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KAZ MINERALS PLC HALF-YEARLY REPORT FOR THE PERIOD ENDED 30 JUNE 2015

FINANCIAL HIGHLIGHTS

- **EBITDA of $88 million, excludes $6 million capitalised contribution from Bozymchak**
  - East Region EBITDA of $109 million

- **Strong operating cost management**
  - Gross cash cost of 270 USc/lb versus previous guidance of 280-300 USc/lb
  - Full year gross cash cost guidance reduced to 260-280 USc/lb
  - East Region achieved competitive net cash cost of 125 USc/lb

- **Positive operating cash flow**
  - Free Cash Flow before interest of $30 million
  - Sustaining capital expenditure limited to $25 million

- **Significant liquidity**
  - Funds available of $2,210 million at 30 June 2015: $1,460 million of cash and $750 million of undrawn facilities
  - $50 million revolving credit facility signed with Caterpillar in August 2015
  - Net debt $1,589 million as at 30 June 2015

OPERATIONAL HIGHLIGHTS

- **Solid first half output**
  - Underlying copper in concentrate production of 43 kt
  - On-track to achieve 2015 cathode production target of 80-85 kt
  - Zinc and silver output to achieve top end of guidance range

MAJOR GROWTH PROJECTS

- **Bozshakol**
  - Fire on 14 August 2015 currently expected to result in commissioning commencing in the first quarter of 2016 with no change to the capital budget
  - Installation of processing equipment largely complete, now in testing phase
  - Pit fully dewatered, pre-production mining activities underway

- **Aktogay**
  - 1,075 kt of oxide ore with grade of 0.35% extracted and placed on pads as at 31 July
  - SX/EW processing facilities close to completion ahead of first cathode production in the fourth quarter
  - Sulphide plant construction proceeding on schedule for 2017 start up

OUTLOOK

- **Launch of growth projects, 2015 copper guidance maintained**
  - Initial production from Aktogay oxide in 2015
  - Repairs to be undertaken at Bozshakol whilst continuing final construction and testing work
  - Close control of costs and sustaining capital expenditure
  - Release of smelter work in progress to support cathode production in second half

$ million and for continuing operations only (unless otherwise stated)	**Six months ended 30 June 2015**	Six months ended 30 June 2014
Revenues[1]	**341**	425
Earnings:		
EBITDA (excluding special items)	**88**	195
Profit /(loss) before Tax	**2**	(104)
Underlying Profit	**2**	71
EPS:		
Basic and diluted ($)	**(0.03)**	(0.31)
Based on Underlying Profit[2] ($)	**0.01**	0.16
Free Cash Flow[3,4]	**(55)**	66
Free Cash Flow before interest[3,4]	**30**	148
Gross cash cost[5,7] (USc/lb)	**270**	237
Net cash cost[6,7] (USc/lb)	**125**	64

1 Includes $22 million of cathode (3.6 kt) that was purchased in the first half of 2015 to compensate for variances in monthly cathode output.
2 Reconciliation of EPS based on Underlying Profit is found in note 9(b).
3 Net cash flow from operating activities before capital expenditure and non-current VAT associated with expansionary and new projects, less sustaining capital expenditure on tangible and intangible assets.
4 Free Cash Flow reflects the combined Group (including discontinued operations) prior to the Restructuring for the half year ended 30 June 2014.
5 East Region cash operating costs excluding mineral extraction tax and purchased cathode, divided by the volume of own copper cathode sales.
6 East Region cash operating costs excluding mineral extraction tax and purchased cathode less by-product revenues, divided by the volume of own copper cathode sales.
7 The East Region's unit cash costs for the six months to 30 June 2014 as reported include the operations prior to their economic separation, a period in which only directly attributable costs are accounted for. In the second half of 2014, a more representative period in 2014 of the performance of the East Region as a stand-alone business, gross cash costs for the East Region were 277 USc/lb and net cash costs were 107 USc/lb.

Oleg Novachuk, Chief Executive, said: "Bozshakol and Aktogay progressed well in the first half of 2015, with pre-production mining activities underway and Aktogay on course for initial copper cathode production from oxide ore later this year. At Bozshakol, our preliminary assessment following the fire that occurred in the concentrator building on 14 August is that commissioning is currently expected to be delayed to the first quarter of 2016, with no change to the capital budget. As a result of the East Region's solid operational performance and cost control measures we are on track to achieve our full year copper production guidance at a reduced gross cash cost."

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NOTES TO EDITORS

KAZ Minerals PLC ("KAZ Minerals" or "the Group") is a high growth copper company focused on large scale, low cost, open pit mining in Kazakhstan. It is a leading copper producer in Kazakhstan with five operating mines and four concentrators. In 2014, total copper cathode output from continuing operations was 84 kt. The Group's continuing operations also produced 121 kt of zinc in concentrate, 3,435 koz of silver and 35 koz of gold in 2014.

The Group has two major copper projects under construction, Bozshakol and Aktogay, and a third, Koksay, at scoping stage. These projects are expected to deliver one of the highest growth rates in the industry and transform KAZ Minerals into a company dominated by world class open pit copper mines.

KAZ Minerals PLC is listed on the London Stock Exchange, the Kazakhstan Stock Exchange and the Hong Kong Stock Exchange and employs around 10,000 people, principally in Kazakhstan.

AVAILABILITY OF THIS ANNOUNCEMENT

Copies of the half-yearly report will not be mailed to shareholders. Copies can be obtained from the KAZ Minerals website (www.kazminerals.com) or by contacting the Corporate Communications department at the Company's registered office.

FORWARD-LOOKING STATEMENTS

This half-yearly report includes forward-looking statements with respect to the business, strategy and plans of KAZ Minerals and its current goals, assumptions and expectations relating to its future financial condition, performance and results. By their nature, forward-looking statements involve known and unknown risks, assumptions and uncertainties and other factors which may cause actual results, performance or achievements of KAZ Minerals to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Although KAZ Minerals believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Actual results could differ materially from those set out in the forward-looking statements.

No part of this half-yearly report constitutes, or shall be taken to constitute, an invitation or inducement to invest in KAZ Minerals PLC, or any other entity, and shareholders are cautioned not to place undue reliance on the forward-looking statements. Except as required by the Listing Rules and applicable law, KAZ Minerals does not undertake any obligation to update or change any forward-looking statements to reflect events occurring after the date of this half-yearly report.

CHIEF EXECUTIVE'S REVIEW

2015 is the first year of operation for KAZ Minerals following the completion of the Restructuring in October 2014 and I am pleased to report that we have delivered solid production from our East Region operations, supported by a strong cost performance in a challenging commodity price environment, with gross cash costs of 270 USc/lb compared to the previous guidance of 280-300 USc/lb for 2015.

The construction of our major growth projects, Bozshakol and Aktogay, progressed well in the first half, with Aktogay on course to produce its first copper cathode from oxide ore using heap leaching in the fourth quarter of 2015. Bozshakol is in the final stages of construction but is currently expected to commence commissioning of its main sulphide concentrator in the first quarter of 2016 as a result of delays caused by fire damage on 14 August 2015.

We are disappointed to report three fatalities in the year to date. Although our fatality rates have been falling for a number of years, we continue to view all fatalities as unacceptable and avoidable.

Major growth projects

A fire at Bozshakol in the grinding area of the main concentrator building on 14 August 2015 caused damage to structures and equipment. The primary damage was to the cyclones and associated equipment, but heat and smoke from the fire has also affected other equipment in the grinding area which will require repair work to be undertaken. No injuries were sustained as a result of the incident. Some equipment purchased for the sulphide concentrator at Aktogay is being transferred to Bozshakol to expedite repair work. A preliminary assessment has been undertaken and based on information available, it is currently expected that the damage caused by the fire will result in the Bozshakol concentrator commencing commissioning in the first quarter of 2016.

The recruitment and training of mining and processing staff started in the first half of 2015 and pre-production mining activities began on 28 May 2015 in preparation for sulphide ore extraction which will commence shortly. Access roads have been constructed and the pit was fully de-watered by the end of July 2015 as planned.

In the second half of the year stripping works will continue to access the sulphide ore required for the concentrator. Installation of the primary crusher is close to completion and initial testing with waste material will be undertaken in the third quarter. The overland conveyor will be commissioned shortly afterwards to build an ore stockpile ahead of the start of operations at the sulphide concentrator. Resources will be transferred from the sulphide plant after it is completed to the separate clay plant which will be commissioned in 2016 as part of the ramp-up of the project.

At Aktogay, ore extraction commenced with 1,075 kt of oxide ore mined in June and July placed onto heap leach cells. The ore contained 3.8 kt of copper at a grade of 0.35%, in line with expectations. Leach irrigation will commence shortly with initial production of copper cathode via SX/EW expected in the fourth quarter. Concrete work and erection of structural steel for the SX/EW facilities is complete and the installation of processing equipment has commenced. Acid storage facilities, pipeline infrastructure and power supply connections are nearing completion. Construction of the Aktogay sulphide concentrator and other facilities required for the start of sulphide processing in 2017 is proceeding on schedule and will not be impacted by the transfer of equipment to Bozshakol required as a result of the fire.

Operations and financial performance

Copper in concentrate output in the first half of 2015 from the four operating mines in the East Region and Bozymchak was solid at 43.3 kt, compared to 44.4 kt in the first half of 2014 and the Group is on course to achieve its guidance of 80-85 kt of copper cathode production.

Scheduled maintenance at Cuprum Holding's Balkhash smelter in the second quarter led to a build up of concentrate work in progress which limited cathode production to 36.7 kt for the first six months. The additional work in progress is expected to be toll processed at the Balkhash smelter in the second half of the year.

Zinc and silver output in the first half of the year was strong as a result of higher than anticipated grades, good concentrator recovery rates and a release of work in progress. Zinc and silver output is now expected to be at the top end of the previously guided ranges for 2015 of 90-95 kt of zinc in concentrate and 2,250-2,500 koz of silver granule.

Gold production in the second half is expected to increase as optimisation works at the Bozymchak concentrator continue and work in progress at the smelter is released. The Bozymchak optimisation works are expected to complete by the end of 2015. The guidance for gold bar output from the East Region and Bozymchak has been reduced to between 34 koz and 38 koz in 2015.

