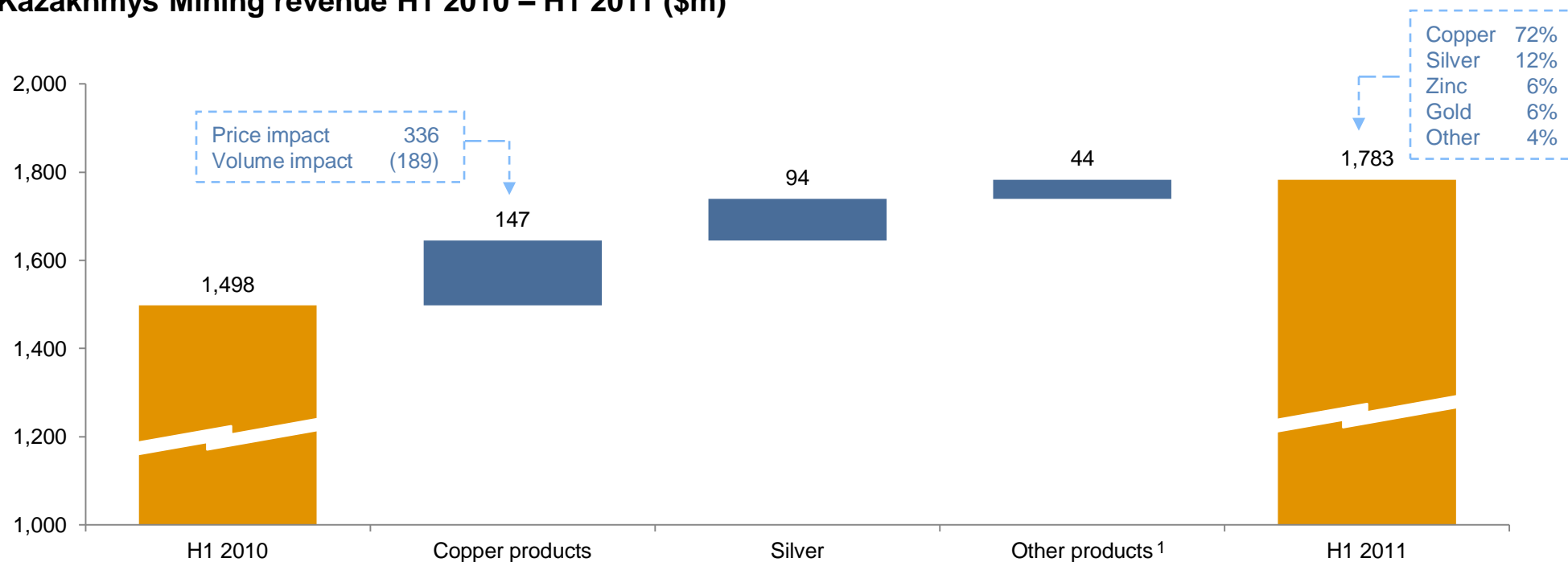
Kazakhmys Power EBITDA

- ▣ Captive power stations reduce division's margin
- ▣ 50% reduction in ownership of Ekibastuz GRES-1 in February 2010
- ▣ Higher sales volumes and realised tariffs

Notes

1. From all businesses, including the 26% share of ENRC's EBITDA, excluding MET and special items.
2. Kazakhmys Mining incorporates the former Kazakhmys Copper and Kazakhmys Gold Divisions but excludes the captive power stations.
3. Kazakhmys Power includes 50% of the results of Ekibastuz GRES-1 as an equity accounted joint venture, Maikuben coal mine until its disposal on 17 May 2011 and the captive power stations.
4. Kazakhmys Petroleum, Corporate Services and MKM.

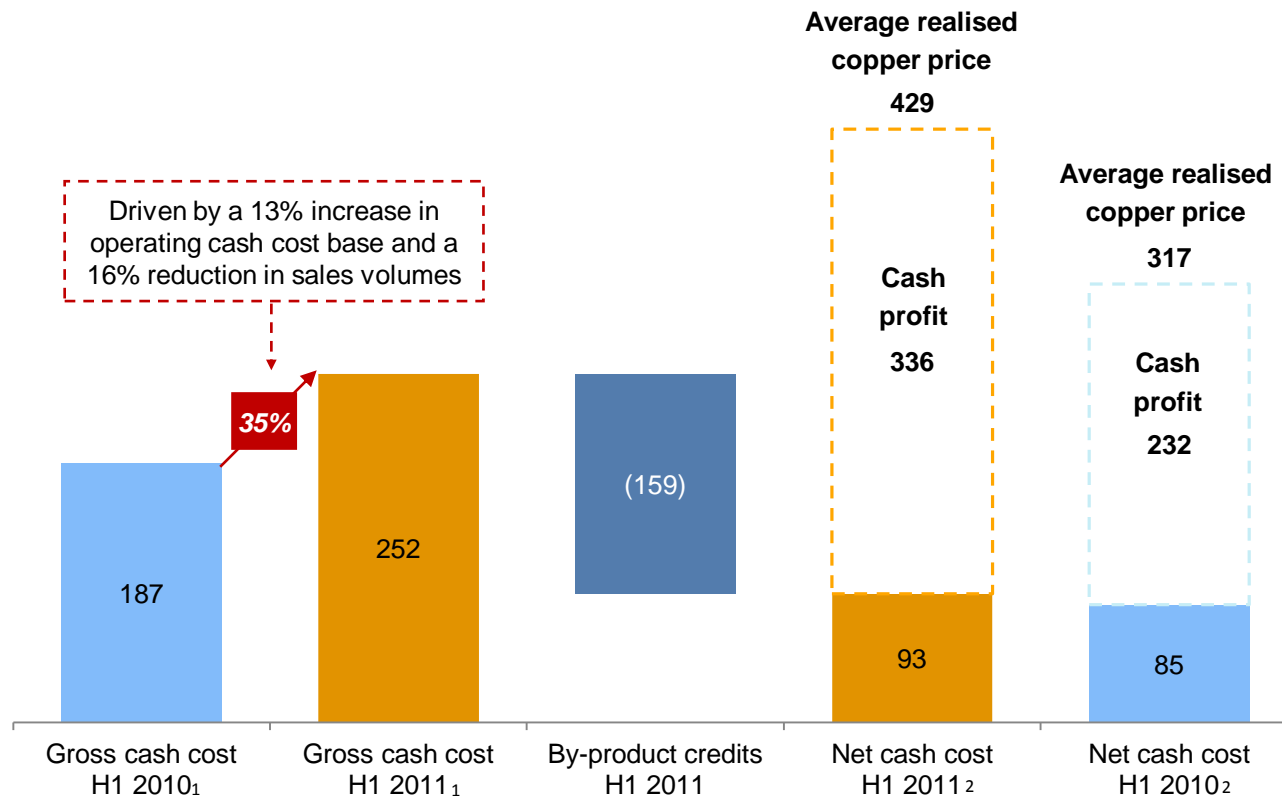
Kazakhmys Mining revenue H1 2010 – H1 2011 (\$m)



