



KAZAKHMYS PLC

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Company registered in England and Wales
Company Number: 5180783

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KAZAKHMYS PLC PRODUCTION REPORT FOR NINE MONTHS AND THE THIRD QUARTER ENDED 30 SEPTEMBER 2014 AND INTERIM MANAGEMENT STATEMENT

- **East Region and Bozymchak – Retained Assets**
 - Copper cathode output of 59 kt for the nine months, 10% above the prior year period
 - Output benefited from the Nikolayevsky modernisation programme which raised the concentrator recovery rate from 80% to 88%
 - Retained Assets remain on track to achieve 2014 full year copper cathode production guidance of 80 kt to 85 kt
 - Zinc in concentrate output of 89 kt, silver output of 2,630 koz, both in line with expectations for full year target
 - Gold output of 23 koz for the first nine months, full year output should include a contribution from Bozymchak, dependent on the timing of processing at the Balkhash smelter
- **Restructuring**
 - Approved by independent shareholders on 15 August 2014
 - Economic separation of the Disposal Assets effective from 1 August 2014
 - Regulatory consents obtained, transaction expected to complete imminently

Oleg Novachuk, Chief Executive, said: “Our Retained Assets in the East Region are on track to deliver the copper production guidance for 2014. Output of concentrate from Bozymchak has commenced and we anticipate the first shipment of concentrate from Bozymchak to Balkhash for processing to be dispatched in November. Meanwhile I am pleased to report that regulatory consents for the restructuring have been obtained. We are now very close to the completion of the transaction and with it the creation of KAZ Minerals, a high growth copper company focused on large scale, low cost open pit mining in Kazakhstan.”

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Kazakhmys PLC

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NOTES TO EDITORS

Kazakhmys PLC is a leading international natural resources group. It is the largest copper producer in Kazakhstan and one of the top worldwide with 16 operating mines, seven concentrators and a copper smelter. Kazakhmys Mining has a full range of facilities enabling it to process ore extracted through to finished metal. Total copper cathode equivalent output from own ore was 294 kt in 2013. The Group has two major copper projects under construction.

Kazakhmys Mining produces significant volumes of other metals, including zinc, silver and gold. In 2013, it produced 134 kt of zinc in concentrate. The Group is amongst the largest global silver producers with output of 14 Moz in 2013.

Kazakhmys Power operates three captive power stations which supply electricity to Kazakhmys Mining and third parties. In 2013, net power generated by captive power stations was 5,723 GWh.

The Group is listed on the London Stock Exchange, the Kazakhstan Stock Exchange and the Hong Kong Stock Exchange. It had revenues from continuing operations of \$3.1 billion in 2013 and a Group EBITDA of \$1.1 billion. The Group employs around 53,000 people, principally in Kazakhstan.

Group Restructuring

In February 2014, the Group announced plans for a potential restructuring of its business to improve profitability and cash returns.

On 23 July 2014, Kazakhmys made a further announcement on its proposed restructuring, having entered into an agreement to transfer certain mature assets in the Zhezkazgan and Central Regions (the "Disposal Assets") to Cuprum Netherlands Holding B.V., a company owned by Vladimir Kim and Eduard Ogay. The transaction was approved by independent shareholders on 15 August 2014 and completion is expected imminently.

Following completion of the transaction, the Group will continue to own the mining and producing assets in the East Region and the Bozymchak mine in Kyrgyzstan, as well as the major growth projects Bozshakol, Aktogay and Koksay (the "Retained Assets"). The Company will be renamed KAZ Minerals PLC upon completion.

Copper Summary

KAZAKHMYS MINING PRODUCTION – RETAINED ASSETS

EAST REGION AND BOZYMCHAK

Production Summary

		9m 2014	9m 2013	Q3 2014	Q2 2014	Q3 2013
Ore extraction ¹	kt	3,147	3,274	1,010	1,093	1,104
Average copper grade	%	2.50	2.37	2.39	2.50	2.41
Copper concentrate ²	kt	348.9	335.6	114.0	115.8	121.2
Copper in concentrate ²	kt	66.3	63.5	21.9	22.3	22.6
Copper cathode production	kt	59.4	54.1	18.3	19.9	18.1

¹ Excludes ore output from the Bozymchak mine.

² Includes own material processed by third parties.

In the first nine months of 2014, copper cathode production in the East Region was 59.4 kt, a 10% increase compared to the corresponding period in 2013. This rise in production partly reflects a 4% growth in copper in concentrate output and also that the prior year period was impacted by a build up of work in progress at the Balkhash smelter.

In Q3 2014 copper cathode output of 18.3 kt was 8% below Q2 2014 mainly due to an increase in work in progress at the Balkhash smelter at the end of September 2014, as well as a 2% decrease in copper concentrate production in the quarter.

Overall copper cathode production for the East Region and Bozymchak remains on target to meet the Group's guidance of 80 kt to 85 kt for 2014.