The Group's cathode sales of 39.5 kt were above production volumes of 36.7 kt as 3.6 kt of cathode was purchased externally to avoid the deferral of shipments to customers due to variances in monthly smelter cathode production, which arose as a result of maintenance carried out at the smelter in the first half of 2015. Excluding this purchased material, sales in the first half of the year were 35.9 kt, slightly below production levels due to the timing of shipments to customers.

Revenue of $341 million was 20% lower than the first half of 2014 due to lower prices and volumes for the key metals of copper, silver and gold. The average LME copper price in the first half of 2015 was $5,929 per tonne versus $6,916 per tonne in the comparative period in 2014, a reduction of 14%. Silver prices were 17% lower and gold prices fell by 7% compared to the first half of 2014. Realised zinc in concentrate prices were 5% higher versus the prior year period, but this was more than offset by lower production and sales of zinc in concentrate due to lower zinc grades in our East Region mines compared to the first half of 2014.

Against this background of falling prices, cost improvements have helped to deliver an EBITDA before special items of $88 million.

Pre-tax profit of $2 million compares to a loss of $104 million in the prior year period, as the first half of 2014 was impacted by a $181 million foreign exchange loss arising from the devaluation of the tenge in February 2014. Capitalised borrowing costs of $68 million relating to the Bozshakol and Aktogay facilities were $8 million higher than the first half of 2014.

Underlying Profit from continuing operations was $2 million, compared to $71 million in the first half of 2014.

Operating costs

The gross cash cost per unit from own production in the East Region was 270 USc/lb, below the guided range of 280-300 USc/lb for 2015. The gross cash cost of 270 USc/lb is not comparable to the gross cash cost in the first half of 2014 as the East Region costs did not reflect the terms of the Restructuring and the operations were not separated in this period. When compared to the second half of 2014, a more representative period of the East Region as a stand-alone entity, the gross cash cost has fallen by 3%, from 277 USc/lb, despite lower own copper cathode sales volumes, higher electricity tariffs applicable in 2015 and this being the first full half year period of the East Region as a stand-alone entity.

Following the Restructuring in October 2014, a review of suppliers across a range of areas was conducted and several contracts have been re-tendered, resulting in cost savings. Operational efficiencies have also been driven from the modernisation of the Nikolayevsky concentrator where reagent usage has reduced. Discretionary spend on areas such as business travel and non-essential projects has been cut. The cost of certain key consumables and transport has fallen due to lower commodity prices, a weaker tenge and the lower price of items sourced from Russia reflecting the weaker ruble during the period.

The net cash cost per unit in the East Region operations, after by-product credits, was 125 USc/lb. By-product credits fell by 25 USc/lb when compared to the second half of 2014, mainly due to the decline in gold, silver and zinc sales volumes.

As a result of the cost performance in the first half of the year and the recent weakening of the tenge to the upper end of the National Bank of Kazakhstan's trading band against the USD of 170-198 KZT/USD, we have lowered our full year gross cash cost guidance to 260-280 USc/lb. Our full year costs will be impacted by the timing of some operating costs which are expected to be weighted to the second half of the year and the inclusion of Bozymchak operating costs, which are higher on a gross basis than the East Region.

Financial position

Free Cash Flow before interest in the six months to 30 June was $30 million, reflecting lower commodity prices in the first half of 2015, partially offset by reduced costs. Group sustaining capital expenditure in the first half of the year totalled $25 million against the previously announced full year guidance of $80-$100 million for the East Region and $10 million for the Bozymchak project. Sustaining capital expenditure was limited in the East Region as a detailed review of proposed projects was undertaken at the start of the year in response to low copper prices. As a result, the majority of sustaining capital expenditure will fall in the second half and some may move into 2016. Guidance for sustaining capital expenditure in the East Region for 2015 has been revised to $70-$90 million.

Capital expenditure at Bozshakol is expected to be in the region of $700 million in 2015, of which $215 million has been incurred in the first half. The remaining capital expenditure of up to $200 million required to complete the project is now expected to fall into 2016, due to the timing of invoices, retention clauses in construction contracts and the completion of the clay plant in 2016.

Capital expenditure guidance for the Aktogay project is now expected to be around $600 million for 2015, with $286 million having been spent in the six months to 30 June 2015.

The Group's net debt position as of 30 June 2015 increased to $1,589 million (31 December 2014: $962 million), consisting of gross debt of $3,049 million, cash and cash equivalents and current investments of $1,460 million. A further $750 million remains available for drawing under the CDB Aktogay facility.

On 14 August 2015 a new $50 million revolving credit facility agreement was signed with Caterpillar Financial Services (UK) Limited. Caterpillar Inc. is a major supplier of equipment to the Group's Bozshakol project. The facility has a final maturity in 2019 and will provide the Group with additional liquidity over that period. We believe that the delivery of Bozshakol will further expand the range of financing options available to the Group.

Corporate responsibility

We regret to report that there were two fatalities in our operations during the six month period and a further fatality in August 2015. Two of the fatalities occurred at the Irtyshsky mine and one occurred at the Aktogay project. These incidents have been thoroughly investigated and appropriate actions have been taken to improve health and safety procedures. We continue to strive towards achieving our target of zero fatalities across our operations and construction sites. Work has been carried out to identify the key fatality risks specific to the Group's operations and to establish a programme to encourage the adoption of key life-saving behaviours that will form the basis of both safety training and incident investigations. A major review of the Group's underground mining operations by AMC has been conducted and recommendations for improvements are being implemented.

The environmental impacts of the Group in respect of emissions, waste generation and energy and water consumption have reduced significantly following the completion of the Restructuring in October 2014. We are also implementing initiatives to more closely align our environmental reporting with industry reporting standards.

Board changes

Two changes to the Board occurred during the first half of 2015. Lord Renwick of Clifton, KCMG stepped down after more than nine years of service, having been a Director of the Group since its listing in 2005. John MacKenzie joined the Board as an independent non-executive Director on 1 March 2015. John was formerly CEO of Copper at Anglo American and brings extensive international operating experience to the Board. The Board remains fully compliant with the independence provisions of the UK Corporate Governance Code.

Shareholder returns

The Group's dividend policy, established at the time of listing, is for the Board to consider the cash generation and financing requirements of the business before recommending a suitable dividend. This maintains flexibility, which is appropriate given the underlying cyclicality of a commodity business. Given the financing requirements of the major growth projects during their construction, the Board does not recommend an interim dividend in respect of the first half of the 2015 financial year.

It is the Board's intention that the Group resumes dividend payments in the future. The Group has a strong record of payments to shareholders with returns of $2,095 million in ordinary dividends, buy-backs and special dividends since its listing in 2005.

Outlook

The Group continues to deliver its strategy to develop large scale, low cost, open pit copper mines in Kazakhstan. Whilst lower commodity prices have affected the profitability and cash flow generation of our existing assets in the first half of 2015, we believe copper is a commodity with strong medium and long term fundamentals. Completion of the Bozshakol and Aktogay projects will improve the cost position of the Group and deliver strong production growth at a time when the global copper market is expected to return to a deficit. We look forward to updating the market on the commissioning of Aktogay oxide in the fourth quarter of this year and Bozshakol in the first quarter of 2016.

OPERATING REVIEW

REVIEW OF OPERATIONS

The Group's operations include the four mines and three concentrators in the East Region, the mine and concentrator at Bozymchak and the growth projects at Bozshakol, Aktogay and Koksay. The Group disposed of the mining, processing and power operations based in the Zhezkazgan and Central Regions upon the completion of the Restructuring on 31 October 2014. The Disposal Assets are classified as a discontinued operation in the Group's financial statements.

REVIEW OF EAST REGION OPERATIONS

East Region Production Summary

Copper

kt (unless otherwise stated)	**Six months ended 30 June 2015**	Six months ended 30 June 2014
Ore output	**2,003**	2,137
Copper grade (%)	**2.38**	2.55
Copper in ore mined	**47.6**	54.5
Copper in concentrate	**42.0**	44.4
Copper cathode production	**35.8**	41.1

The East Region mined 47.6 kt of copper in the first half of 2015, which was 6.9 kt below the volume extracted in the prior year period. The fall in copper output was mainly due to the anticipated decrease in grades and ore output at the Orlovsky mine.

Copper mined from Orlovsky, which produced 52% of the East Region's copper in ore in the first half of 2015, fell by 5.6 kt to 24.5 kt as mining activity moved to deeper and less copper rich horizons. As a result, ore output from Orlovsky reduced by 10% to 704 kt and the average copper grade declined from 3.8% to 3.5% when compared to the first half of 2014.

Copper extracted from Artemyevsky, the East Region's second largest mine, was 1.0 kt below the output in the first half of 2014. Extraction at the mine has moved into a transitional area between the two major ore bodies at the deposit and, as a result, the average copper grade in the period declined from 1.8% to 1.7%. Equipment outages at the mine reduced ore output in the first half of 2015 by 4% to 649 kt.

The Irtyshsky mine increased copper in ore output by 0.9 kt to 5.6 kt in the first half of 2015. The mine benefited from a temporary move to higher metal grade horizons with lower dilution rates and accordingly the average copper grade rose from 1.5% to 1.7%.

The mature Yubileyno-Snegirikhinsky mine produced 6.4 kt of copper in ore in the first half of 2015, a decline of 1.3 kt compared to the prior year period. The mine's copper output fell with a 10% reduction in ore extraction and as grades also declined from 2.1% to 2.0% as the remaining reserves are exploited. Yubileyno-Snegirikhinsky is expected to cease operation during 2016.

kt	**Six months ended 30 June 2015**	Six months ended 30 June 2014
Orlovsky concentrator	**22.2**	26.6
Nikolayevsky concentrator	**14.6**	11.8
Irtyshsky concentrator and other[1]	**5.2**	6.0
Copper in concentrate production	**42.0**	44.4

[1] Includes third party processing in 2014.

Copper in concentrate production of 42.0 kt was 2.4 kt below the prior year period as the volume of copper in ore processed in the first half of 2015 reduced by 3.3 kt to 47.1 kt. The volume of copper in ore processed decreased as the 6.9 kt decline in copper in ore extracted was only partially offset by an increase in ore stockpiles in the prior year period. The build up in ore stockpiles in the first half of 2014 was principally due to the modernisation works at the Nikolayevsky concentrator which limited the facility's processing capacity.

