



## KAZAKMHYS PLC

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### Kazakhmys PLC Production Summary for the full year and the fourth quarter ended 31 December 2006

- For the year ended 31 December 2006, copper cathode production, excluding copper produced through tolling arrangements, grew by 5 per cent and copper in concentrate production increased by 9 per cent, compared to 2005. Copper cathode produced from own concentrate increased by 9 per cent over the same period as a result of higher production from the recently commissioned Artemyevskoe, Zhomart (formerly called Zhaman-Aybat) and Kosmurun mines.
- Zinc metal production was 17 per cent higher compared to 2005, despite some technical issues associated with the coolers at the Balkhash zinc plant that are still being rectified. Zinc in concentrate production rose by 36 per cent due to an increased contribution from high grade zinc ores from the Artemyevskoe mine (East Region).
- Own gold and silver production increased by 6 and 5 per cent, respectively, compared to 2005 levels.

#### Copper

#### KAZAKHMYS GROUP COPPER PRODUCTION

		Q1 2006	Q2 2006	Q3 2006	Q4 2006	FY 2006	FY 2005
Ore extraction	'000 t	9,838	10,289	10,128	8,985	39,240	39,446
Average copper grade	%	1.07	1.13	1.16	1.32	1.17	1.03
Average zinc grade <sup>1</sup>	%	3.98	4.03	4.75	4.47	4.28	3.28
Copper in Concentrate	'000 t	95.0	107.6	111.4	119.5	433.5	397.6
own concentrate	'000 t	84.7	98.7	100.1	99.7	383.2	345.7
purchased concentrate	'000 t	10.3	8.9	11.3	19.8	50.3	51.9
Copper Cathodes <sup>2</sup>	'000 t	89.1	98.8	107.3	111.8	407.0	396.6
own concentrate	'000 t	76.8	92.2	96.5	103.0	368.4	338.2
purchased concentrate	'000 t	11.6	5.9	10.6	8.7	36.8	48.3
tolling concentrate	'000 t	0.7	0.7	0.3	0.1	1.8	10.1
Copper Rod	'000 t	5.3	9.0	8.1	6.1	28.5	8.7

<sup>1</sup>Complex ores only

<sup>2</sup>Includes copper used to produce copper rod

In the fourth quarter of 2006, the Group produced 111.8 thousand tonnes of copper cathode (of which 6.1 thousand tonnes were used to produce copper rods), a 4 per cent increase compared to the third quarter of 2006. Copper cathode production from own concentrate increased by 7 per cent compared to the third quarter, and amounted to 103.0 thousand tonnes. Production through tolling arrangements decreased from 0.3 to 0.1 thousand tonnes.

The increased production volume was primarily the result of improved copper grades, which increased from 1.16 to 1.32 per cent compared to the third quarter of 2006, as well as higher production from new mines (Zhomart, Artemyevskoe and Kosmurun).

The overall 2006 copper cathode production volume increase of 5 per cent on 2005, was primarily driven by the increase of copper production from own concentrate (9 per cent increase compared to 2005), in line with guidance issued during 2006 and our expressed intention to reduce copper production from purchased concentrate.

## By-products

### KAZAKHMYS GROUP BY-PRODUCTS PRODUCTION

		Q1 2006	Q2 2006	Q3 2006	Q4 2006	FY 2006	FY 2005
Zinc in Concentrate	'000 t	39.2	31.3	36.6	22.0	129.1	95.1
Zinc Metal	'000 t	18.2	15.6	12.1	13.6	59.5	50.9
Silver	'000 oz	5,249	5,443	5,301	5,577	21,570	20,606
own production	'000 oz	5,226	5,433	5,295	5,576	21,530	20,517
tolling	'000 oz	23	10	6	1	40	90
Gold	'000 oz	35.1	42.7	42.9	44.8	165.5	145.3
own production	'000 oz	23.2	30.4	25.6	27.7	106.9	100.5
tolling	'000 oz	11.9	12.3	17.3	17.2	58.6	44.8

Zinc metal production in the fourth quarter of 2006 was 13.6 thousand tonnes, a 12 per cent increase against the 12.1 thousand tonnes produced in the third quarter of 2006. This increase was achieved following lower temperatures experienced during the fourth quarter, which aided performance. Technical issues associated with the Balkhash zinc plant coolers remain, but the programme to redesign the cooling system is continuing and is expected to be completed during 2007. Zinc in concentrate production volumes were down from 36.6 thousand tonnes to 22.0 thousand tonnes in the fourth quarter of 2006, as sizeable ore volumes were held in inventory at the period end ready for processing by third parties at the beginning of 2007.