Copper Production Detail

		9m 2014	9m 2013	Q3 2014	Q2 2014	Q3 2013
MINING						
Artemyevsky	ore (kt)	1,014	1,021	340	350	341
	grade (%)	1.76	1.67	1.69	1.78	1.48
Irtyshtsky	ore (kt)	466	469	145	159	165
	grade (%)	1.46	1.51	1.46	1.49	1.48
Orlovsky	ore (kt)	1,158	1,166	376	400	384
	grade (%)	3.73	3.39	3.48	3.83	3.77
Yubileyno-Snegirikhinsky	ore (kt)	509	618	149	184	214
	grade (%)	2.13	2.26	2.13	1.88	2.18
Total	ore (kt)	3,147	3,274	1,010	1,093	1,104
Overall average	grade (%)	2.50	2.37	2.39	2.50	2.41

In the first nine months of 2014, ore extraction in the East Region was 4% below the comparative period, mainly due to lower extraction volumes at the mature Yubileyno-Snegirikhinsky mine. Mining is expected to cease at Yubileyno-Snegirikhinsky in the next two years due to the depletion of reserves. Output from the region's three other operating mines was in line with the prior year period.

Ore extraction in Q3 2014 was 8% lower than Q2 2014 due to the continuing decline in output at the mature Yubileyno-Snegirikhinsky mine and some minor equipment

Copper Summary

KAZAKHMYS MINING PRODUCTION – RETAINED ASSETS (CONTINUED)

downtime across the other mines in the region. There was a 12% decrease in metal in ore mined in Q3 2014 compared to Q2 2014, mainly due to lower copper grade (3.48% versus 3.83%) and ore extraction at the Orlovsky mine.

The average copper grade achieved in the first nine months of 2014 was 2.50%, above the 2.37% in the comparative period in 2013, as higher grade sections were exploited at the Orlovsky mine in the first half of the year. As indicated in our Q2 2014 production report, the average copper grade for Q3 2014 at the Orlovsky mine reduced, from 3.83% in the first half of 2014 to 3.48%. The change in extraction area at Orlovsky was the main reason for the lower average copper grade for the region during Q3 2014. It is expected that the copper grade at the Orlovsky mine will continue to decline in Q4 2014 but will remain above 3%.

		9m 2014	9m 2013	Q3 2014	Q2 2014	Q3 2013
PROCESSING						
Orlovsky concentrator	kt	38.6	35.1	12.0	13.3	12.8
Nikolayevsky concentrator	kt	19.4	10.3	7.5	6.0	3.9
Belousovsky concentrator	kt	6.6	7.2	2.3	2.3	2.5
Berezovsky concentrator	kt	-	5.6	-	-	1.9
Third party processing	kt	1.7	5.3	-	0.7	1.5
Total copper in concentrate output	kt	66.3	63.5	21.8	22.3	22.6
Copper cathode production	kt	59.4	54.1	18.3	19.9	18.1

The 4% increase in copper in concentrate production to 66.3 kt in the first nine months of 2014 reflects an increase in metal in ore mined and higher concentrator recovery rates. The recovery rate achieved at the Nikolayevsky concentrator was 88% in the first nine months of 2014 compared to 80% in the corresponding period in 2013. The Nikolayevsky concentrator is undergoing a modernisation programme raising both recovery rates and its throughput capacity. However, work at the concentrator does restrict processing from time to time and around 2.0 kt of copper in ore mined was stockpiled at Nikolayevsky as at 30 September 2014, largely due to a build up in Q2 2014. Some of this stockpiled material may not be processed until 2015.

In H1 2014, 1.7 kt of copper in concentrate was produced from ore mined in the East Region by a third party. As the Nikolayevsky concentrator is operating at improved recovery rates and once its modernisation programme is completed it will have an increased capacity, no shipments of ore for third party processing were made in Q3 2014.

In December 2013 the Berezovsky concentrator, which processed ore from Irtyshtsky mine, was suspended. Ore from Irtyshtsky mine is now sent to the Belousovsky concentrator together with 16% of the ore from the Yubileyno-Snegirikhinsky mine, raising utilisation levels at that concentrator.

Copper in concentrate production in Q3 2014 decreased by only 2% versus Q2 2014, despite a 12% decrease in metal in ore mined, due to stockpiling of ore in Q2 2014.

Bozymchak Project (Kyrgyzstan)

The first copper concentrate output from the mine was produced in October and optimisation of equipment is being carried out across all processing stages in preparation for ramp up to commercial production levels.

Copper Summary

KAZAKHMYS MINING PRODUCTION – RETAINED ASSETS (CONTINUED)

In the first nine months of 2014, 365 kt of ore has been extracted, including 250 kt in Q3 2014. At the end of September 2014, 807 kt of ore had been stockpiled, containing approximately 8.2 kt of copper and 52.1 koz of gold.

A shipment of concentrate to the Balkhash smelter is expected in November 2014 but dependent on the timing of processing this may not be recognised as finished goods until the beginning of 2015.