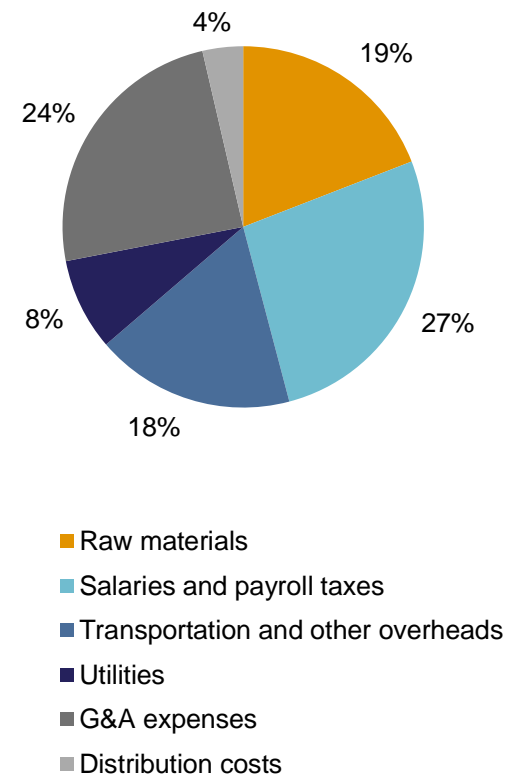
- Higher realised prices for all major metals
- Copper sales volume below production
 - 153 kt of copper produced vs 136 kt sold
 - Higher goods in transit and inventory
- Annual contracts signed for 80% of 2011 copper production
 - Maintained sales split between China and Europe
 - Spot sales directed to China

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

Cash costs of copper cathode equivalent (US\$/lb)

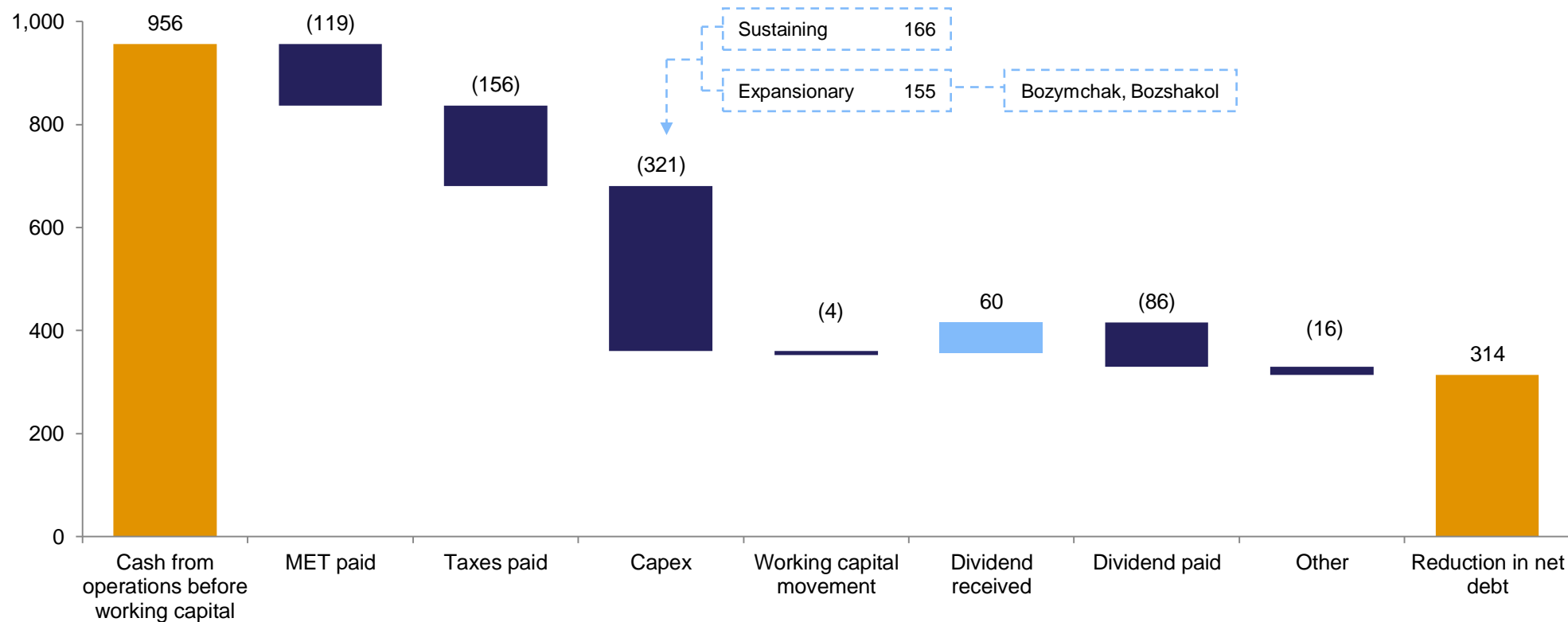


Gross cash costs H1 2011



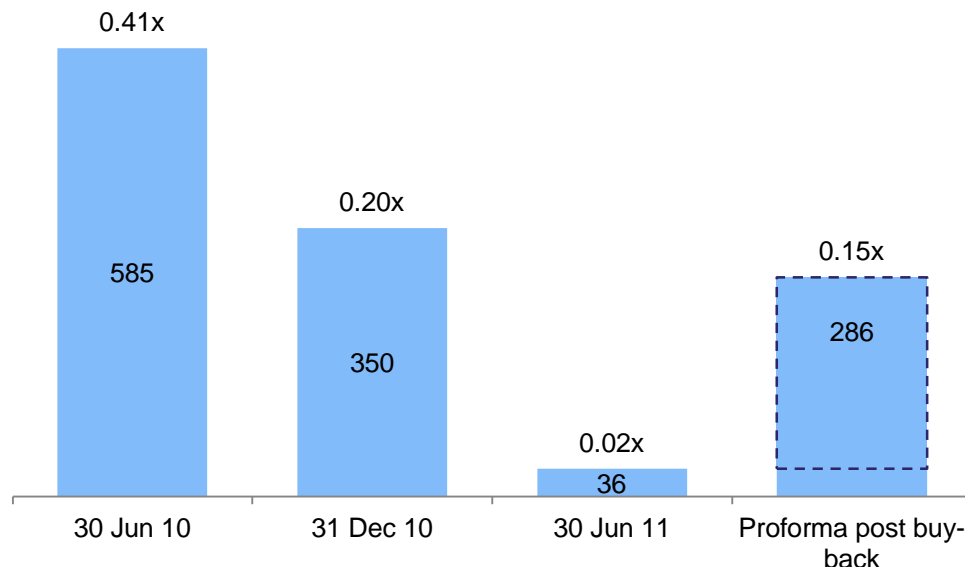
- Notes:
1. Kazakhmys Mining cash operating costs excluding purchased concentrate and MET, divided by the volume of copper cathode equivalent sales.
 2. Kazakhmys Mining cash operating costs excluding purchased concentrate and MET, less by-product revenues, divided by the volume of copper cathode equivalent sales.