Copper in concentrate production in the first half of 2015 was assisted by an increase in concentrator recovery rates from 88% to 89% despite the lower copper grades. The recovery rates at the concentrators rose mainly due to the reduction in the zinc content of the ore processed, and as the modernisation works at Nikolayevsky enabled additional volumes of ore to be processed internally at a higher recovery rate than that achieved by the third party processor in the prior year period.

The copper concentrate produced by the East Region is processed into cathode on a tolling basis at the Balkhash smelter. In the first half of 2015, cathode production decreased by 5.2 kt to 35.8 kt reflecting the 2.4 kt reduction in copper in concentrate output and the build up of work in progress at the Balkhash smelter, as maintenance works restricted the processing capacity of the smelter in the second quarter of 2015.

The full year guidance for cathode production from the East Region and Bozymchak remains at 80 kt to 85 kt. Whilst maintenance works are planned for the second furnace at the Balkhash smelter in the third quarter of 2015, the build up of copper work in progress at the smelter is expected to be processed during the second half of 2015.

Zinc

kt (unless otherwise stated)	**Six months ended 30 June 2015**	Six months ended 30 June 2014
Zinc bearing ore mined	**2,003**	2,137
Zinc grade (%)	**3.25**	4.29
Zinc in ore mined	**65.1**	91.7
Zinc in concentrate	**49.9**	61.7

In the first half of 2015, 65.1 kt of zinc in ore was mined, a decrease of 26.6 kt when compared to the prior year period. The decline in the volume of zinc extracted was driven mainly by the reduction in zinc grades at Orlovsky where mining moved to deeper horizons and at Artemyevsky where extraction has advanced to a transitional area between the two major ore bodies.

Zinc in concentrate production fell by 11.8 kt to 49.9 kt reflecting the lower volume of zinc mined in the first half of 2015, partially offset by the stockpiling of ore while modernisation works restricted output from the Nikolayevsky concentrator in the prior year period. Zinc in concentrate output in the first half of 2015 also benefited from the processing of high grade zinc ore stockpiles at Nikolayevsky.

Zinc recovery rates at the concentrators averaged 73% in the first half of 2015 which was consistent with the prior year period despite the lower average zinc grade in ore processed. The stable zinc recovery rates reflect the benefit of the modernisation work at Nikolayevsky which has improved the efficiency of the facility's operations.

Zinc in concentrate production is expected to be at the upper end of the guidance of 90 kt to 95 kt due to the strong zinc output in the first half of 2015.

Silver

koz (unless otherwise stated)	**Six months ended 30 June 2015**	Six months ended 30 June 2014
Silver bearing ore mined (kt)	**2,003**	2,137
Silver grade (g/t)	**49.4**	61.5
Silver in ore mined	**3,182**	4,227
Silver in concentrate	**1,621**	1,788
Silver granule	**1,629**	1,668

The East Region mined 3,182 koz of silver in the first half of 2015 which was 1,045 koz below the prior year period. The silver in ore output from Artemyevsky fell by 749 koz as silver grades declined from 70.7 g/t to 37.6 g/t due to mining moving to a transitional area with lower by-product content. Silver extracted from Orlovsky declined by 460 koz with the fall in ore output and lower silver grades at the deeper horizons of the mine.

Silver in concentrate production reduced by 167 koz to 1,621 koz as the lower volume of silver mined in the first half of 2015 was partially offset by the stockpiling of ore in the first half of 2014. The silver recovery rates at the concentrators rose from 47% to 51% in the first half of 2015, assisted by the processing of higher silver containing ore from the Irtyshsky mine.

Silver granule output of 1,629 koz was marginally below the prior year period as the lower silver in concentrate output in the first half of 2015 was offset by a release of work in progress at the Balkhash smelter.

Silver granule production from the East Region and Bozymchak is expected to be at the upper end of the guidance of 2,250 koz to 2,500 koz for 2015 due to the strong silver output in the first half of the year. Silver granule output is anticipated to decline in the second half of 2015 with lower silver grades and as output in the first half of the year benefited from a release in work in progress.

Gold

koz (unless otherwise stated)	**Six months ended 30 June 2015**	Six months ended 30 June 2014
Gold bearing ore mined (kt)	**2,003**	2,137
Gold grade (g/t)	**0.63**	0.82
Gold in ore mined	**40.8**	56.7
Gold in concentrate	**12.8**	17.2
Gold bar	**11.0**	17.7

Ore mined in the first half of 2015 contained 40.8 koz of gold, a decrease of 15.9 koz when compared to the prior year period. Gold output fell at Orlovsky by 8.6 koz with grades reducing from 1.39 g/t to 1.17 g/t and ore output also decreasing. Gold extracted at Artemyevsky was 6.4 koz below the prior year period as grades were lower at the transitional horizons where mining took place during the period.

Gold in concentrate production of 12.8 koz was 4.4 koz below the first half of 2014, as the lower volume of gold in ore mined in the first half of 2015 was partially offset by the stockpiling of ore in the prior year period.

Gold bar production reduced by 6.7 koz to 11.0 koz in the first half of 2015 with the 4.4 koz decline in gold in concentrate output and as production in the first half of 2014 benefited from the release of gold work in progress at the Balkhash smelter.

The guidance for gold bar output from the East Region and Bozymchak has been reduced to between 34 koz and 38 koz in 2015 due to the continuing optimisation works being undertaken at the Bozymchak concentrator. Gold bar output in the second half of 2015 is expected to benefit from increased output from the Bozymchak concentrator as a result of the optimisation works and the release of work in progress at the Balkhash smelter.

East Region Financial Summary

$ million (unless otherwise stated)	**Six months ended 30 June 2015**	Six months ended 30 June 2014
Sales revenues:	**341**	425
Copper cathode	**229**	275
Zinc in concentrate	**64**	70
Silver granule	**21**	46
Gold bar	**13**	21
Other	**14**	13
Sales volumes:		
Copper cathode (kt)	**38.6**	39.2
Zinc in concentrate (kt)	**51.9**	60.3
Silver granule (koz)	**1,273**	2,264
Gold bar (koz)	**11.0**	16.3
Average realised price of copper cathode sales ($/t)	**5,936**	7,013
EBITDA (excluding special items)	**109**	219
Gross cash costs (USc/lb)[1]	**270**	237
Net cash costs (USc/lb)[1]	**125**	64
Capital expenditure	**23**	26
Sustaining	**23**	26
Expansionary	**–**	–

[1] Excludes the cost of acquiring the third party cathode sold in the first half of 2015.

Revenues

The East Region generated revenue of $341 million in the first half of 2015 which was 20% or $84 million below the comparative period in 2014. The decline in revenue principally reflected the lower pricing for copper and a decrease in sales volumes and the realised price for silver granule.

Revenue from copper cathode sales fell by 17% to $229 million in the first half of 2015, mainly driven by the 15% decrease in realised prices. The average realised price for cathode sales of $5,936 per tonne was slightly above the average LME copper price of $5,929 per tonne in the first half of 2015. Cathode is sold to customers in China or Europe based on the LME price plus a premium to reflect the terms of trade.

Cathode sales of 38.6 kt were 2% below the first half of 2014. The sales volumes include 3.6 kt of cathode which was purchased externally to compensate for variances in monthly cathode output, mainly because of maintenance at Cuprum Holding's Balkhash smelter. The sale of the third party cathode contributed revenue of $22 million. Excluding the sale of third party material, 35.0 kt of cathode was sold in the first half of 2015 which was 0.8 kt below production volumes in the same period due to a small build up of finished goods.

Revenue from zinc in concentrate was $6 million below the first half of 2014 with a 14% fall in sales to 51.9 kt. The decline in sales was driven by the 19% reduction in production, partially offset by the release of inventory in the first half of 2015 while there was a build up of inventory in the prior year period. Zinc in concentrate revenue benefited from a 5% increase in the realised price to $1,228 per tonne of contained zinc content when compared to the prior year period. Zinc in concentrate sales are priced by reference to the LME zinc price less processing charges.

Silver granule revenue fell by $25 million to $21 million when compared to the first half of 2014 due to a combination of lower sales volumes and prices. Sales volumes reduced by 44% to 1,273 koz principally as sales in the prior year period benefited from a significant release of inventory. The realised price for silver granule sales was 18% below the average achieved in the first half of 2014 at $16.5 per ounce due to a similar decline in the LBMA silver price.

Gold bar revenue of $13 million was $8 million below the first half of 2014 as sales volumes declined by 33% or 5.3 koz to 11.0 koz with the 6.7 koz reduction in production partially offset by the build up of inventory in the prior year period. The realised price for gold bar sales was $1,212 per ounce which was slightly above the average LBMA price in the first half of 2015 of $1,206 per ounce due to the timing of sales.

Other revenue includes income from the sale of sulphuric acid which is produced as a by-product from the toll smelting of copper in concentrate at the Balkhash smelter. The East Region will supply a significant portion of the sulphuric acid it produces to the heap leach operations at Aktogay from the second half of 2015.

EBITDA (excluding special items)

In the first half of 2015, the operations generated EBITDA of $109 million, which was 50% or $110 million below the prior year period because of the $84 million decline in revenues and $26 million increase in cash operating costs. Excluding the third party cathode acquired and sold in the first half of 2015 revenue declined by $106 million and cash operating costs only rose by $4 million.

The East Region's cash operating costs in the first half of 2014 do not however fully reflect the cost of services which were provided centrally by Kazakhmys Mining, or the terms agreed with Cuprum Holdings for smelting and maintenance services, as the region's operations were managed as part of Kazakhmys Mining up to their economic separation from the Disposal Assets in August 2014. The East Region's cash operating costs in the second half of 2014 are therefore considered to be more representative of the operations as a stand-alone business.

In comparison to the second half of 2014, excluding the cost of acquiring the third party cathode sold in the first half of 2015 of $22 million, cash operating costs decreased by 11% or $27 million to $210 million. The decline in costs was mainly driven by continued cost control at the operations, the optimisation initiatives taken by management, the build up of copper concentrate at the smelter and also a fall in the cost of key consumables used in mining and processing activities.

After the completion of the Restructuring in October 2014, a review of suppliers was undertaken to increase competition and to ensure the Group benefited from falling commodity prices. As a result of this work, which included the re-tendering of contracts, the operation's cost performance has been strong despite some external cost pressures such as the 9% increase in electricity tariffs from 1 January 2015.