By-Product Production

PROCESSING		9m 2014	9m 2013	Q3 2014	Q2 2014	Q3 2013
Average zinc grade	%	4.07	4.11	3.58	3.96	4.36
Zinc in concentrate	kt	89.4	99.6	27.7	30.0	36.5
Average silver grade	g/t	57.57	64.04	49.16	59.56	71.64
Silver in concentrate	koz	2,678	3,906	890	888	1,514
Silver	koz	2,630	3,477	962	717	1,053
Average gold grade	g/t	0.80	0.84	0.75	0.81	0.94
Gold in concentrate	koz	25.3	35.4	8.1	8.3	13.0
Gold	koz	23.3	34.1	5.6	7.7	12.2

Zinc

In the first nine months of 2014, zinc in concentrate output decreased by 10% to 89.4 kt, resulting from a combination of lower ore extraction volumes and lower grade compared to the corresponding prior year period. A decrease in zinc grade at the Artemyevsky and Yubileyno-Snegirikhinsky mines was partially offset by a higher zinc grade at the Orlovsky mine. Output in the first nine months of 2014 was also impacted by a build up in stockpiled material, in particular at the Nikolayevsky concentrator, some of which may not be processed until 2015.

In Q3 2014, zinc in concentrate output reduced by 8% to 27.7 kt from the previous quarter, reflecting the lower volumes of zinc metal in ore mined, mainly due to the decrease in average zinc grade during the quarter at the Orlovsky and Artemyevsky mines.

Zinc in concentrate production remains on target to achieve the full year guidance of 115 kt to 120 kt.

Silver

Silver metal in ore mined in the first nine months of 2014 was 14% below the comparative period in the prior year, largely due to lower silver grades at the Artemyevsky mine.

In the first nine months of 2014, silver in concentrate output was 31% below the comparative period in 2013, with a 23% decline in the volume of silver in ore processed due to output from stockpiled ore in 2013 and a decrease in recovery rates resulting from the processing of lower grade ore. Silver output decreased by 24% to 2,630 koz, reflecting lower silver in concentrate production and a higher release of work in progress when compared to the prior year period.

KAZAKHMYS MINING PRODUCTION – RETAINED ASSETS (CONTINUED)

In Q3 2014, silver in concentrate output was in line with the prior quarter despite a 24% decrease in silver metal in ore mined, as there was a build up of stockpiles in the previous quarter. The output of silver bar and granule in Q3 2014 was 34% above Q2 2014 after a release of work in progress at the precious metals refinery.

Silver output remains on target to achieve the full year guidance of 3,300 koz to 3,700 koz.

Gold

In the first nine months of 2014, the gold in ore mined decreased by 8%, mainly as a consequence of the lower gold grade reported at Artemyevsky mine compared to the prior year period in 2013. There was a 28% decrease in gold in concentrate output, reflecting a combination of processing stockpiled ore in 2013 and a decrease in recovery rates during the first nine months of 2014 resulting from the lower grade material.

Gold metal output was 23.3 koz, 32% below the production achieved in the first nine months of 2013, due to the lower gold in concentrate output in the reporting period and build up of work in progress at the end of September 2014.

Whilst gold in ore mined decreased by 14% in Q3 2014 compared to Q2 2014, the gold in concentrate output was only 2% below the prior quarter, as a result of the stockpiling of ore in Q2 2014. The output of gold in Q3 2014 decreased by 2.1 koz from the previous quarter to 5.6 koz due to an increase in material at the smelter and precious metals refinery which will be processed in the fourth quarter.

The ramp up of Bozymchak, and the timing of processing of concentrate produced there, will be a key factor in achieving the Group's gold production guidance for the Retained Assets of 37 koz to 42 koz for 2014.

Copper Summary

KAZAKHMYS MINING PRODUCTION – DISPOSAL ASSETS

ZHEZKAZGAN AND CENTRAL REGION

		9m 2014	9m 2013	Q3 2014	Q2 2014	Q3 2013
Ore extraction	kt	24,548	26,296	8,510	8,438	8,880
Average copper grade	%	0.82	0.80	0.83	0.82	0.83
Copper concentrate	kt	809.7	799.1	274.0	277.1	264.2
Own copper in concentrate	kt	167.3	173.0	59.2	57.3	56.0
Own copper cathode equivalent production ¹	kt	153.7	160.8	55.6	49.8	52.5
Cathode	kt	81.2	155.7	30.1	25.9	47.4
Concentrate ²	kt	72.5	5.1	25.5	23.9	5.1
Silver ^{3,4}	koz	5,509	6,942	1,953	1,694	2,222
Gold ⁴	koz	51.1	44.1	17.8	15.1	15.4

¹Includes copper cathode converted into rod, excluding tolling.

²Copper cathode equivalent of copper in concentrate sold. The copper cathode equivalent is only recognised as 'produced' when the concentrate is transferred to the customer. Copper cathode equivalent is recognised at a recovery rate of 96.5%.