In total during 2006, 59.5 thousand tonnes of zinc metal were produced, an 17 per cent increase compared to 2005. Over the same period, zinc in concentrate production was 36 per cent higher, primarily due to the first year of full production at the Artemyevskoe mine within the East Region.

In the fourth quarter of 2006, the Group also produced 5.6 million ounces of silver and 44.8 thousand ounces of gold, an increase of 5 and 4 per cent, respectively, compared to the third quarter of 2006, driven by increased contributions from the Kosmurun mine and higher by-products within purchased concentrate. Of the 44.8 thousand ounces of gold produced, 27.7 thousand ounces represented own production (an 8 per cent increase compared to the third quarter of

2006). There were no ore extraction activities at the Abyz mine but this was fully offset by increased production at the Kosmurun and Artemyevskoe mines. Of the 5.6 million ounces of refined silver, production under tolling arrangements represented only 1 thousand ounces.

## Review by region

### ZHEKAZGAN COMPLEX

		Q1 2006	Q2 2006	Q3 2006	Q4 2006	FY 2006	FY 2005
Ore extraction	'000 t	6,824	7,226	7,071	6,555	27,676	28,046
Average copper grade	%	0.82	0.82	0.79	0.84	0.82	0.87
Copper Concentrate	'000 t	139.5	140.7	132.1	128.8	541.1	598.2
Copper in Concentrate	'000 t	49.2	51.7	48.7	49.6	199.3	214.7
Copper Cathodes <sup>1</sup>	'000 t	51.7	54.1	59.8	56.2	221.8	235.3
of which tolling	'000 t	0.2	0.3	0.2	--	0.7	0.1
Copper Rod	'000 t	5.3	9.0	8.0	6.2	28.5	8.7

<sup>1</sup>Includes copper used to produce copper rod

In the fourth quarter of 2006, ore extracted at the Zhezkazgan complex decreased by 7 per cent compared to the third quarter, primarily due to reduced mining activity at the Annensky and East mines caused by the roof fall at the end of the third quarter. The loss in production from these two mines was partially offset by stronger performance from the Zhomart mine, the new mining operation within the Zhezkazgan complex. The greater ore contribution from this mine also allowed a higher average copper grade to be achieved in the fourth quarter rising from 0.79 per cent to 0.84 per cent compared to the third quarter of 2006. In the fourth quarter of 2006, copper in concentrate production was 2 per cent higher than in the third quarter, driven by higher copper ore grades. At the same time, the Zhezkazgan complex produced 6 per cent less copper cathode than in the previous quarter, as some of the concentrate delivered from the East Region mines was stockpiled to be processed in the first quarter of 2007.

For the whole of 2006, extracted ore volumes remained at approximately the same levels as in 2005 with the average copper grade decreasing slightly from 0.87 per cent in 2005 to 0.82 per cent in 2006 as the majority of mining operations at the Zhezkazgan complex are becoming more mature. Copper cathode production decreased by 6 per cent from 235.3 thousand tonnes in 2005 to 221.8 thousand tonnes in 2006.

Although copper rod production in the fourth quarter of 2006 decreased to 6.2 thousand tonnes from 8.0 thousand tonnes produced in the third quarter, it remained at historically high levels due to continued strong demand from China. Overall in 2006, copper rod production more than tripled compared to 2005 levels, increasing from 8.7 thousand tonnes to 28.5 thousand tonnes, to meet stronger market demand from China.

## BALKHASH COMPLEX

		Q1 2006	Q2 2006	Q3 2006	Q4 2006	FY 2006	FY 2005
Ore extraction	'000 t	1,021	1,266	1,252	833	4,371	5,626
Average copper grade	%	0.82	0.81	0.72	0.93	0.81	0.71
Copper Concentrate <sup>1</sup>	'000 t	48.9	84.2	72.1	52.0	257.1	180.9
Copper in Concentrate	'000 t	9.4	14.9	10.3	9.0	43.5	32.9
Copper Cathodes	'000 t	37.4	44.7	47.5	55.6	185.2	161.3
of which tolling	'000 t	0.4	0.4	0.1	0.2	1.1	10.0
Copper Rod	'000 t	--	--	--	--	--	--

<sup>1</sup>Excludes concentrate processed by third parties

At the Balkhash complex, ore extraction volumes in the fourth quarter of 2006 decreased by 33 per cent compared to the third quarter, adversely impacted by the breakage of one of the excavators at the Kounrad mine late in September 2006 and some technical problems with mining and drilling equipment at the Sayak mine in October 2006. In both instances, the technical difficulties have been rectified. Lower ore extraction volumes were partially offset by an increase in the average ore grade from 0.72 per cent to 0.93 per cent in the fourth quarter of 2006 compared to the third quarter of 2006, driven by lower production volumes at lower copper grade mines, in particular the Kounrad mine. As a result of lower ore extraction volumes, copper in concentrate production in the fourth quarter of 2006 was 13 per cent lower than in the third quarter. Copper cathode production in the fourth quarter was 17 per cent higher than in the third quarter due to processing larger volumes of copper concentrate originating from the East and Karaganda regions.