The decline in prices for commodities such as fuel, rubber and steel has resulted in lowering the cost of consumables used by the business. As a result the price of steel balls, tyres, cement used for backfilling works and steel supports used in mines has declined during the period. The fall in fuel prices also directly benefited transportation costs.

The 3% decrease in ore extraction volumes in the first half of 2015 reduced variable operating costs such as explosives and transportation costs. Refinements were made at the operations, particularly at the Nikolayevsky concentrator, to optimise the usage of consumables such as reagents during the concentrating process. The cost of repair works also declined when compared to the second half of 2014.

Due to the East Region's proximity to Russia it utilises services and goods from Russian suppliers. The cost of these supplies has reduced with the decline in the ruble against the tenge and US dollar. Operating costs have also benefited from a weaker tenge, which traded at an average rate of 185.25 KZT/USD in the first half of 2015, compared to 181.95 KZT/USD in the second half of 2014. The 2% decline in the average value of the tenge against the US dollar reduced tenge denominated costs which make up around 55% of cash operating costs. In July 2015, the National Bank of Kazakhstan widened the trading band of the tenge against the USD to 198 KZT/USD and during August 2015 the tenge has moved to the top end of this range.

Employee costs were flat at around $48 million when compared to the second half of 2014, benefiting from the weaker tenge and with staff numbers and pay rates at a similar level. Whilst certain new positions were created to enable the East Region to operate independently of Cuprum Holding, these were partially offset by headcount reductions. The East Region employs around 8,000 people for its mining, processing, auxiliary and administration activities and employee costs make up around 23% of the underlying cash operating costs.

The copper concentrate produced by the region is toll processed at Cuprum Holding's Balkhash smelter and the copper treatment and refining charges remained at 2014 levels. The build up of copper concentrate at the smelter in the first half of 2015 reduced cash operating costs compared to the prior year period as expenditure associated with the production of the concentrate is recorded in inventory until the finished product is sold and as smelting costs were not incurred on that material.

Administration costs were higher than in the second half of 2014 mainly due to an increase in social responsibility costs, as the Group recognised additional charges in the first half of 2015 for the provision of support to the local communities in which it operates.

Cash costs

The cost efficiency of the operations is measured by the gross and net cash cost of own copper cathode sold. The gross cash cost of 270 USc/lb which excludes the cost of acquiring the third party cathode sold in the first half of 2015 of $22 million, was 14% above the level recorded in the first half of 2014. However during this period in 2014 the East Region was not operating as a stand-alone business.

The gross cash cost was 3% below the 277 USc/lb recorded in the second half of 2014. The fall in gross cash costs reflected the beneficial impact of the cost reduction actions, lower consumables and transportation costs and the further weakening of the tenge. These factors offset the 11% reduction in cathode sales, excluding the cathode purchased externally, to 35.0 kt. The fall in sales volumes negatively affected cash costs on a per unit basis when compared to the second half of 2014.

While the gross cash cost was lower than in the second half of 2014, the net cash cost increased by 17% to 125 USc/lb with the fall in gross cash costs of 7 USc/lb offset by the 25 USc/lb reduction in by-product credits, mainly as sales volumes of gold, silver and zinc fell.

Due to the strong cost performance and the weakening of the tenge to the top end of the National Bank of Kazakhstan's trading band during August 2015, the guidance for the East Region and Bozymchak's gross cash cost of copper sold in 2015 has been lowered to between 260 USc/lb and 280 USc/lb. While the tenge has weakened and input price inflation remains muted, it is expected that the timing of some operating costs will be weighted to the second half of the year. Gross cash costs are also forecast to be slightly higher with the inclusion of Bozymchak which achieved commercial production on 1 July 2015. Bozymchak has a higher gross cash cost than the East Region operations, although the mine generates significant by-product revenue from the sale of gold product.

Capital expenditure

Sustaining

Sustaining capital expenditure totalled $23 million in the first half of 2015, which was $3 million below the level in the corresponding period in 2014 and $4 million below the second half of 2014.

In the first half of the year funding was allocated to mine development works, the purchase of mining equipment, improvements to ventilation at the Orlovsky mine, developing tailings facilities at the concentrators and investing in projects to maintain transportation, heating and electricity infrastructure for its operations and the local community.

Capital expenditure will be weighted to the second half of 2015 as management conducted a detailed review of proposed projects and of contractors early in the year which delayed spend. For example, contracts have been awarded for mine development works to replace services previously provided by the Disposal Assets, however due to the tenders and the process of mobilisation, payments will largely fall into the second half of the year. The level of payments will also increase in the second half of the year as mining equipment is delivered.

The East Region is implementing two significant optimisation projects, the first relates to the reduction of ore transportation costs between Artemyevsky and the Nikolayevsky concentrator and the second is the completion of the modernisation of the Nikolayevsky concentrator.

The initial design work for the railway line between the Artemyevsky mine and the Nikolayevsky concentrator will be completed in the second half of 2015. The construction of the line will commence at the end of 2015 with the $8 million project expected to complete in late 2016.

The final stages of the modernisation work at the Nikolayevsky concentrator, which includes the upgrade of the thickening and filtration sections, are expected to complete in the first half of 2016. The modernisation work has already enabled the concentrator to increase its processing capacity and improve recovery rates. Spend of around $15 million is forecast on the modernisation project in 2015.

For the full year, sustaining capital expenditure guidance has been lowered to between $70 million and $90 million, including around $20 million on optimisation projects. The reduction in the guidance reflects the results of a review of the East Region's capital expenditure requirements given the low commodity price environment.

Expansionary

The feasibility study work on the extension of the operational life of the existing Artemyevsky mine continued during the first half of 2015 and is expected to be completed in the fourth quarter of 2015. Options are now being analysed to reduce the mine development work required to lower the cost of the project. Spend in 2015 is expected to total $10 million to complete the feasibility study. The development of the shafts at the mine is expected to commence in 2016.

REVIEW OF BOZYMCHAK OPERATIONS

Bozymchak Production Summary

Copper

kt (unless otherwise stated)	**Six months ended 30 June 2015**	Six months ended 30 June 2014
Ore output	**224**	115
Copper grade (%)	**0.99**	0.98
Copper in ore mined	**2.2**	1.1
Copper in concentrate	**1.3**	–
Copper cathode production	**0.9**	–

The Bozymchak copper-gold mine and concentrator is located in Kyrgyzstan. The on-site concentrator commenced operation during the second half of 2014.

Ore extraction increased by 109 kt to 224 kt in the first half of 2015 with ore extraction of approximately 400 kt planned for the full year. Around 800 kt of ore containing copper of 8.7 kt and gold of 50 koz is currently stockpiled at the mine for processing during 2015 and 2016.

Ore was extracted at an average copper grade of 0.99% which is above the average grade of the ore reserves at the mine of 0.76% as higher grade sections are mined in the initial years of the operation.

Copper in concentrate production reached 1.3 kt in the first half of 2015 with 199 kt of ore processed. Optimisation works were undertaken at the concentrator in the first half of 2015 and continue into the second half of the year to increase throughput capacity.

The copper concentrate produced is processed into cathode on a tolling basis at the Balkhash smelter. In the first half of the year the operations produced 0.9 kt of cathode. The mine is expected to produce average annual copper cathode output of 6 kt over its operational life.

By-products

koz (unless otherwise stated)	**Six months ended 30 June 2015**	Six months ended 30 June 2014
Gold bearing ore mined (kt)	**224**	115
Gold grade (g/t)	**1.73**	1.94
Gold in ore mined	**12.5**	7.2
Gold in concentrate	**6.8**	–
Gold bar	**5.1**	–
Silver granule	**32.2**	–

The mine produced 12.5 koz of gold in ore in the first half of 2015. The average gold grade of 1.73 g/t is above the average grade of the ore reserves at the mine of 1.25 g/t as higher grade sections are mined in the initial years of the mine's operation.

Gold bar production of 5.1 koz was below gold in concentrate production levels in the period due to a build up of work in progress at the operations. The optimisation works are expected to deliver a ramp up in gold in concentrate production levels by the end of 2015. The mine is anticipated to produce average annual gold bar output of 28 koz over its operational life. The mine also produced silver granule output of 32.2 koz in the first half of 2015.

Bozymchak Financial Summary

$ million	**Six months ended 30 June 2015**	Six months ended 30 June 2014
EBITDA (excluding special items)	**(1)**	(1)
Capital expenditure	**7**	23
Sustaining	**2**	–
Expansionary	**5**	23

The negative EBITDA of $1 million reported in the first half of 2014 and 2015 represents the operational readiness costs incurred in preparing the project for commercial production. Bozymchak was in the pre-commercial production phase in the first half of 2015 and an operating profit of $4 million (EBITDA of $6 million) from project related revenues and costs has been capitalised. The operations were considered to have achieved commercial production from 1 July 2015 with all revenues and operating costs subsequently being recorded in the income statement.

In the first half of 2015, the operations generated revenue of $12 million which comprises $6 million from the sale of 0.9 kt of copper cathode at an average realised price of $5,983 per tonne and $6 million from the sale of 5.1 koz of gold bar at an average realised price of $1,196 per ounce. The cathode and gold bar is sold on the same terms as the cathode and gold bar production from the East Region.

Cash operating costs in the first half of 2015 of $7 million mainly consisted of consumables used in the mining and concentrating process, employee costs, tolling charges for smelting concentrate at the Balkhash smelter, transportation and administration costs. During the period operating costs at the mine benefited from the depreciation of the local currency from 59 som/USD at the end of 2014 to 62 som/USD by 30 June 2015.

The gross cash cost of copper cathode sold in the period was above 300 USc/lb although due to the significant gold output, the mine has competitive net cash costs. The unit operating costs at the mine are expected to benefit from the optimisation work at the concentrator which will increase output.

Capital expenditure

Sustaining

Sustaining capital expenditure totalled $2 million in the first half of 2015 and included stripping works at the open pit mine. For the full year, the sustaining capital expenditure is expected to be around $10 million.