³Includes silver granule equivalent of silver in concentrate sold. Silver granule equivalent is recognised at a recovery rate of 90.0%.

⁴Includes a small volume of production from former Kazakhmys Gold's mines and slimes from purchased concentrate.

In the first nine months of 2014, ore extraction of 24,548 kt was 7% below the comparative period in 2013 with a reduction of output in some high cost areas in the Zhezkazgan Region to protect profit margins. Output in the Central Region decreased by 3% to 9,282 kt with lower output from Sayak mine due to equipment downtime.

Ore extraction in Q3 2014 was in line with the previous quarter at 8,510 kt.

The average copper grade was 0.82% in the first nine months of 2014, higher than in the comparative period, mainly driven by the increase in grade at Akbastau mine in the Central Region.

In the first nine months of 2014, the volume of copper in ore mined declined by 5% when compared to the corresponding period in the prior year, with lower volumes of ore mined. Copper in concentrate output from own material decreased by 3% to 167.3 kt in the first nine months of 2014, impacted by a reduction in copper in ore mined and processed, slightly offset by an increase in recovery rates at the concentrators due to processing of higher grade material.

In Q3 2014, copper in concentrate output was 3% above Q2 2014, closely matching the 2% increase in volume of copper in ore mined.

Copper cathode equivalent production in the first nine months of 2014 was 4% below the comparative period in 2013 mainly caused by 3% lower copper in concentrate production.

KAZAKHMYS MINING PRODUCTION – DISPOSAL ASSETS (CONTINUED)

By-product Output

Silver

Silver production in the first nine months of 2014 decreased by 21% to 5,509 koz, reflecting the 12% decline in volume of silver metal in ore mined, mainly in the Zhezkazgan Region, compared with the same period in 2013. Silver production in the first nine months of 2013 benefited from a significant release of work in progress.

Gold

Gold metal in ore extracted in the first nine months of 2014 was 3% below the prior period as there was no output from the gold rich Abyz mine in Q3 2014, where operations have been suspended pending a study on the development of an underground mine. Gold production in the first nine months of 2014 was 16% above the comparative period at 51.1 koz due to a higher release of work in progress compared with prior year period.

Gold production in Q3 2014 increased by 18% to 17.8 koz compared with the prior quarter, despite similar volumes for both gold in ore mined and gold in concentrate output quarter on quarter, due to the release of work in progress at the end of the reporting quarter.

KAZAKHMYNS POWER PRODUCTION – DISPOSAL ASSETS

		9m 2014	9m 2013	Q3 2014	Q2 2014	Q3 2013
Net power generated ¹	GWh	3,788	4,242	1,226	1,020	1,348
Internal sales	GWh	2,204	2,539	668	706	770
External sales	GWh	1,584	1,703	558	314	578
Net dependable capacity ²	MW	833	846	826	849	847

¹Electricity generated and sold to customers less internal consumption and transformer losses in power stations.

²The net dependable capacity is the maximum capacity a unit can sustain over a specified period of time modified for seasonal limitations and reduced by the capacity required for station service and auxiliaries.

Net power generated in the first nine months of 2014 was 11% below the comparative period in 2013 due to lower demand and the decommissioning of turbines in Q4 2013 and Q2 2014. As a result, net dependable capacity was 833 MW in the first nine months of 2014 compared with 846 MW in the first nine months of 2013.

Internal power sales in the first nine months of 2014 were 13% below the comparative period in 2013, impacted by the suspension of the Zhezkazgan smelter and two concentrators in the second half of 2013. External sales also decreased by 7% versus the corresponding nine month period in 2013.

Net power generated in Q3 2014 was 20% higher than Q2 2014 due to completion of the maintenance season and because sales in Q2 2014 were held back by an increase in the availability of low cost hydro-electricity.

MATERIAL EVENTS AND TRANSACTIONS

There were no material events and transactions in the period covered by this Interim Management Statement that were not disclosed as post balance sheet events in the Group's half-yearly report for the period ended 30 June 2014, other than as set out below.

Group Restructuring Update

Following the independent shareholders' approval of the Group Restructuring on 15 August 2014, regulatory consents have now been obtained and completion of the transaction is expected imminently.

As disclosed in the Group's half-yearly report for the period ended 30 June 2014, the Disposal Assets were classified as assets held for sale with effect from 15 August 2014 and measured at their fair value less costs to sell. As a result of the classification, the Group will recognise a charge of approximately \$1.7 billion on the remeasurement of the Disposal Assets. Upon completion of the restructuring, a further loss arising from the recycling to the income statement of the cumulative foreign exchange losses relating to the Disposal Assets, which had previously been recognised in equity, will be recognised. The value of the recycled reserves will depend on the KZT/USD exchange rate at the date of completion and will have no impact on the Group's net assets.