In 2006, the total concentrate production volume was 28 per cent lower and copper in concentrate production was 13 per cent lower compared to 2005 levels due to technical issues at the Kounrad and Sayak mines. Copper cathode production was 17 per cent higher than in 2005 due to the larger volume of concentrate coming from Karaganda Region mines.

## EAST REGION

		Q1 2006	Q2 2006	Q3 2006	Q4 2006	FY 2006	FY 2005
Ore extraction	'000 t	1,361	957	1,075	1,048	4,441	5,082
Average copper grade	%	2.42	2.92	3.09	3.00	2.83	2.33
Copper Concentrate <sup>1</sup>	'000 t	132.1	127.4	139.9	135.2	534.6	476.8
Copper in Concentrate	'000 t	23.5	24.1	26.5	24.6	98.7	87.4
Copper Cathodes	'000 t	--	--	--	--	--	--
Copper Rod	'000 t	--	--	--	--	--	--

<sup>1</sup>Excludes concentrate processed by third parties

In the fourth quarter of 2006, ore extraction volumes in the East Region were similar to levels seen in the third quarter. Copper concentrate production was 3 per cent lower and copper in concentrate production was 7 per cent lower compared to the third quarter of 2006. This was primarily due to lower production volumes at the Nikolaevskoe mine, where mining was switched from open pit to

underground operations, and due to some technical problems associated with the lifting equipment at the underground Orlovskoe mine, which have now been rectified.

For 2006, total concentrate production volume was 12 per cent higher and copper in concentrate production was 13 per cent higher compared to 2005 levels, driven by the rich copper ores of the Artemyevskoe and Orlovskoe mines. The average copper grade in the East Region increased from 2.23 per cent in 2005 to 2.83 per cent in 2006.

## KARAGANDA REGION

		Q1 2006	Q2 2006	Q3 2006	Q4 2006	FY 2006	FY 2005
Ore extraction	'000 t	633	841	730	549	2,753	692
Average copper grade	%	1.23	2.28	2.72	4.46	2.59	0.83
Copper Concentrate	'000 t	28.1	43.2	65.7	93.8	230.8	115.5
Copper in Concentrate	'000 t	0.9	5.5	11.6	15.7	33.7	3.3
Copper Cathodes	'000 t	--	--	--	--	--	--
Copper Rod	'000 t	--	--	--	--	--	--

Ore extraction at the Karaganda Region in the fourth quarter of 2006 was 25 per cent lower than in the third quarter of 2006, primarily due to continued scheduled stripping works at the Abyz mine with no ore extraction taking place from October 2006. These stripping works are expected to continue throughout 2007. However, due to a larger contribution from the high copper grade ores of the Kosmurun and Nurkazgan mines, the average copper grade in the fourth quarter increased to 4.46 per cent from 2.72 per cent in the third quarter, resulting in a 43 per cent increase in copper concentrate and a 35 per cent increase in copper in concentrate production.

Overall in 2006, Karaganda Region ore extraction has exceeded 2005 levels, as a result of increasing production volumes at the Nurkazgan mine, and a stronger contribution from the Kosmurun mine, which commenced operations in May 2006 and is expected to ramp up to full capacity in 2007. For 2006 as a whole, average copper grades were also significantly higher, increasing from 0.83 per cent to 2.59 per cent compared to 2005 as both the Kosmurun and Nurkazgan mines have achieved high copper grades ores (5.53% and 1.17% respectively).

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## NOTES TO EDITORS

The principal business of Kazakhmys plc (“the Group”) is the mining, processing, smelting, refining of copper and copper products, including copper cathode and copper rod. The Group’s operations are vertically integrated. Kazakhmys operates 19 open pit and underground mines and two smelting and refining complexes in the Republic of Kazakhstan. Kazakhmys also owns significant rail infrastructure in Kazakhstan and MKM, a copper products fabrication company in Germany.