H1 2011 reduction in net debt¹



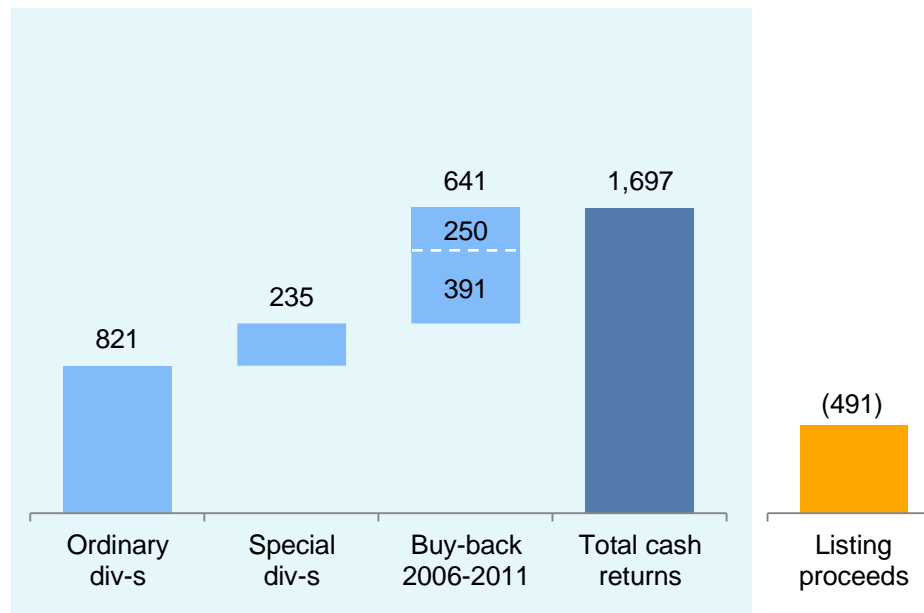
Notes: 1. From continuing businesses.

Net debt (\$m) and net debt/EBITDA¹ multiple



- Net debt reduced by \$314 million to \$36 million
- Cash and liquid funds of \$1.6 billion²
- CDB financing line of \$2.7 billion
 - \$0.8 billion drawn down to date
 - \$1.9 billion remains available for drawing before end 2012

Returns to shareholders 2006-2011 (\$m)



- Total cash returns to shareholders since listing \$1.7 billion including planned 2011 buy-back
- Interim dividend increased to 8.0 USc/share
- 2011 buy-back returns balance sheet gearing to 2010 position

Notes: 1. From continuing operations for the preceding 12 months, including dividends received from ENRC, excluding the 50% share of Ekibastuz GRES-1's EBITDA, the share of ENRC's EBITDA, special items and MET.
 2. Includes current investments with a maturity of 3 to 6 months.

Net cash cost

- ▣ Maintain estimated range of 100 to 130 US\$/lb
- ▣ Continuing cost inflation
 - ▣ Kazakh inflation on salaries and transportation
 - ▣ Global mining inflation on input materials
- ▣ Increase in sales volumes
- ▣ Tenge exposure and hedging

Taxation

- ▣ Tax rates remain at 2010 levels
- ▣ All-in effective tax rate in line with 2010
- ▣ No change in tax rates in future years anticipated

Capex projection full year 2011

- ▣ Mining Division sustaining capex: \$300 – \$400 million
- ▣ Mining Division expansionary capex: \$400 – \$600 million
 - ▣ Bozshakol \$100 – \$200 million
 - ▣ Aktogay – \$30 million
 - ▣ Bozymchak – \$100 million
 - ▣ Other mid-sized projects \$100 – \$200 million
- ▣ Captive power stations – \$50 million

Financing

- ▣ Petroleum disposal expected to complete by end 2011
- ▣ CDB financing line of \$2.7 billion
 - ▣ \$1.5 billion expected to be drawn by end 2011
 - ▣ Remainder to be drawn during 2012
- ▣ Aktogay financing line with CDB expected to be finalised by end 2011