Growth Projects

On 24 September 2014 the Group announced an update on the Aktogay growth project following the appointment of Non Ferrous China as the contractor for the construction of the sulphide concentrator. The sulphide concentrator is the largest item in the capital expenditure budget for the project and subsequent to the contract award the Group was able to confirm that the total capital cost for the Aktogay project will be in the region of \$2.3 billion. Aktogay remains on track for copper production from oxide in the fourth quarter of 2015 and for sulphide production to commence in 2017.

PXF Refinancing

On 29 October 2014 the Group signed an amendment to its pre-export finance ("PXF") debt facility. The amended facility replaces the existing \$500 million facility which contained certain undertakings which would not permit it to continue post completion of the restructuring. At signing, commitments from the existing syndicate of lending banks totalled \$334 million. The amended facility can be extended to enable existing lenders to increase their commitment, or new lenders to join, up to a maximum total facility amount of \$500 million.

A number of changes to the terms of the facility were made which grant additional flexibility to the Group including the extension of the final maturity and grace periods by one year, the suspension of the net debt to EBITDA covenant until 1 July 2016 and a variable interest margin of between 3.0% and 4.5% plus US\$ LIBOR dependent on the ratio of net debt to EBITDA tested semi-annually.

FINANCIAL PERFORMANCE

Sales Volumes

The following table sets out the sales volumes of the Group's major products:

		Retained Assets 9m 2014	Group 9m 2014	Group 9m 2013
Copper in concentrate ¹	kt	-	72.5	5.1
Copper cathodes	kt	60.9	130.8	216.5
Copper rod	kt	-	8.8	8.9
Total copper cathode equivalent sales	kt	60.9	212.1	230.5
Zinc in concentrate	kt	89.3	89.3	103.1
Silver in copper concentrate ²	koz	-	3,212	232
Silver bar and granules ³	koz	3,097	5,827	10,331
Silver bar and granule equivalent sales	koz	3,097	9,039	10,563
Gold bar ³	koz	24.6	76.0	78.2
Electricity sales ⁴	kWh	-	3,788	4,242

¹ Cathode equivalent of copper in concentrate sold.

² Granule and bar equivalent of silver in concentrate sold.

³ Sales include output of silver and gold doré from former Kazakhmys Gold's mines.

⁴ External and internal sales.

Retained Assets Sales Volumes

Copper cathode sales volumes from the East Region were 60.9 kt in the first nine months of 2014 which was consistent with production volumes.

Sales of zinc in concentrate, which is only produced in the East Region, were 89.3 kt in the first nine months of 2014. The 13.8 kt decline in sales volumes compared to the comparative prior year period reflects the 10.2 kt decrease in production volumes and a 3.5 kt release of finished goods in the prior year period.

Silver bar and granule sales volumes in the first nine months of 2014 were 3,097 koz which was 467 koz above production levels due to the release of inventory during 2014.

Sales of gold bar totalled 24.6 koz in the first nine months of 2014 which was 1.3 koz above production volumes due to the release of inventory during the period.

Group Sales Volumes

Total copper cathode equivalent sales volumes in the first nine months of 2014 were 18.4 kt below the comparative period in 2013. The decrease in copper product sales was principally due to a release of finished goods inventory in 2013 of 14.7 kt.

FINANCIAL PERFORMANCE (CONTINUED)

Sales of copper concentrate from the Zhezkazgan Region commenced following the suspension of the Zhezkazgan smelter in the second half of 2013. In the first nine months of 2014, 75.1 kt of copper in concentrate was sold from the Zhezkazgan Region to external customers, equivalent to 72.5 kt of copper cathode.

Silver bar and granule equivalent sales volumes were 1,524 koz below the comparative prior period due to a 2,380 koz decline in production volumes partially offset by a release of inventory in 2014. The copper concentrate sold in the period contained 3,569 koz of silver material which is equivalent to 3,212 koz of silver bar and granule.

Gold sales volumes in the first nine months of 2014 were 2.2 koz below the comparative period in 2013 as the 3.8 koz decline in production volumes was partially offset by a release of inventory in 2014.

FINANCIAL PERFORMANCE (CONTINUED)

Commodity Prices

The following table sets out the average realised prices for the Group's major products:

		Retained Assets 9m 2014	Group 9m 2014	Group 9m 2013
Copper cathode	\$/tonne	7,047	7,047	7,393
Copper rod	\$/tonne	-	6,982	7,750
Copper in concentrate ¹	\$/tonne	-	6,057	6,725
Zinc in concentrate	\$/tonne	1,215	1,215	1,051
Silver ²	\$/tr.oz	20	20	24
Gold	\$/tr.oz	1,270	1,270	1,424
Electricity tariff ³	KZT/kWh	-	5.50	5.10

¹ The realised price excludes revenue from the silver material in the copper concentrate sold and is calculated using the copper cathode equivalent of the copper in concentrate sold.

² Excludes revenue from silver in copper concentrate sales.

³ External and internal sales from the captive power stations.