Expansionary

The expansionary capital spend of $5 million was below the prior year period with the project now at the operational stage. The expansionary spend during the period was incurred to complete supporting infrastructure and for the optimisation works which are taking place at the concentrator. The expansionary spend was offset by the $4 million operating profit earned during the pre-commercial production phase in the first half of 2015. For the full year, the expansionary capital expenditure requirements are expected to be around $15 million excluding the $4 million operating profit which was capitalised.

REVIEW OF MINING PROJECTS

Mining Projects Financial Summary

The Mining Projects segment includes the Group's project companies, whose responsibility is the development of Bozshakol, Aktogay and Koksay. The negative EBITDA from Mining Projects in the first half of both 2014 and 2015 represents the overhead costs incurred in preparing the major growth projects for commercial production.

$ million	Six months ended 30 June 2015	Six months ended 30 June 2014
EBITDA (excluding special items)	**(7)**	(7)
Capital expenditure (expansionary)	**504**	460
Bozshakol	**215**	263
Aktogay	**286**	197
Koksay	**3**	–

Bozshakol

The development of the Bozshakol mine and on-site ore processing facilities in the north of Kazakhstan is one of the Group's major growth projects. The project is expected to have a production life of around 40 years with a JORC resource of 1,170 MT of ore with 4.2 MT of contained copper at a grade of 0.36%. The deposit contains by-products of gold and molybdenum. For the first 10 years of its operation, the project will have an average copper cathode equivalent output of 100 kt per annum and a net cash cost for copper cathode equivalent sales of 80 USc/lb to 100 USc/lb in 2015 terms.

Significant progress has been made on the project in 2015. The project is at the final stages of construction with the sulphide concentrator on target to commence initial production of copper concentrate in the first quarter of 2016. The sulphide concentrator will ramp up output during 2016 and 2017 to the design processing capacity of 25 MT of ore per annum. Commercial levels of production are expected to be achieved in 2016 and full capacity in 2017.

Mining operations which included topsoil removal, road development, pit dewatering and pre-production mine stripping, began in the second quarter of 2015 in preparation of sulphide ore mining in the third quarter of 2015. The recruitment of mine operations personnel has progressed with all workers undergoing an extensive induction programme with a strong focus on safe operations. Bozshakol is an important project for the mining industry in Kazakhstan and will employ about 1,500 people when fully operational.

The development of the primary crusher, which processes ore before it reaches the sulphide concentrator, is well advanced. The mechanical and electrical works required for the operation of the crusher are nearing completion, with the crusher due to be commissioned in the third quarter of 2015 to build an ore stockpile ahead of the start of the sulphide concentrator.

The overland conveyor system will transfer ore from the primary crusher to the sulphide concentrator. The concrete works, structural steel and mechanical works for the conveyor are complete, while belt installation, mechanical and electrical testing are ongoing. The conveyor is due to be commissioned in the third quarter of 2015.

During the first half of 2015, a number of primary support facilities such as the mine maintenance workshop, laboratory and administration buildings were transferred to the operating team. The 220 kV transmission line from the Ekibastuz GRES-1 power station to the site has been fully tested and is ready for commissioning subject to final permitting.

The sulphide ore extracted from the open pit mine will be processed by the main sulphide concentrator, producing on average 85 kt per annum of copper in cathode equivalent for the first 10 years of its operation. The focus at the sulphide concentrator is now on the testing of the major equipment and the installation of remaining pipework and cabling. Testing of the SAG mill and ball mill 2 has commenced and mill liners are now being installed. The flotation cells are installed and ready for the connection of control systems and piping. The tailings thickening facility is complete and undergoing testing.

A fire on 14 August 2015 in the grinding area of the main concentrator building caused damage to structures and equipment which will require repair work to be undertaken. Although the fire was isolated to the cyclones and associated equipment and was prevented from spreading within the concentrator building, some damage from heat and smoke has affected other equipment in the grinding area.

The damage assessment is preliminary and, pending investigation and testing by the equipment supplier, it has not yet been possible to determine the extent of damage, if any, sustained by the grinding mills. Other equipment and structures will be subject to further testing over the coming weeks. Only once this testing is completed will it be possible to establish what, if any, additional repairs or replacements will be required. Following this assessment the Group will issue further updates as appropriate.

The cost of repairs will be borne by the construction insurers and therefore the budget for the project remains unchanged. Certain equipment purchased for the sulphide concentrator at Aktogay is being transferred to Bozshakol to expedite repair work. Based on the information available, it is currently expected that the damage caused by the fire will result in the Bozshakol concentrator commencing commissioning in the first quarter of 2016.

A clay plant with a design capacity of 5 MT of ore per annum will produce copper concentrate from sulphide ore in clay material. The plant will produce on average 15 kt per annum of copper cathode equivalent in the initial years of its operation. The clay plant will be converted to process sulphide ore once the clay sections are exhausted. The concrete and structural steel works are largely complete and resources will be transferred from the sulphide plant to the clay plant in the fourth quarter and it will be commissioned in 2016.

Copper concentrate produced from the first quarter of 2016 is expected to be exported to China using the existing national rail link and spur line which connects directly to the project. The realised price for copper concentrate sales will be based on the LME price minus a deduction applied for TC/RCs and transport costs within China. During the ramp-up phase, revenues and operating costs will be set off against capital expenditure until commercial production levels are achieved and will not be reported in the income statement.

In the first half of 2015, capital expenditure on Bozshakol, excluding capitalised interest on debt facilities, was $215 million with around $1,560 million having been spent in total on the fully funded project. The total cost of the development of the mine, concentrator, infrastructure and the initial inventory fill is around $2,200 million. Capital spend of around $700 million is anticipated in 2015 with the remaining spend for final payments to complete the clay plant and infrastructure occurring in 2016.

Aktogay

The Aktogay project is located in the East of Kazakhstan and comprises a measured and indicated oxide ore resource of 121 MT with a copper grade of 0.37%, and a sulphide ore resource of 1,597 MT at a copper grade of 0.33%. The deposit also contains some molybdenum by-product. The oxide and sulphide ore will be extracted from an open pit mine which has a production life of over 50 years.

The Aktogay project will initially develop the oxide resource which is located above the larger sulphide ore body. In June 2015 ore extraction commenced with 251 kt of oxide ore mined and placed onto the completed heap leach cells. The ore contained 0.8 kt of copper at a grade of 0.31% and leach irrigation will commence shortly.

Each of the nine heap leach cells, of which three are now ready to receive ore, has a capacity of approximately 1 MT of ore per cycle. Each cycle of irrigation lasts around four months. The solution containing copper from the leaching pads will be processed at the SX/EW plant which will comprise two SX buildings and one EW building.

The concrete work and the erection of structural steel has been completed at the SX/EW facilities. The installation of the major equipment which is held on site has commenced at the facilities. The acid storage and pipeline infrastructure is nearing completion, along with the power supply connections for the operations.

Limited copper cathode output is expected during the commissioning of the oxide operations in the fourth quarter of 2015. The SX/EW plant is anticipated to reach commercial production levels during the first half of 2016, with revenues and operating costs capitalised until this is achieved. Copper cathode output from the oxide deposit which is expected to operate for 11 years will average around 15 kt per annum.

The sulphide resource extracted from the mine will be processed by a 25 MT of ore per annum concentrator based on the engineering used at Bozshakol. The concentrator shell structural steel work is continuing and the majority of the SAG mill and ball mill pedestals concrete works have been completed. Preparation and concrete work for the primary crusher and ore conveyor continues.

Equipment from Aktogay is being transferred to Bozshakol to expedite the repair work required as a result of the fire damage to the Bozshakol concentrator in August 2015. The transfer of the equipment to Bozshakol will not have an impact on the delivery of the sulphide concentrator at Aktogay. Good progress has been made on supporting infrastructure for the concentrator and mine with the permanent camp for workers nearing completion.

The first output from the sulphide processing plant is planned for 2017. Copper cathode equivalent production from sulphide ore will average 90 kt per annum in the first 10 years of the concentrator's operation. Aktogay is expected to have a net cash cost for copper cathode equivalent sales of 110 USc/lb to 130 USc/lb in 2015 terms in the first 10 years after the commencement of the sulphide concentrator.

The total capital cost of the project is expected to be around $2,300 million with the development being primarily funded by a $1,500 million project specific financing facility signed with the CDB. Capital expenditure in the first half of 2015, excluding capitalised interest on debt facilities, totalled $286 million with around $1,140 million so far spent on the project. Spend of around $600 million is forecast for the full year in 2015.

Koksay

In June 2014, the Group acquired a third major growth project, Koksay, for $260 million of which $35 million remains contingent on the results of drilling works. The deposit is located in south eastern Kazakhstan around 230 km from Almaty and is well supported by existing transportation infrastructure. The project is estimated to have a life of over 20 years with average annual production of around 80 kt of copper cathode equivalent along with gold, silver and molybdenum by-products.

In the first half of 2015, $3 million was spent on exploratory drilling to verify the previous drilling results and to provide initial geological, geotechnical and hydrogeological data on the deposit. The project is forecast to require expenditure of up to $10 million in 2015 to complete initial exploration works and some basic study works. The timing of future spend on the project will be assessed based on the Group's financial position.

FINANCIAL REVIEW

Basis of preparation

The financial information has been prepared in accordance with IFRSs, as adopted by the EU, using accounting policies consistent with those adopted in the consolidated financial statements for the year ended 31 December 2014.

Following independent shareholder approval for the divestment of a number of the Group's relatively mature mining and power operations, primarily located in the Zhezkazgan and Central Regions (the 'Disposal Assets') on 15 August 2014, these operations were reclassified as assets held for sale and as a discontinued operation. The sale completed in October 2014. Given their reclassification as a discontinued operation, the comparative financial information has been restated in accordance with the requirements of IFRS 5 '*Non-current Assets Held for Sale and Discontinued Operations'*. The Group's investment in the Ekibastuz GRES-1 joint venture, which represented a separate business line of the Group, has also been treated as a discontinued operation for the period up to its disposal on 1 April 2014.