KAZAKHMYs



Mian Khalil

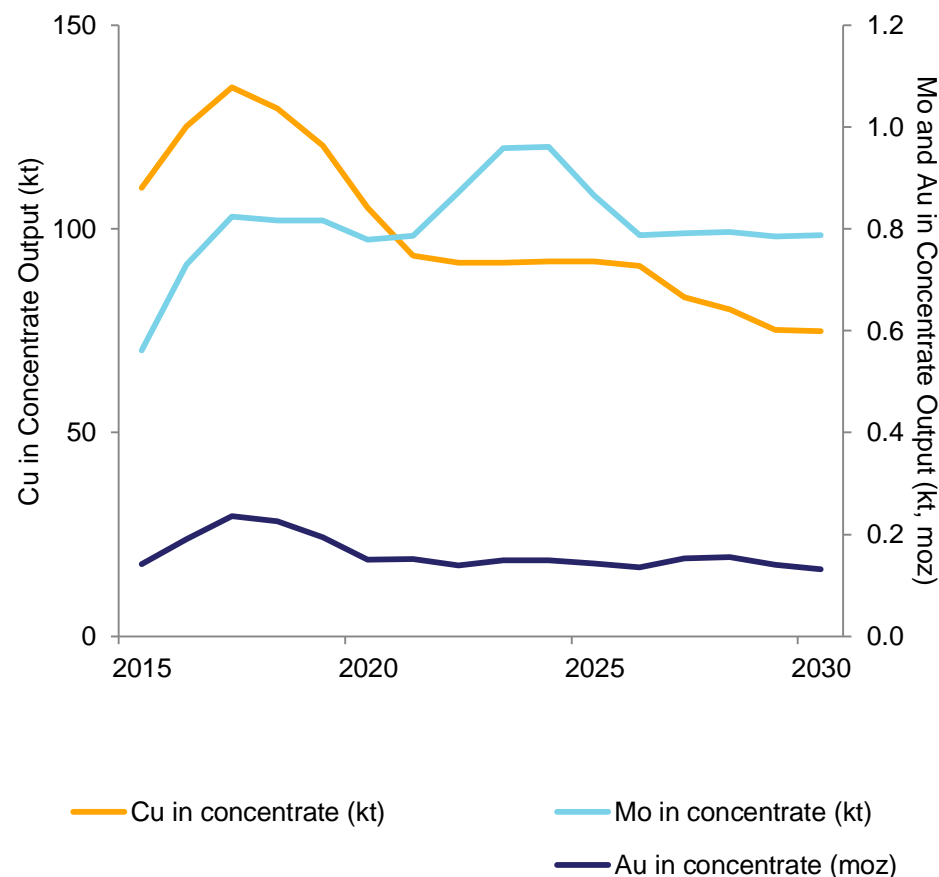
Head of Projects

Overview

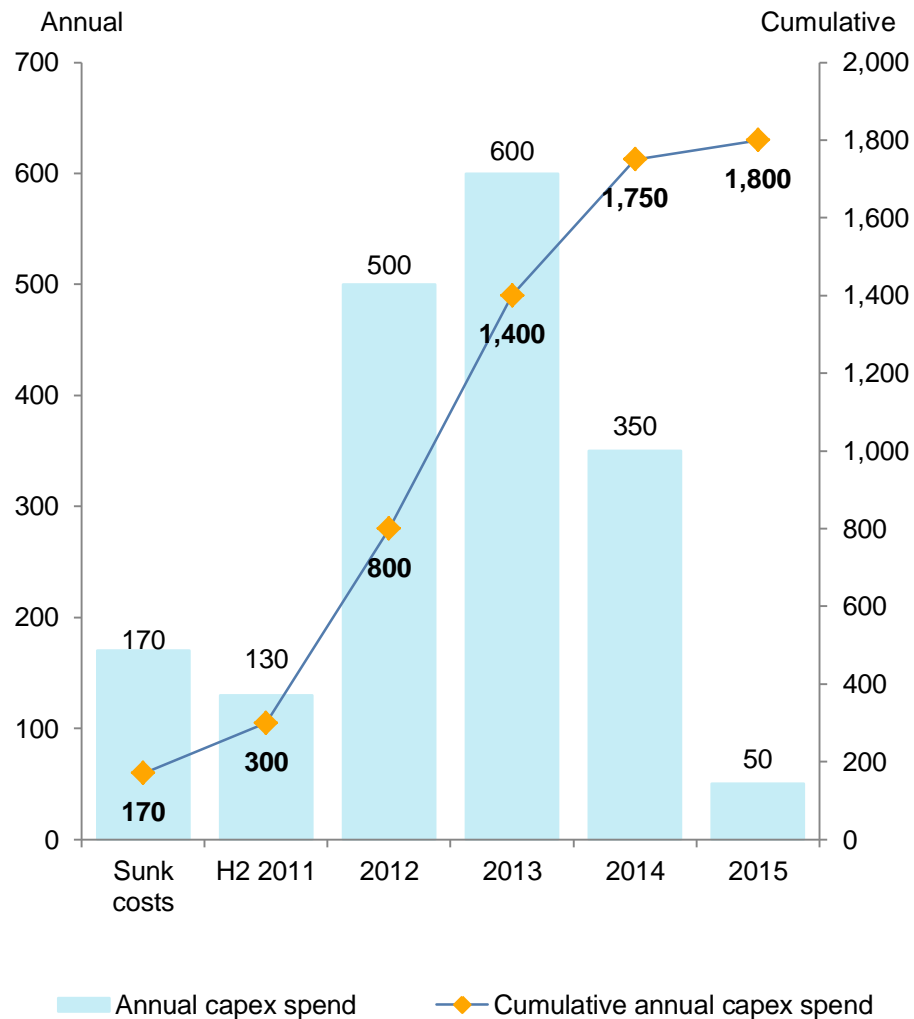
Key statistics

- Large scale open-pit processing 30 MT ore annually
 - 25 MT ore annually after 15 years
- First copper production in 2015
- Employee numbers estimated 1,500 at full operation
- Production life of 43 years
- Annual copper in concentrate output estimated to be:
 - 100 kt from 2015 – 2030
 - 60 kt from 2031 – 2056
- Close proximity to existing infrastructure
- By-products include contained gold of 5,255 koz and 57 kt of contained molybdenum
- Net cash cost in second quartile
- Total anticipated project capital cost \$1.8 billion