The following table sets out the average LME/LBMA prices:

		9m 2014	9m 2013
Copper	\$/tonne	6,943	7,379
Zinc	\$/tonne	2,140	1,910
Silver	\$/tr.oz	20	25
Gold	\$/tr.oz	1,288	1,455

The realised prices for the finished products sold will differ from the average LME/LBMA prices during the same period, principally because sales of the products are not made evenly over the period. Premiums or discounts to metal exchange prices negotiated with customers also impact average realised prices.

The copper in concentrate and zinc in concentrate realised prices are below the LME average price for the finished products due to the deduction of treatment and refining charges from the revenue derived from the sale of the products.

The weighted average realised tariff for the captive power stations in the first nine months of 2014 was above the tariff in the prior year period due to the increase in the ceiling tariff for electricity sales set by the Government of Kazakhstan from 5.10 KZT/kWh to 5.50 KZT/kWh from 1 January 2014.

Commodity Hedging

At 30 September 2014, there were no commodity hedges in place.

Exchange Rates

The KZT/USD exchange rate at 30 September 2014 was KZT/USD 181.96 compared with KZT/USD 153.62 at 30 September 2013. As a result of the devaluation of the tenge against the US dollar in February 2014, the average exchange rate for the nine months ended 30 September 2014 was KZT/USD 178.46, compared with an average rate of KZT/USD 151.57 in the prior year period.

FINANCIAL POSITION

Except as described in this statement, there has been no significant change in the financial position of the Group since 30 June 2014.

Group Net Debt

The net debt of the Group increased from \$192 million at 30 June 2014 to \$434 million at 30 September 2014 as the Group continued to develop the Bozshakol and Aktogay projects. Operating cash flows during the period included a VAT refund of \$23 million, quarterly mineral extraction tax payments of \$35 million and interest payments of \$62 million under the Group's debt facilities.

Group net debt is stated before the working capital payment due to Cuprum Netherlands Holding B.V. upon completion of the Group restructuring.

At 30 September 2014, gross debt was \$2,668 million compared to \$2,726 million at 30 June 2014 largely reflecting a \$94 million principal repayment under the \$2.7 billion China Development Bank/Samruk-Kazyna finance facility and an additional \$33 million drawn down under the China Development Bank facility for the Aktogay project.

Of the gross debt at 30 September 2014, \$2,065 million related to the \$2.7 billion China Development Bank/Samruk-Kazyna finance facility, \$113 million related to the China Development Bank facility for the Aktogay project and \$490 million related to the PXF facility.

Total cash and cash equivalents and current investments for the Group of \$2,234 million at 30 September 2014 were \$300 million lower than the \$2,534 million at 30 June 2014. Of these funds, \$146 million is reserved for the development of the Group's projects under the relevant finance facilities.

Kazakhmys Mining Production Appendix

COPPER MINING

East Region – Retained Assets		9m 2014	9m 2013	Q3 2014	Q2 2014	Q3 2013
Artemyevsky	ore (kt)	1,014	1,021	340	350	341
	grade (%)	1.76	1.67	1.69	1.78	1.48
Irtyshtsky	ore (kt)	466	469	145	159	165
	grade (%)	1.46	1.51	1.46	1.49	1.48
Orlovsky	ore (kt)	1,158	1,166	376	400	384
	grade (%)	3.73	3.39	3.48	3.83	3.77
Yubileyno-Snegirikhinsky	ore (kt)	509	618	149	184	214
	grade (%)	2.13	2.26	2.13	1.88	2.18
Region total ¹	ore (kt)	3,147	3,274	1,010	1,093	1,104
Region average	grade (%)	2.50	2.37	2.39	2.50	2.41

Zhezkazgan Region – Disposal Assets						
North	ore (kt)	1,255	2,034	444	471	727
	grade (%)	0.75	0.66	0.72	0.79	0.72
East (incl. West)	ore (kt)	4,968	5,295	1,761	1,682	1,593
	grade (%)	0.83	0.77	0.85	0.85	0.85
South (incl. Stepnoy)	ore (kt)	6,208	6,583	2,069	2,069	2,122
	grade (%)	0.70	0.73	0.74	0.68	0.74
Zhomart	ore (kt)	2,835	2,805	880	972	981
	grade (%)	0.97	1.13	0.99	0.91	0.94
Region total	ore (kt)	15,266	16,717	5,154	5,194	5,423
Region average	grade (%)	0.80	0.80	0.82	0.79	0.80

Kazakhmys Mining Production Appendix

COPPER MINING (CONTINUED)