The Restructuring undertaken in 2014 resulted in a change to the Group's operating segments. As the Disposal Assets were classified as a discontinued operation, the operating segment disclosures for the half year ended 30 June 2014 were restated to reflect the new operating segments which are:

- East Region operations, which comprises the Group's main operating entity, Vostoktsvetmet LLC ('VCM'), whose principal activity is the mining and processing of copper and other metals which are produced as by-products; and the associated international sales and marketing activities managed out of the UK.
- Bozymchak project comprising the copper-gold mine and concentrator in Kyrgyzstan and the associated international sales and marketing activities managed out of the UK. During the first half of 2015 the operation was in the pre-commercial production phase. The operation achieved commercial production on 1 July 2015 with its revenues and costs being recorded in the income statement from that date.
- Mining Projects, which comprises the Group's project companies responsible for the development of the major growth projects (Aktogay, Bozshakol and Koksay).
- Corporate Services, which comprises the Group's head office costs.

Income statement

A summary of the consolidated income statement is shown below:

$ million (unless otherwise stated)	**Six months ended 30 June 2015**	Six months ended 30 June 2014
Continuing operations		
Revenues	**341**	425
Cash operating costs	**(253)**	(230)
EBITDA (excluding special items)	**88**	195
Special items:		
Less: write-offs and impairment charges	**(12)**	(23)
Less: loss on disposal of assets	**(2)**	–
Less: depreciation, depletion and amortisation	**(28)**	(20)
Add/(less): excess/(non) cash component of the disability benefits obligation	**2**	(1)
Less: MET	**(33)**	(48)
Operating profit	**15**	103
Net finance costs (excluding special items)	**(13)**	(26)
Net foreign exchange loss arising on the devaluation of the tenge	**–**	(181)
Profit/(loss) before taxation	**2**	(104)
Income tax expense	**(15)**	(33)
Loss for the period from continuing operations	**(13)**	(137)
Profit for the period from discontinued operations	**–**	187
(Loss)/profit for the period	**(13)**	50
Non-controlling interests	**–**	(1)
(Loss)/profit attributable to equity holders of the Company	**(13)**	49
EPS – basic and diluted ($)		
From continuing operations	**(0.03)**	(0.31)
From discontinued operations	**–**	0.42
	(0.03)	0.11
EPS based on Underlying Profit ($)		
From continuing operations	**0.01**	0.16
From discontinued operations	**–**	(0.10)
	0.01	0.06

Revenues

Revenues from continuing operations decreased by 20% to $341 million in the first half of 2015 from $425 million in the first half of 2014. The East Region's copper revenues were impacted by 15% lower realised prices and 2% reduced sales volumes. By-product revenues also fell by $38 million to $112 million, reflecting lower commodity prices and sales volumes. Revenues for zinc in concentrate, the largest by-product, decreased by $6 million compared to the prior year period as a 14% fall in sales volumes was partially offset by a 5% increase in the realised price. Gold and silver revenues declined by $8 million and $25 million respectively, impacted by reduced prices (5% and 18% respectively) and sales volumes (33% and 44% respectively).

Bozymchak was in the pre-commercial production phase throughout the period to 30 June 2015. Accordingly, all project related revenues and costs continued to be capitalised to the cost of construction. Bozymchak's revenues of $12 million from copper and gold sales were therefore not recorded in the income statement and the $4 million operating profit earned thereon was capitalised against property, plant and equipment. Commercial production was achieved on 1 July 2015 with its profits being recorded within the income statement from that date.

EBITDA (excluding special items) by operating segment

EBITDA (excluding special items) has been chosen as the key measure in assessing the underlying trading performance of the Group. This performance measure removes the non-cash component of the disability benefits obligation, depreciation, depletion, amortisation, MET, royalties and those items which are non-recurring or variable in nature and which do not impact the underlying trading performance. The Directors believe that the exclusion of MET provides a more informed measure of the operational profitability given the nature of the tax as further explained in the 'Taxation' section.

A reconciliation of Group EBITDA (excluding special items) by operating segment is shown below:

$ million	**Six months ended 30 June 2015**	Six months ended 30 June 2014
Continuing operations		
East Region operations	**109**	219
Bozymchak	**(1)**	(1)
Mining Projects	**(7)**	(7)
Corporate services	**(13)**	(16)
Total continuing operations	**88**	195
Total discontinued operations[1]	**–**	129
Group EBITDA (excluding special items)	**88**	324

[1] Discontinued operations comprise the Disposal Assets, consisting of the Zhezkazgan and Central Region operations which were previously reported within Kazakhmys Mining and the captive power stations which were reported within Kazakhmys Power in the prior year. EBITDA (excluding special items) from Ekibastuz GRES-1 for the six months ended 30 June 2014 was nil as the gain from its disposal was treated as a special item.

The East Region's EBITDA (excluding special items) of $109 million was 50% below the first half of 2014 due to lower revenues and higher cash operating costs.

In the first half of 2014, the East Region was managed as part of the mining business which included the Disposal Assets. The costs recorded for the East Region during the first half of 2014 included only directly attributable costs and services provided such as smelting and maintenance and did not reflect the terms agreed for their economic separation from the Disposal Assets. Cash operating costs in the first half of 2014 were therefore $31 million lower than in the second half of 2014, and $4 million lower than in the first half of 2015 (excluding the cost of purchased cathode for onward sale of $22 million).

The cash operating costs of the East Region in the second half of 2014 are considered to be more representative of the operations as a stand-alone business. Cash operating costs (excluding the cost of purchased cathodes) in the first half of 2015 of $210 million were $27 million lower than the second half of 2014. The reduction in costs was a result of continued control over discretionary spend, a review of suppliers, efficiencies in consumable usage and lower input prices.

At Bozymchak, which was in the pre-commercial production phase, the overhead costs incurred and not capitalised were in line with the first half of 2014, as increased activity at the site was offset by the devaluation of the Kyrgyz som. During the first half of 2015, $4 million has been capitalised to the cost of construction at Bozymchak representing its operating profit from pre-commercial production activity for the period.

The negative EBITDA at the Mining Projects represents the operational readiness costs at the major growth projects that are not capitalised.

Corporate costs of $13 million were below the first half of 2014 following cost saving measures which saw a reduction in discretionary spend, such as business travel and a decrease in employment costs.

EBITDA (excluding special items) from discontinued operations represents the results of the Disposal Assets for the first half of 2014. Further details are provided in the discontinued operations section below.

Special items – continuing operations

Special items within operating profit:

Write-offs and impairment charges

During the first half of 2015 the following impairment charges were recognised:

- Property, plant and equipment – a charge of $8 million which primarily relates to the impairment of administrative land and buildings in Kazakhstan, retained in the Restructuring, which are not in use.
- Mining assets – a charge of $4 million against mine development works which are not expected to be utilised.

At 30 June 2014, interest costs capitalised on the Bozymchak project of $23 million ($21 million net of tax) were written off as these exceeded the level of expected borrowing cost incurred on the project.

During the first half of 2015, optimisation works at the Bozymchak concentrator progressed and are expected to be completed by the year end. The mine had lower than anticipated operating costs in the first half of 2015 and potential drilling works planned over the next few years could add further reserves and extend the mine life, providing upside to the current mine plan. These factors and favourable movements in the Kyrgyz som supported its carrying value at 30 June 2015 despite the fall in near term commodity prices.

Loss on disposal of assets

During the first half of 2015, a loss on the disposal of mining assets of $2 million was recognised relating to assets that the Group no longer intends to develop.

Other items outside of EBITDA (excluding special items) – continuing operations

Depreciation, depletion and amortisation

Depreciation, depletion and amortisation for the first half of 2015 of $28 million is $8 million higher than the charge in the first half of 2014. The higher charge reflects an increase in the depletion rate from the annual review of the East Region's reserves and resources carried out at the end of 2014 as disclosed in the 2014 Annual Report and Accounts.

Excess/non-cash component of the disability benefits obligation

The non-cash component of the disability benefits obligation was a $2 million credit for the first half of 2015 compared to a charge of $1 million in the first half of 2014. In the first half of 2015, the credit arose as the payments made in the period exceeded the income statement cost excluding interest. The lower cost is due to a reduction in the actuarial charge following legislative changes affecting the disability plans.

MET

The MET charge for the East Region of $33 million for the first half of 2015 was below the $48 million charge in the first half of 2014, reflecting lower metal in ore extracted and commodity prices.

Net finance costs

Net finance costs (excluding the net foreign exchange loss arising on the devaluation of the tenge), includes:

- Interest expense of $9 million, consistent with the first half of 2014.
- Net foreign exchange losses of $5 million compared to $20 million in the first half of 2014.
- Interest on the employee benefits obligation and unwinding of discounts on other provisions of $2 million for both periods.
- Interest income on cash deposits and short-term investments of $3 million compared to $5 million in the first half of 2014.

Net finance costs have decreased from $26 million in the first half of 2014 to $13 million. This is principally due to lower net exchange movements from the tenge being partly offset by increased losses from the depreciation of the Kyrgyz som during the first half of 2015 and reduced interest income on cash balances and deposits.

The interest expense remained unchanged from the first half of 2014 as the increase in the interest charged on borrowings was offset by $68 million of interest costs capitalised to Bozshakol and Aktogay which were $8 million higher than in the first half of 2014. The increased level of capitalised borrowing costs was driven by the higher borrowings outstanding during the period, partially offset by the cessation of interest capitalisation at Bozymchak from 1 January 2015.

Interest income on cash and cash equivalents and short-term investments fell to $3 million, reflecting lower interest rates on a reduced level of cash held by the Group as funds were spent on the major growth projects.

The net foreign exchange loss arising on the devaluation of the tenge at 11 February 2014 was $181 million and was treated as a special item in the first half of 2014. The net foreign exchange loss arose from the translation of tenge denominated intercompany monetary assets and liabilities which was partly offset by gains from the translation of US dollar denominated monetary assets and liabilities.

Taxation

The table below shows the Group's effective tax rate and the all-in effective tax rate which takes into account the impact of MET and removes the effect of special items and non-recurring items on the tax charge.

$ million (unless otherwise stated)	**Six months ended 30 June 2015**	Six months ended 30 June 2014
Profit/(loss) before taxation from continuing operations	**2**	(104)
Add: MET	**33**	48
Add: special items	**14**	23
Add: net foreign exchange loss arising on the devaluation of the tenge	**–**	181
Adjusted profit before taxation from continuing operations	**49**	148
Income tax expense	**15**	33
Add: MET	**33**	48
Less: taxation effect of special items	**(1)**	(4)
Adjusted tax expense from continuing operations	**47**	77
Effective tax rate (%)	**750**	(32)
All-in effective tax rate[1] (%)	**96**	52

[1] The all-in effective tax rate is calculated as the income tax expense plus MET less the tax effect of special items and other non-recurring items, divided by profit before taxation which is adjusted for MET, special items and other non-recurring items. The all-in effective tax rate is considered to be a more representative tax rate on the recurring profits of the Group.