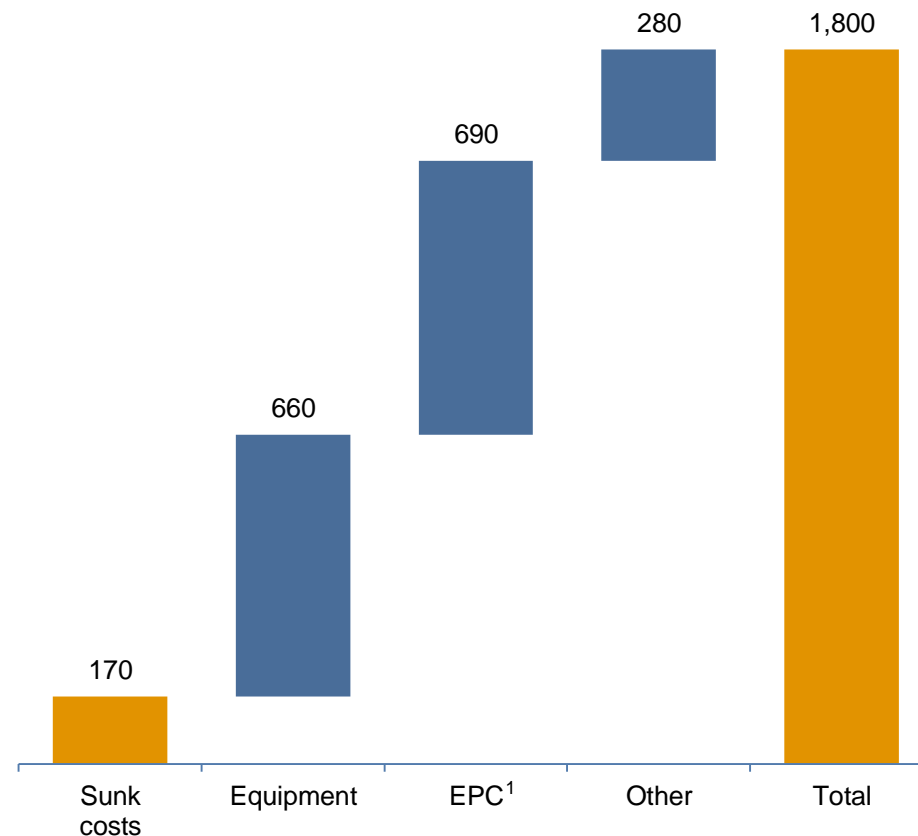
Production schedule: Key metals



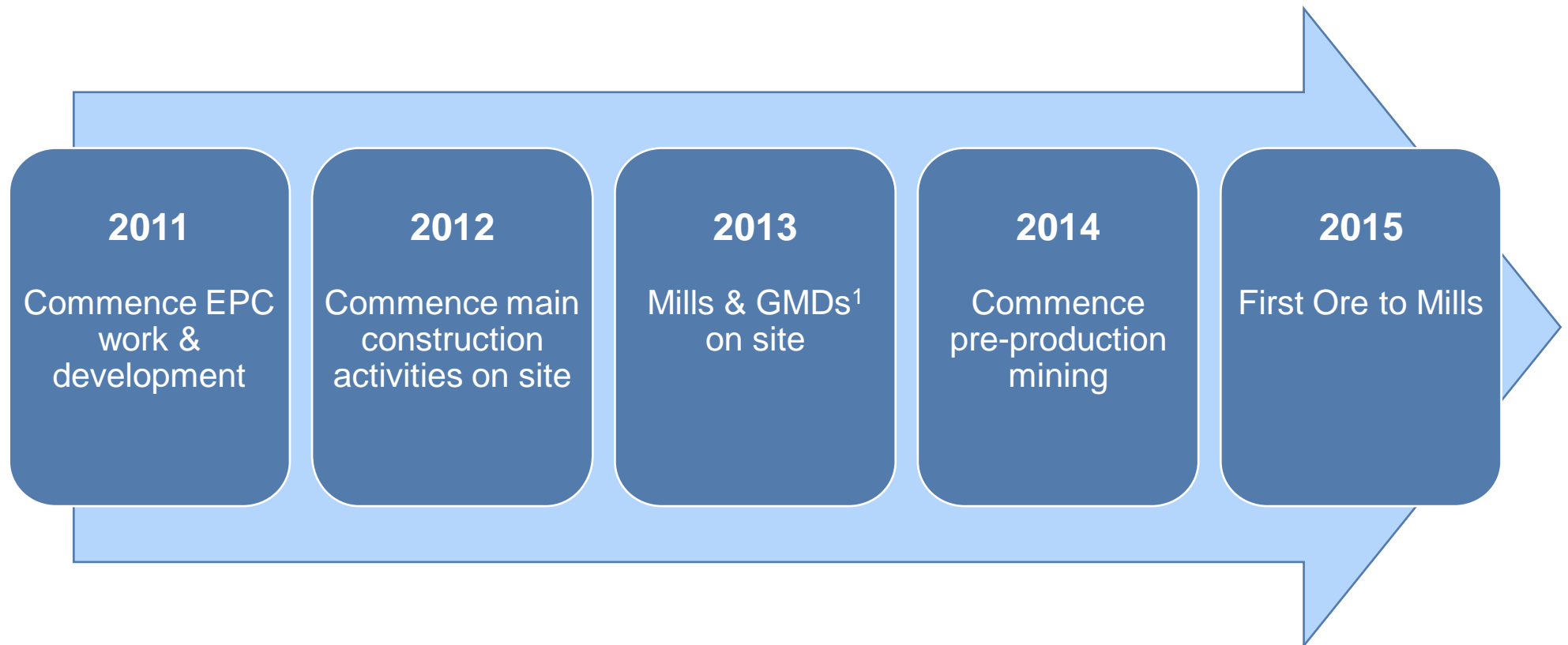
Capex spending profile (\$m)



Segmented Capex profile (\$m)



Notes: 1. Engineering Procurement Construction.



Notes: 1. Gearless Mill Drive.

Overview

Development progress

- Moving to feasibility study stage
- Completion of detailed engineering and major procurement end 2012
- \$1.5 billion MoU signed with CDB for the funding of the project
- Leveraging Bozshakol project for synergies

Aktogay project scope

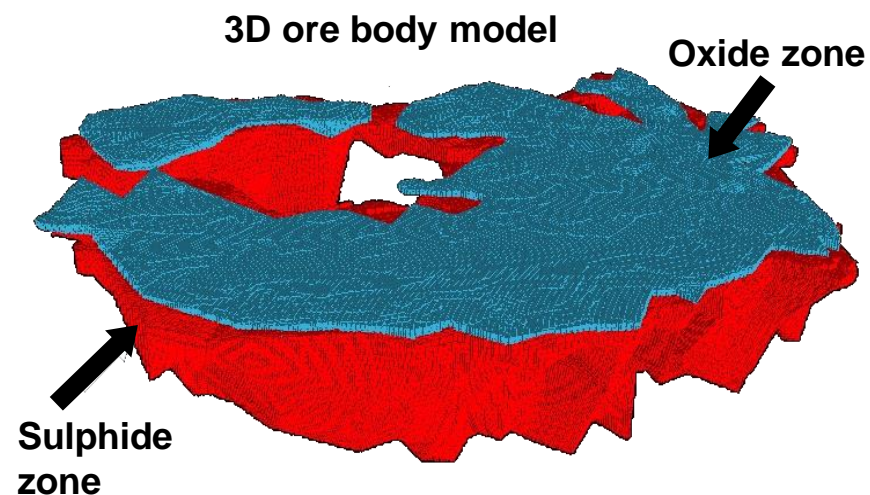
- Total annual production 100 kt of copper in concentrate