		9m 2014	9m 2013	Q3 2014	Q2 2014	Q3 2013
Central Region – Disposal Assets						
Nurkazgan West	ore (kt)	2,241	2,216	833	772	964
	grade (%)	0.70	0.59	0.76	0.70	0.62
Abyz	ore (kt)	-	81	-	-	72
	grade (%)	-	0.72	-	-	0.73
Akbastau	ore (kt)	1,613	1,620	535	572	627
	grade (%)	1.99	1.77	1.97	1.97	1.82
Sayak	ore (kt)	1,137	1,350	401	399	483
	grade (%)	0.95	0.86	0.88	1.03	0.91
Shatyrkul	ore (kt)	477	487	179	163	172
	grade (%)	1.89	2.24	1.78	1.96	2.32
Konyrat	ore (kt)	3,814	3,825	1,408	1,338	1,139
	grade (%)	0.31	0.30	0.34	0.31	0.31
Region total	ore (kt)	9,282	9,579	3,356	3,244	3,456
Region average	grade (%)	0.86	0.80	0.84	0.87	0.86
Total Group	ore (kt)	27,695	29,570	9,520	9,531	9,984
Overall average	grade (%)	1.00	0.97	0.97	1.01	1.00

Kazakhmys Mining Production Appendix

COPPER PROCESSING

		9m 2014	9m 2013	Q3 2014	Q2 2014	Q3 2013
East Region – Retained Assets						
Copper concentrate	kt	348.9	335.6	114.0	115.8	121.2
Copper in concentrate ¹	kt	66.3	63.5	21.9	22.3	22.6
Zhezkazgan Region – Disposal Assets						
Copper concentrate	kt	303.4	334.5	102.7	103.9	98.9
Copper in concentrate	kt	102.4	110.2	34.9	34.8	34.4
Central Region – Disposal Assets						
Copper concentrate	kt	506.3	464.6	171.3	173.2	165.3
Copper in concentrate	kt	64.9	62.8	24.3	22.5	21.6
Total own						
Copper concentrate	kt	1,158.6	1,134.7	388.0	392.9	385.4
Copper in concentrate	kt	233.6	236.5	81.1	79.6	78.7
Purchased concentrate						
Copper concentrate	kt	0.1	1.6	0.1	-	1.1
Copper in concentrate	kt	-	0.8	-	-	0.6
Total copper in concentrate	kt	233.4	237.3	80.8	79.6	79.2

¹ Includes own material processed by third parties.

Kazakhmys Mining Production Appendix

COPPER SMELTER/REFINERY – COPPER CATHODE PRODUCTION

		9m 2014	9m 2013	Q3 2014	Q2 2014	Q3 2013
Zhezkazgan smelter						
Own concentrate	kt	-	76.3	-	-	21.6
Total	kt	-	76.3	-	-	21.6
Balkhash smelter						
Own concentrate	kt	140.6	133.5	48.4	45.8	43.9
Purchased concentrate	kt	-	0.9	-	-	0.5
Tolling	kt	2.9	0.1	2.9	-	0.1
Total including tolling	kt	143.5	134.5	51.3	45.8	44.5
Total including tolling	kt	143.5	210.8	51.3	45.8	66.1
Own copper cathode production – Disposal and Retained Assets	kt	140.6	209.8	48.4	45.8	65.5
<i>Copper cathode production – Retained Assets</i>	<i>kt</i>	<i>59.4</i>	<i>54.1</i>	<i>18.3</i>	<i>19.9</i>	<i>18.1</i>
Copper in concentrate sold ¹	kt	72.5	5.1	25.5	23.9	5.1
Own copper cathode equivalent production	kt	213.1	214.9	73.9	69.7	70.6

¹ Copper cathode equivalent of copper in concentrate sold.

Kazakhmys Mining Production Appendix

OTHER METALS MINING – ZINC

		9m 2014	9m 2013	Q3 2014	Q2 2014	Q3 2013
ZINC						
East Region						
Artemyevsky	grade (%)	3.85	4.83	3.23	3.86	5.36
Irtyshtsky	grade (%)	3.29	3.24	3.02	3.28	3.22
Orlovsky	grade (%)	5.63	5.08	4.81	5.58	5.79
Yubileyno-Snegirikhinsky	grade (%)	1.62	1.76	1.88	1.22	1.58
Region average	grade (%)	4.07	4.11	3.58	3.96	4.36
Central Region						
Abyz	grade (%)	-	2.46	-	-	2.57
Akbastau	grade (%)	1.42	1.07	1.12	1.36	1.31
Region average	grade (%)	1.42	1.14	1.12	1.36	1.44
Overall average	grade (%)	3.17	3.10	2.73	3.07	3.29
Zinc bearing ore mined	(kt)	4,760	4,975	1,546	1,665	1,803
Zinc in concentrate	(kt)	89.4	99.6	27.7	30.0	36.5
<i>East Region zinc in concentrate</i>	<i>(kt)</i>	<i>89.4</i>	<i>99.6</i>	<i>27.7</i>	<i>30.0</i>	<i>36.5</i>