Effective tax rate

The effective tax rate for the first half of 2015 of 750% arose as a tax charge of $15 million has been realised on profits of only $2 million. As a result of the lower levels of profitability, the tax impact of non-deductible expenses incurred principally at the East Region ($4 million) and unrecognised deferred tax assets on tax losses mostly related to Bozymchak and the Group's UK financing entity ($4 million) are more pronounced. The tax impact of non-deductible items are at a similar level to those in the first half of 2014, excluding the tax impact on the foreign exchange losses that arose on the devaluation in February 2014.

In the first half of 2014, the effective tax rate of (32%) arose principally from the $51 million tax impact of non-deductible foreign exchange losses in the UK as a result of the tenge devaluation on intercompany balances and the $8 million tax impact of other non-deductible business expenses principally from the East Region operations.

The restatement of the Group's income statement following the reclassification of Disposal Assets as a discontinued operation has led to a restatement of the effective tax rate for the first half of 2014. Prior to this reclassification, the effective tax rate was (33%).

All-in effective tax rate

The all-in effective tax rate was 96% compared to 52% in the first half of 2014 and is attributed to non-deductible business expenses, unrecognised deferred tax assets on losses incurred during the first half of 2015 and the impact of MET in a lower profitability environment. The MET charge for the period has decreased by 31% compared to a 67% fall in the adjusted profit before taxation, resulting in an adverse impact on the all-in effective tax rate. MET is determined independently of the profitability of operations. Consequently, in periods when the copper price is at lower levels, it follows that the profitability of operations decreases, but the all-in effective tax rate increases, as the impact of MET is elevated due to its revenue-based nature. Whilst lower copper prices result in a lower absolute amount of taxes being levied, the all-in effective tax rate increases. Conversely, during periods of higher copper prices, the MET impact on the all-in effective tax rate decreases.

Taxation effect of special items

For the first half of 2015, the taxation charge of $1 million relates to the reversal of deferred tax assets arising from the sale of mining assets.

In the first half of 2014, the tax related special items were attributed to the deferred tax asset that arose on the write-off of capitalised borrowing costs at Bozymchak of $2 million, and the current tax charge on the exchange gains on US dollar denominated monetary assets in Kazakhstan arising from the tenge devaluation of $6 million.

Discontinued operations

$ million	Six months ended 30 June 2014
Disposal Assets	
Revenues	862
EBITDA (excluding special items)	129
Less: special items, non-cash items and MET	(136)
Operating loss	(7)
Net finance costs	(7)
Taxation charge	(6)
Loss for the period	(20)
Ekibastuz GRES-1	
Gain on disposal	207
Profit for the period	207
Profit for the period from discontinued operations	187

Disposal Assets

On 31 October 2014, the Disposal Assets, which included a number of the Group's relatively mature assets, primarily located in the Zhezkazgan and Central Regions within the Kazakhmys Mining and Kazakhmys Power operating segments, were sold to Cuprum Holding (a company owned by Vladimir Kim, a Director of the Company and Eduard Ogay, a former Director of the Company). The Disposal Assets were classified as a discontinued operation for the year ended 31 December 2014 (until the date of their disposal on 31 October 2014).

Revenues in the first half of 2014 consisted of the sale of copper products of $649 million, silver of $82 million, gold of $38 million, electricity and heating from the power division of $42 million and other by-products of $51 million.

The Disposal Assets EBITDA (excluding special items) benefited from the impact of the 19% tenge devaluation on 11 February 2014 as a significant part of the cost base is in tenge.

Impairment charges

A charge of $9 million was recognised in the period against property, plant and equipment and mining assets which were no longer in use.

Other special items in respect of the Disposal Assets:

Following a favourable court ruling in Kazakhstan, the Group released a historic provision for corporate income tax of $7 million and other taxes, fines and penalties of $15 million. The historic provision was in respect of a claim raised in 2010 and 2011 for the years 2006 to 2008.

Transaction costs of $12 million relating to the Restructuring and divestment of the Disposal Assets were incurred by the Group in the first half of 2014.

The net foreign exchange gain arising on the devaluation of the tenge at 11 February 2014 was $24 million and was treated as a special item in the first half of 2014. The net foreign exchange gain arose from the translation of US dollar denominated monetary assets within the Disposal Assets.

MET

On 17 June 2014, the Government of Kazakhstan agreed to reduce the MET rates at some of the Group's mature assets, incorporating certain deposits in the Zhezkazgan Region and the Konyrat mine. The lower MET rates, which were effective retrospectively from 1 January 2014, coupled with lower commodity prices and ore extraction, led to a $27 million MET charge in the first half of 2014.

Ekibastuz GRES-1

The investment in the Ekibastuz GRES-1 joint venture, which had a carrying value of $1,018 million at 31 December 2013, was sold on 1 April 2014 for net proceeds of $1,249 million. The Group realised a profit of $207 million after recycling of the foreign currency translation differences within equity of $24 million.

UNDERLYING PROFIT

The reconciliation of Underlying Profit from profit attributable to equity holders of the Company is set out below:

$ million	**Six months ended 30 June 2015**	Six months ended 30 June 2014
Net loss attributable to equity holders of the Company from continuing operations	**(13)**	(137)
Special items:		
Write-offs and impairment charges	**12**	23
Loss on disposal of assets	**2**	–
Net foreign exchange loss arising on the devaluation of the tenge	**–**	181
Taxation effect of special items:		
Net foreign exchange gain arising on the devaluation of the tenge	**–**	6
Deferred tax assets recognised on other special items	**1**	(2)
Underlying Profit from continuing operations	**2**	71
Net profit attributable to equity holders of the Company from discontinued operations	**–**	186
Special items:		
Provisions released against historic tax claims	**–**	(15)
Restructuring and transaction costs	**–**	12
Impairment charges	**–**	9
Gain on disposal of assets	**–**	(206)
Net foreign exchange gain arising on the devaluation of the tenge	**–**	(24)
Taxation effect of special items:		
Net foreign exchange gain arising on the devaluation of the tenge	**–**	5
Provisions released against historic tax claims	**–**	(7)
Deferred tax assets on other special items	**–**	(2)
Underlying Loss from discontinued operations	**–**	(42)
Total Underlying Profit	**2**	29

The net loss in the first half of 2015 was lower than the $137 million in the first half of 2014 as the prior period was adversely affected by net foreign exchange losses from the tenge devaluation of $181 million and impairment charges of $23 million. The net loss in the first half of 2015 was impacted by lower EBITDA and a higher tax charge as a proportion of losses.

Underlying Profit from continuing operations for the first half of 2015 was $2 million compared to a profit of $71 million as a result of lower EBITDA.

There were no discontinued operations in the first half of 2015. The Underlying Profit from discontinued operations in the first half of 2014 related to the Disposal Assets.

Earnings per share

$ million (unless otherwise stated)	**Six months ended 30 June 2015**	Six months ended 30 June 2014
Net loss attributable to equity holders of the Company from continuing operations	**(13)**	(137)
Net profit attributable to equity holders of the Company from discontinued operations	**–**	186
	(13)	49
Underlying Profit from continuing operations	**2**	71
Underlying Loss from discontinued operations	**–**	(42)
	2	29
Weighted average number of shares in issue (million)	**447**	447
EPS – basic and diluted		
From continuing operations ($)	**(0.03)**	(0.31)
From discontinued operations ($)	**–**	0.42
	(0.03)	0.11
EPS based on Underlying Profit – basic and diluted		
From continuing operations ($)	**0.01**	0.16
From discontinued operations ($)	**–**	(0.10)
	0.01	0.06

Basic earnings per share from continuing operations of $0.03 loss per share decreased from the $0.31 loss per share in the first half of 2014 largely due to the absence of exchange losses that arose from the tenge devaluation of $181 million and the impairment charges of $23 million in the prior period, partly offset by lower EBITDA.

Earnings per share based on Underlying Profit from continuing operations decreased to $0.01 from $0.16 in the first half of 2014, in line with lower EBITDA and a higher effective tax charge.

There were no discontinued operations in the first half of 2015. Earnings per share from discontinued operations in the first half of 2014 reflected the results of the Disposal Assets and the gain arising from the disposal of Ekibastuz GRES-1.

Key financial indicators

The definitions of our key financial indicators are shown in the Glossary and these measures, on a total Group basis including continuing and discontinued operations, unless otherwise stated, are set out below:

	Six months ended 30 June 2015	Six months ended 30 June 2014
EBITDA (excluding special items) ($ million)	**88**	324
EPS based on Underlying Profit ($)	**0.01**	0.06
Free Cash Flow ($ million)	**(55)**	66
Net cash cost of copper after by-product credits (USc/lb) – East Region	**125**	64

Dividends

The Company did not pay any dividends in 2015 and taking into consideration the increase in the Group's net debt during the construction phase of two of the major growth projects, the Directors will not declare an interim dividend for 2015. The Board will continue to assess the Group's financial position, its cash flows and growth requirements in determining when to resume dividend payments in the future.

CASH FLOWS

A summary of cash flows is shown below:

$ million	**Six months ended 30 June 2015**	Six months ended 30 June 2014
EBITDA (excluding special items)[1]	**88**	324
Provisions released against historic tax claims	**–**	15
Restructuring and transaction costs	**–**	(12)
Working capital movements[2]	**(4)**	53
Interest paid	**(85)**	(82)
MET paid	**(26)**	(55)
Income tax paid	**(13)**	(25)
Foreign exchange and other movements	**10**	5
Net cash flows from operating activities before other expenditure associated with major projects	**(30)**	223
Sustaining capital expenditure	**(25)**	(157)
Free Cash Flow	**(55)**	66
Expansionary and new project capital expenditure[3]	**(509)**	(487)
Acquisition of Koksay licence	**–**	(195)
Non-current VAT receivable associated with major projects	**(61)**	(23)
Interest received	**3**	5
Proceeds from disposal of property, plant and equipment	**3**	3
Proceeds from disposal of investments to joint venture	**–**	1,249
Other movements	**–**	(3)
Cash flow movement in net debt	**(619)**	615

1 EBITDA (excluding special items) is defined as profit before interest, taxation, depreciation, depletion, amortisation, the non-cash component of the disability benefits obligation, MET and royalties from continuing and discontinuing operations. Please refer to note 4(a)(i) of the consolidated financial statements.
2 Working capital movements exclude MET and payables relating to capital expenditure.
3 Capital expenditure includes the capitalisation of $2 million of net operating cash flows generated from the Bozymchak project in the period before the project reached commercial production. The $2 million consists of $4 million operating profits offset by $2 million of working capital movements that were capitalised.