Oxide zone

- Mine life – estimated 10 years
- 119 MT of ore, copper grade 0.37%

Sulphide zone

- Mine life – estimated 43 years
- 1,148 MT of ore, copper grade 0.38%



PROJECT OVERVIEW	Completed up to H1 2011	Future deliverables
Bozymchak Location: Kyrgyzstan Description: New mine Status: Under development Production: Gold 35 koz p.a. Copper 7 kt p.a.	<ul style="list-style-type: none"> On-site infrastructure progressing Process plant manufactured and delivered 	<ul style="list-style-type: none"> Mid 2012 – Commission processing plant Q3 2012 – First ore output Q4 2012 – First concentrate sales
Akbastau & Kosmurun Location: Kazakhstan Description: Underground extension of open pit mines & concentrator Status: Feasibility stage Production: 4 MT of ore p.a. Cu grades 3.15% & 1.69%	<ul style="list-style-type: none"> 34,000 metres of drilling completed Assays for 3D models completed 	<ul style="list-style-type: none"> H2 2011 – Feasibility stage 2014 – Commissioning of Akbastau 2 MT p.a. concentrator and mine 2016 – Commissioning of Kosmurun 2 MT p.a. concentrator and mine
Zhomart Location: Kazakhstan Description: Extension of existing underground operations Status: Scoping stage Production: 8 MT of ore p.a. Cu grade 1.56%	<ul style="list-style-type: none"> 140,000 meters of drilling completed Assays for 3D models progressing 	<ul style="list-style-type: none"> 2012 – Enhanced pre-feasibility study stage 2012 to 2013 - Access development works



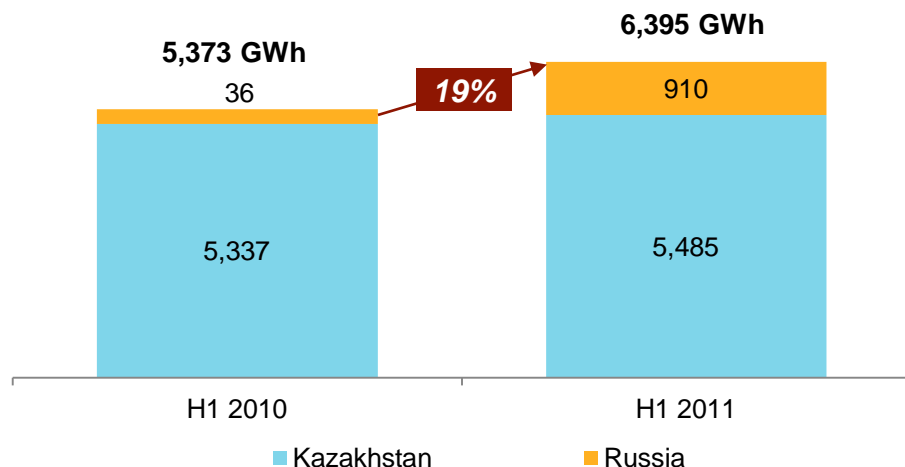
KAZAKHMYN



Oleg Novachuk

Chief Executive Officer

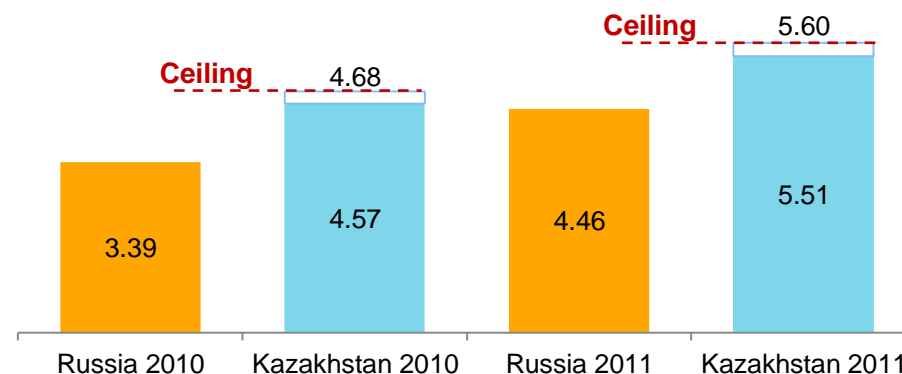
Net power generation¹ (GWh)



Generation

- Significant growth in sales to Russian market
- Increased domestic sales
- Market share up to 15.5% (H1 2010: 13.6%)

Average realised tariffs H1 2010-2011 (KZT/kWh)



Tariffs

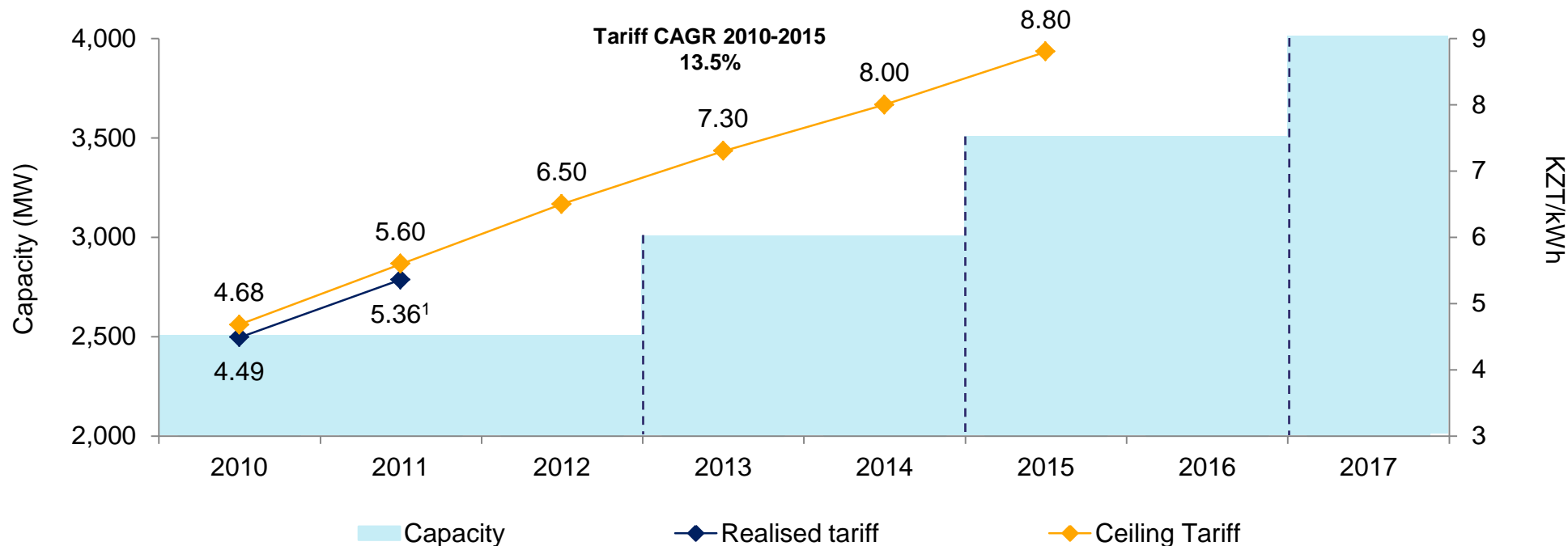
- Kazakhstan tariffs 21% higher as ceiling tariff achieved
- Russian tariffs 32% higher benefiting from partial deregulation of power market

EBITDA

- Margin of 68% (H1 2010: 66%)

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

Capacity expansion and ceiling tariff growth



Modernisation programme remains on time and on budget

- First unit completion expected 2012
 - Estimated cost \$160 million
- Second unit completion expected 2014
 - Estimated cost \$430 million

Environmental improvement programme

- Raising efficiency and improving emission standards

Self funded capex programme

- Increase in ceiling tariffs
- Higher generation

Notes: 1. H1 2011 realised tariff.