Kazakhmys Mining Production Appendix

OTHER METALS MINING – SILVER

		9m 2014	9m 2013	Q3 2014	Q2 2014	Q3 2013
SILVER						
East Region						
Artemyevsky	grade (g/t)	63.06	95.84	47.86	73.66	109.79
Irtysky	grade (g/t)	47.38	49.29	45.46	46.85	50.97
Orlovsky	grade (g/t)	73.25	62.66	63.82	70.69	71.57
Yubileyno-Snegirikhinsky	grade (g/t)	20.26	25.24	18.74	19.58	26.90
Region average	grade (g/t)	57.57	64.04	49.16	59.56	71.64
Zhezkazgan Region						
North	grade (g/t)	6.49	7.34	6.53	7.53	7.63
East (incl. West)	grade (g/t)	9.96	11.31	9.95	10.28	10.92
South (incl. Stepnoy)	grade (g/t)	14.73	15.39	14.78	14.47	17.86
Zhomart	grade (g/t)	8.47	9.15	7.46	8.11	9.02
Region average	grade (g/t)	11.34	12.07	11.17	11.30	12.85
Central Region						
Nurkazgan	grade (g/t)	1.88	1.38	2.14	1.92	1.33
Abyz	grade (g/t)	-	18.96	-	-	19.79
Akbastau	grade (g/t)	16.69	17.75	12.98	16.54	19.60
Sayak	grade (g/t)	5.22	4.53	5.13	5.80	4.40
Shatyrkul	grade (g/t)	1.99	1.99	2.04	1.88	1.91
Konyrat	grade (g/t)	1.76	1.23	1.94	2.13	1.22
Region average	grade (g/t)	4.82	4.71	4.14	5.06	5.45
Overall average	grade (g/t)	14.41	15.44	12.73	14.71	16.79
Silver bearing ore mined	(kt)	27,695	29,570	9,522	9,531	9,984
<i>East Region silver bearing ore mined</i>	<i>(kt)</i>	<i>3,147</i>	<i>3,274</i>	<i>1,010</i>	<i>1,093</i>	<i>1,104</i>
Silver in concentrate	(koz)	8,947	10,857	3,214	2,991	3,734
<i>East Region silver in concentrate</i>	<i>(koz)</i>	<i>2,678</i>	<i>3,905</i>	<i>890</i>	<i>888</i>	<i>1,514</i>
Own silver in concentrate	(koz)	8,911	10,826	3,188	2,981	3,716
Purchased concentrate	(koz)	36	31	26	10	18
Total silver output^{1,2}	(koz)	8,139	10,419	2,915	2,411	3,275
East Region silver	(koz)	2,630	3,477	962	717	1,053
Silver granule equivalent in copper concentrate sold	(koz)	3,212	232	1,118	1,083	232

¹ Includes slimes from purchased concentrate.

² Includes a small volume of by-product production from former Kazakhmys Gold's mines. Includes silver granule equivalent of silver in concentrate sold.

Kazakhmys Mining Production Appendix

OTHER METALS MINING – GOLD

		9m 2014	9m 2013	Q3 2014	Q2 2014	Q3 2013
GOLD						
East Region						
Artemyevsky	grade (g/t)	0.63	0.95	0.56	0.72	1.17
Irtyshtsky	grade (g/t)	0.28	0.27	0.26	0.32	0.35
Orlovsky	grade (g/t)	1.35	1.18	1.25	1.27	1.22
Yubileyno-Snegirikhinsky	grade (g/t)	0.39	0.46	0.43	0.38	0.53
Region average	grade (g/t)	0.80	0.84	0.75	0.81	0.94
Central Region						
Nurkazgan	grade (g/t)	0.28	0.25	0.32	0.26	0.27
Abyz	grade (g/t)	-	3.36	-	-	3.52
Akbastau	grade (g/t)	0.63	0.64	0.55	0.61	0.69
Sayak	grade (g/t)	0.41	0.19	0.43	0.45	0.20
Shatyrkul	grade (g/t)	0.28	0.37	0.26	0.28	0.35
Region average	grade (g/t)	0.41	0.40	0.40	0.41	0.48
Overall average	grade (g/t)	0.55	0.56	0.52	0.55	0.63
Gold bearing ore mined	(kt)	8,615	9,028	2,959	2,999	3,241
<i>East Region gold bearing ore mined</i>	<i>(kt)</i>	<i>3,147</i>	<i>3,274</i>	<i>1,010</i>	<i>1,093</i>	<i>1,104</i>
Gold in concentrate	(koz)	75.4	79.7	24.7	25.2	28.5
<i>East Region gold in concentrate</i>	<i>(koz)</i>	<i>25.3</i>	<i>35.4</i>	<i>8.1</i>	<i>8.3</i>	<i>13.0</i>
Own concentrate	(koz)	75.4	78.7	24.7	25.2	27.6
Purchased concentrate	(koz)	-	1.0	-	-	0.9
Total gold output¹	(koz)	74.4	78.2	23.4	22.8	27.6
<i>East Region gold output</i>	<i>(koz)</i>	<i>23.3</i>	<i>34.1</i>	<i>5.6</i>	<i>7.7</i>	<i>12.2</i>

¹ Includes slimes from purchased concentrate and a small volume from former Kazakhmys Gold's mines.