



KAZAKHMYNS PLC

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KAZAKHMYNS PLC COMPLETES ACQUISITION OF EKIBASTUZ POWER PLANT

Kazakhmys PLC ("Kazakhmys", "Group") announces that it has today completed the acquisition ("acquisition") of the Ekibastuz coal-fired power plant, and the Maikuben West coal mine in Kazakhstan, the largest power plant in Kazakhstan.

- Ekibastuz is a strategic asset in the Central Asian power market:
 - The expected growth in demand for electricity in Kazakhstan and the tight reserve margins make the electricity market an attractive growth platform for Kazakhmys
 - Ekibastuz GRES-1 is the largest source of power in Kazakhstan, with nameplate capacity of 4,000MW, in a market increasingly short of power supply. The acquisition makes Kazakhmys the largest generator of power in Kazakhstan
 - Ekibastuz offers significant growth opportunities from existing infrastructure with capacity to double output over the next 5 years from current available capacity of 2,250 MW
 - The captive coal mine at Maikuben provides a secure base of raw material supply, with current output of 3.1 million tonnes of coal and an estimated mine life of approximately 30 years based on A, B, C1 classification of reserves.
 - Creates diversification into the commercial power market and brings considerable potential for strategic opportunities with off-take partners. Ekibastuz also secures the Group's power needs for the major Boschekul and Aktogay projects .
- Total payments of up to US\$1.5 billion, subject to adjustment under a closing mechanism.
 - Includes an initial cash consideration of US\$1,100 million and a deferred cash consideration and other payments of up to US\$381 million, subject to various growth targets being met
 - The transaction will be funded through an existing debt facility, placing the Group into a net debt position, for the first time since listing in October 2005

Oleg Novachuk, Chief Executive of Kazakhmys said "The acquisition of Ekibastuz is an important strategic move for Kazakhmys. It is clear that electricity demand in Kazakhstan and the region is increasing significantly and the spare capacity at Ekibastuz will be key in satisfying market demand. Ekibastuz offers substantial commercial opportunities as well as underpinning all our future internal electricity requirements. The acquisition represents excellent value and should deliver substantial earnings growth and attractive returns for our shareholders."

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NOTES TO EDITORS

Kazakhmys PLC is the largest copper producer in Kazakhstan and one of the leading copper producers in the world. Kazakhmys is a fully integrated copper producer from mining ore through to the production of finished copper cathode and rod. The Group produces significant volumes of other metals as by-products, including zinc, silver and gold. Existing operations include 20 open pit and underground mines, 10 concentrators, two copper smelting and refining complexes, a copper rod plant, a zinc plant and a precious metals refinery. Production is backed by a captive power supply and significant rail infrastructure. Kazakhmys also owns MKM, a copper products fabrication company in Germany, and has Gold and Petroleum Divisions with assets in Kazakhstan and other parts of Central Asia. The Group's strategic aim is to diversify and participate in the development of the significant natural resource opportunities in Central Asia.

Background

The electricity market in Kazakhstan offers an attractive growth platform to Kazakhmys given the momentum in the industrial sector in Kazakhstan and the resulting growth in demand for electricity. The power sector in Kazakhstan has favourable economic fundamentals and offers value-enhancing growth opportunities, in turn underlying the attractiveness of the Acquisition on a standalone basis. Since gaining independence on 16 December 1991, the Kazakh Government has introduced a series of important measures resulting in full restructuring of the country's electricity generation market. The Government introduced a new regulatory framework, privatised generation assets and deregulated pricing of the wholesale/retail power market. Kazakhstan has experienced a rapid recovery of its economy, with a real CAGR in GDP of c.10% over 2001-2006. Economic recovery was the key driver for growth in the electricity sector, with demand increasing by an average of 5.2% per annum over the same period. The growth momentum is expected to continue in the medium term. The demand for electricity is projected to exceed 6% per annum through 2011 and 3% per annum in the long run, according to the forecast of the Kazakh Government.

Kazakhmys already participates in the power market in Kazakhstan by owning and operating three power plants with total gross capacity of over 900 MW, which supply all of the Group's current power needs.

Information on the Ekibastuz coal-fired power plant and the Maikuben West coal mine and transaction

Ekibastuz, located in northeastern Kazakhstan's Pavlodar Oblast, is the largest power plant in Kazakhstan with a nameplate capacity of 4,000 MW. Maikuben West Coal mine, an open cast mine located 65 kilometers from the Ekibastuz power plant, has an estimated mine life of about 30 years based on A, B, C1 classification of reserves and supplies a sizeable portion, around 20% of the power plant's fuel requirements, producing over 3.4 million tonnes of coal in 2007 and 0.9 million in Q1 2008.

The power plant produced 9,434 GWh of electricity in 2007 and 3,046 GWh in Q1 2008. As at 30 May 2008, the plant's current available capacity is 2,250 MW, which is expected to significantly increase in stages over the next five years to 4,000 MW. This in turn will allow Kazakhmys to capitalise on the expected growth in electricity demand in Kazakhstan.

For the year ended 31 December 2007, the revenues, profit before tax, and gross assets of the combined operations of Ekibastuz GRES-1 and Maikuben West were US\$185 million, US\$46 million, and US\$374 million, respectively¹.

¹ Combined aggregated (unconsolidated) numbers based on the AES management accounts prepared in accordance with the US GAAP.