Maintain focus on health and safety

Delivering production

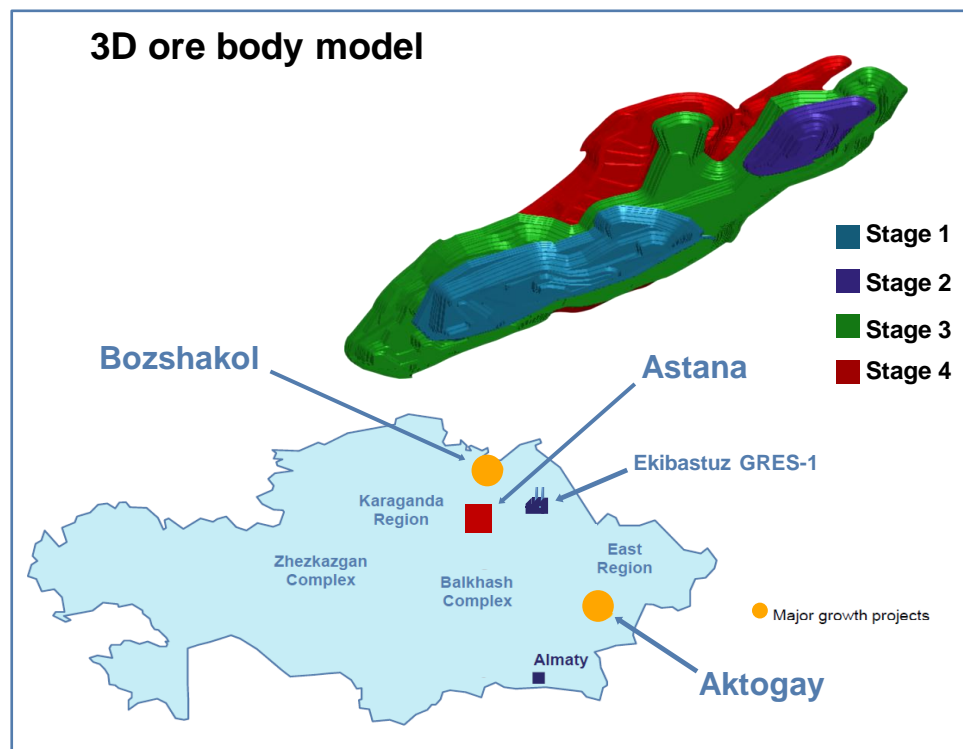
Strong and flexible balance sheet

Progressing growth projects

Appendices



Overview	<ul style="list-style-type: none"> Green field project entering development First production 2015 Capital costs in the region of \$1.8 billion Funding secured from CDB One of the largest undeveloped copper deposits worldwide
Resources	<ul style="list-style-type: none"> Estimated 1.2 billion tonnes of ore at 0.35% copper Production life 43 years Significant amount of by-products: <ul style="list-style-type: none"> 5,255 koz of contained gold 57 kt of contained molybdenum
Location	<ul style="list-style-type: none"> 220 km northeast of the capital of Astana Rail link to Balkhash smelter Railway connections to China and Europe All power supplied by GRES-1 located in close proximity
Key stats	<ul style="list-style-type: none"> Processing around 30 MT of ore annually <ul style="list-style-type: none"> 25 MT ore annually after 15 years Annual copper in concentrate output estimated 100 kt Second quartile cash cost producer Employee numbers estimated 1,500 at full operation Stripping ratio estimated at 1.55 Three year production ramp up period



Resources – JORC compliant

	Tonnage (Mt)	Copper grade (%)	Gold grade (g/t)	Silver grade (g/t)
Region				
Central Bozshakol	831.8	0.37	0.16	1.10
Eastern Bozshakol	341.4	0.31	0.10	0.30
Total	1,173.2	0.35	0.14	0.88

Note: Includes Indicated and Inferred material. Stated at a 0.2% Cu cut-off grade.

Key line items

\$m (unless otherwise stated)	H1 2011	H1 2010
CONTINUING OPERATIONS		
Revenues	1,817	1,522
Operating profit	296	459
Share of profits from associate	279	211
Net finance expenses	(25)	(39)
Profit before taxation	550	631
Income tax expense	(161)	(128)
Profit for the period from continuing operations	389	503
DISCONTINUED OPERATIONS		
(Loss)/profit for the period from discontinued operations	(14)	71
Profit for the period	375	574
Non-controlling interests	(1)	-
Profit attributable to owners of the Company	374	574
EPS – basic and diluted (\$)	0.70	1.07
EPS – based on Underlying Profit (\$)	1.62	1.30

Reconciliation of Underlying Profit

\$m	H1 2011	H1 2010
CONTINUING OPERATIONS		
Profit attributable to owners of the Company	388	503
Impairments and loss on disposal of fixed assets ¹	449	7
Major social projects ¹	-	130
Tax effect of non-recurring items ¹	1	(1)
Underlying Profit from continuing operations	838	639
DISCONTINUED OPERATIONS		
(Loss)/profit attributable to owners of the Company	(14)	71
Loss on disposal of subsidiary ¹	20	-
Gain on disposal of share in subsidiary ¹	-	(14)
Impairment charge ¹	27	-
Tax effect of non-recurring items ¹	(5)	-
Underlying Profit from discontinued operations	28	57
Total Underlying Profit	866	696

Notes: 1. Treated as special items.

SUMMARY BALANCE SHEET

Assets (\$m)	H1 2011	H1 2010
Non-current assets	8,208	7,515
Cash and liquid funds ¹	1,622	1,099
Other current assets	1,513	1,297
Total	11,343	9,911

Non-current assets (\$m)	H1 2011	H1 2010
Tangible assets	2,702	2,220
Investment in associate	4,620	4,048
Investment in joint venture	795	723
Intangible assets	60	512
Other non-current investments	10	12
Deferred tax asset	21	-
Total	8,208	7,515

Equity & liabilities (\$m)	H1 2011	H1 2010
Equity	8,597	7,330
Borrowings	1,658	1,684
Liabilities	1,088	897
Total	11,343	9,911

Net debt (\$m)	H1 2011	H1 2010
Cash and liquid funds ¹	1,622	1,099
Borrowings ²	(1,658)	(1,684)
<i>Short-term</i>	(520)	(519)
<i>Long-term</i>	(1,138)	(1,165)
Total	(36)	(585)

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

Summary cash flow

\$m	H1 2011	H1 2010
Segmental EBITDA before JV and associate	509	765
Impairment losses and loss on disposal	490	13
Dividends from associate	60	20
Working capital movements ¹	(12)	(1)
Income tax paid	(157)	(201)
Interest paid	(29)	(21)
MET paid	(119)	(104)
Foreign exchange loss and other movements	(12)	(5)
Net cash flows from operating activities	730	466
Sustaining capital expenditure	(176)	(227)
Free Cash Flow	554	239
Expansionary and new project capital expenditure	(157)	(63)
Major social projects	-	(50)
Dividends paid	(86)	(48)
Cash related to disposal of subsidiary ²	(4)	(107)
Other	11	14
Cash flow movement in net debt	318	(15)

Working capital movements¹

\$m	H1 2011	H1 2010
Kazakhmys Mining	(35)	98
Kazakhmys Power	(10)	(9)
MKM	(1)	(46)
Other	34	(44)
Total	(12)	(1)

Capital expenditure

\$m	H1 2011	H1 2010
Kazakhmys Mining	302	251
<i>Sustaining</i>	157	209
<i>Expansionary</i>	145	42
Kazakhmys Power	12	14
Kazakhmys Petroleum	10	18
MKM	9	7
Total	333	290

Notes: 1. Working capital movements exclude any accruals in respect of MET.

2. Cash outflow from deconsolidation of the net funds of Ekibastuz GRES-1 following its 50% disposal in February 2010 and the net funds of Maikuben coal mine following its disposal in May 2011.

EBITDA

\$m	H1 2011
Actual H1 2011 ENRC published results	1,927
Share of Kazakhmys' holding in ENRC (26%)	501
MET (not excluded from ENRC's EBITDA) ¹ - \$161m x 26%	42
Kazakhmys' share of ENRC's EBITDA H1 2011	543

PAT

\$m	H1 2011
Actual H1 2011 ENRC published results	1,166
Share of Kazakhmys' holding in ENRC (26%)	303
Amortisation charge ²	(24)
Total equity accounting amount for H1 2011	279

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.

2. Amortisation is charged on the difference between the book and fair value of ENRC on the commencement of equity accounting.

H1 2011 Kazakhmys Mining cash cost

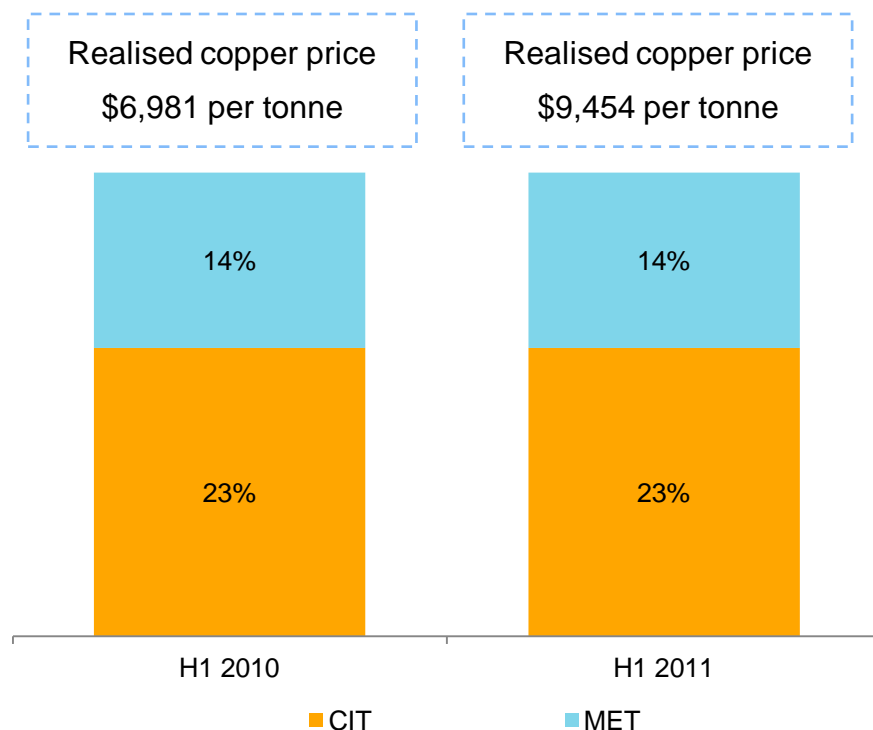
\$m (unless otherwise stated)		H1 2011	H1 2010
Revenue		1,783	1,498
EBITDA excluding special items		977	818
Gross cash cost		806	680
Other adjustments		51	11
Gross cash cost of own production		755	669
Sales volumes (own production)	kt	136	162
Gross cash cost of own production	c/lb	252	187
By-product credits		(476)	(364)
Net cash costs of own production		279	305
Net cash costs of own production	c/lb	93	85

▣ Increased gross cash cost driven by general inflation and higher input prices

▣ There is a similar adjustment each period to exclude non-copper related social spend and other non-production expenses

▣ Strong by-product pricing in H1 2011

▣ Second quartile net cash cost

All-in effective tax rate¹ (%)

Reconciliation of the all-in effective tax rate

\$m (unless otherwise stated)	H1 2011	H1 2010
Profit before tax from continuing operations (excluding share of profits from associate)	550	631
Add: MET	142	115
Add: special items	449	137
Less: share of profits from joint venture	(53)	(19)
Less: share of profits from associate	(279)	(211)
Adjusted profit before tax from continuing operations	809	653
Income tax expense	161	128
Add: MET	142	115
Less: tax effect of special items	(1)	1
Adjusted tax expense from continuing operations	302	244
All-in effective tax rate (%)	37	37

Notes: 1. All-in effective tax rate is calculated as income tax expense plus MET, less the tax effect of special items, divided by profit before taxation, which is adjusted for MET, special items and excludes the share of profits from the joint venture and associate.