Summary

The cash flow statement for the first half of 2014 includes the cash flows of the Disposal Assets that were sold in October 2014. The reduction in Free Cash Flow is attributed to the lower EBITDA and increased working capital requirements which were partially offset by a fall in MET and income tax payments in the first half of 2015.

Working capital

Working capital levels increased during the first half of 2015 due to the following factors:

- Inventory levels have increased by $20 million following a build up of work in progress at the Cuprum Holding's Balkhash smelter as maintenance works restricted the processing capacity in the second quarter of 2015 and an increase in goods in transit.

- The reduction of $76 million in trade and other receivables was due to lower commodity prices and sales volumes and the winding down of trading relationships with the Disposal Assets. A number of sales arrangements ended in late 2014 for which amounts were outstanding from customers at 31 December 2014, with corresponding payments due to the Disposal Assets. The continuing operations also benefited from a change in the mix of sales terms in the first half of 2015 which improved cash receipts.

- The increase in prepayments and other current assets of $16 million arose from a build up of VAT receivable in the East Region.

- The reduction of $44 million in trade and other payables following the settlement of payables to the Disposal Assets in respect of sales arrangements which ended in late 2014. This settlement was partially offset by an increase in non-capital related payables within the project entities, Bozshakol and Aktogay.

In the first half of 2014, which included the Disposal Assets, there was a working capital reduction of $53 million. Inventory levels increased by $2 million, as higher fuel and consumables were partially offset by lower work-in-progress and raw materials, including consumables within the Disposal Assets. Trade and other receivables reduced by $95 million in the period reflecting lower sales volumes of copper and zinc in June 2014 compared to December 2013, and amended contract terms for a proportion of copper cathode sales to China, such that payments were received in the month of delivery. Prepayments increased by $25 million due to the timing of payments made in advance for goods and services. Trade and other payables were $15 million lower than at 31 December 2013, reflecting the timing of payments and the accrual for restructuring and transaction costs.

Interest cash flows

Interest paid during the first half of 2015 was consistent with that paid in the first half of 2014, as the impact of a lower weighted average interest rate was partially offset by the first interest payment in relation to the CDB Aktogay USD facility.

Income tax and mineral extraction tax

Income tax payments for the first half of 2015 were $13 million compared to $25 million in the first half of 2014, due to the absence of the income tax paid attributable to the Disposal Assets as well as the lower profitability of the continuing operations compared to first half of 2014. Payments on account in the first half of 2015 were lower than the income statement charge for current tax of $15 million. At 30 June 2015 the Group was in a net tax payable position of $18 million, after foreign exchange movements, consistent with the balance at 31 December 2014.

MET payments of $26 million were below the current period charge of $33 million, resulting in MET payable of $17 million at 30 June 2015 compared to $10 million at 31 December 2014. The MET payment was lower than the $55 million paid in the first half of 2014 due to the absence of the MET attributable to the Disposal Assets as well as the impact of lower metal in ore extracted in the East Region and commodity price changes.

Capital expenditure

Capital expenditure on sustaining the current business operations of $25 million was below the $157 million in the first half of 2014 principally due to the absence of capital expenditure incurred on the Disposal Assets. The East Region's sustaining capital expenditure was $23 million, following mine and concentrator improvements and maintenance of the operations. Expansionary and new project expenditure of $509 million was above the $487 million invested in the first half of 2014. Total capital expenditure incurred in the first half of 2015 was $534 million; $110 million lower than the $644 million spent in the first half of 2014. Please refer to the Operations Review for an analysis of the Group's capital expenditure by operating segment.

Free Cash Flow

The Group's Free Cash Flow, which includes $85 million (2014: $82 million) of interest payments on borrowings was an outflow of $55 million compared to an inflow of $66 million in the first half of 2014 principally driven by lower EBITDA and an increase in working capital requirements.

BALANCE SHEET

The Group's attributable loss for the period of $13 million and the non-cash effects of foreign currency translation loss on tenge denominated net assets of $58 million recognised within equity, have contributed to a $71 million decrease in equity attributable to owners of the Company to $2,032 million at 30 June 2015. The non-cash foreign currency loss arose from the weakening of the tenge and som against the US dollar on the Kazakhstan and Kyrgyz entities' foreign currency denominated net assets.

The Group's capital employed position as at 30 June 2015 is shown below:

$ million	At 30 June 2015	At 31 December 2014
Equity attributable to owners of the Company	**2,032**	2,101
Non-controlling interests	**3**	3
Borrowings	**3,049**	3,092
Capital employed	**5,084**	5,196

Net debt

Net debt consists of cash and cash equivalents, current investments and borrowings. A summary of the net debt position is shown below:

$ million	At 30 June 2015	At 31 December 2014
Cash and cash equivalents	**1,060**	1,730
Current investments	**400**	400
Borrowings	**(3,049)**	(3,092)
Net debt	**(1,589)**	(962)

Cash and cash equivalents and current investments as at 30 June 2015 of $1,460 million were lower than the $2,130 million as at 31 December 2014, as the draw downs of the Group's debt facilities were more than offset by cash flows used for the capital expenditure programme on the major growth projects, the semi-annual debt repayments and the net cash outflow from operating activities. Current investments are cash deposits with a three to six month maturity profile.

In order to manage counterparty and liquidity risk, surplus funds within the Group are held predominantly in the UK and funds remaining in Kazakhstan are utilised mainly for working capital purposes. The funds within the UK are held primarily with major European and US financial institutions and triple-'A' rated liquidity funds. At 30 June 2015, $1,396 million of cash and short-term deposits were held in the UK and the Netherlands, with $63 million being held in Kazakhstan and $1 million in Kyrgyzstan.

As at 30 June 2015, gross debt was $3,049 million, a decrease of $43 million from the position as at 31 December 2014 principally reflecting a $94 million principal repayment under the CDB Bozshakol/Bozymchak finance facility and an additional $48 million drawn down under the CDB Aktogay finance facility (after fees).

Borrowings under the fully drawn CDB Bozshakol/Bozymchak facility at 30 June 2015 were $1,965 million (31 December 2014: $2,056 million), net of arrangement fees with an amortised cost of $27 million (31 December 2014: $30 million). This facility accrues interest at US$ LIBOR plus 4.50%.

The CDB Aktogay finance facility consists of two separate agreements: the US dollar agreement for up to $1.3 billion and the RMB1.0 billion agreement ($161 million equivalent at the RMB/$ exchange rate as at 30 June 2015). The US dollar agreement attracts interest at US$ LIBOR plus 4.20% and the RMB agreement accrues interest at the applicable benchmark lending rate published by the People's Bank of China. Borrowings under both facilities at 30 June 2015 were $739 million (31 December 2014: $692 million), net of arrangement fees with an amortised cost of $12 million (31 December 2014: $11 million). At 30 June 2015, $750 million is available for draw down under the US dollar agreement.

At 30 June 2015, the PXF facility was fully drawn at $345 million (31 December 2014: $344 million), net of arrangement fees with an amortised cost as at 30 June 2015 of $4 million (31 December 2014: $5 million).The margin payable on the facility is variable, ranging from 3.00% to 4.50% above US$ LIBOR, dependent on the ratio of the Group's net debt to EBITDA. The PXF facility contains an accordion feature which will enable existing lenders to increase their commitment, or new lenders to join, up to a maximum total of $500 million.

In August 2015, the Group entered into a new $50 million revolving credit facility provided by Caterpillar Financial Services (UK) Limited, a subsidiary of Caterpillar Inc. ('Caterpillar Facility'). The Caterpillar Facility is available for three years from the date of signing, following which the facility is repayable in four equal quarterly instalments. An interest rate of USD LIBOR plus 4.25% is payable on amounts outstanding under the Caterpillar Facility. The financial covenants on the Caterpillar Facility are identical to those applicable to the Group's existing pre-export finance facility.

Disability benefits obligation

The disability benefits obligation was $23 million at 30 June 2015 compared to $24 million at 31 December 2014 following amendments to Kazakhstan legislation governing these payments and changes in the actuarial valuation assumptions. The cash payments made under the obligation were $2 million for the first half of 2015.

PRINCIPAL RISKS

The significant risks identified by KAZ Minerals are those that could materially affect the Group's financial condition, performance, strategy and prospects together with their potential impact and the mitigating actions being taken by management, are set out on pages 28 to 29 and pages 58 to 63 of the 2014 Annual Report and Accounts, which is available at www.kazminerals.com.

In the view of the Board, the principal risks set out in the 2014 Annual Report and Accounts reflect the significant risks and uncertainties for the Group for the remaining six months of 2015, with a summary and any key changes described below. There may be other risks unknown, or currently believed immaterial by the Group, which might become material. The risks set out below are not in order of likelihood of occurrence or materiality and should be viewed, as with any forward looking statements in this document, with regard to the section on Forward-Looking Statements earlier in the announcement.

Operational risks

Health and safety

Mining is a hazardous industry with inherent risks and the failure to adopt and embed health and safety management systems could result in harm to the Group's employees, contractors or local communities as well as fines and penalties and damage to the Group's reputation.

Business interruption

The Group's mining and processing operations are resource intensive, and could be subject to a number of risks, including, but not limited to: geological and technological challenges; weather and other natural phenomena such as floods and earthquakes; fires; explosions; equipment failures; delays in supplies or services; and loss of key inputs including electricity and water, which could cause prolonged shutdowns or periods of reduced production from the Group's mines and concentrators.

Political

The Group's mining operations and development projects are all based in Kazakhstan, except the Bozymchak mine, which is located in Kyrgyzstan. The Group's operational and financial performance is impacted by the social, political, economic, legal and fiscal conditions prevailing in both countries.

New projects

The development of new projects involves many risks including geological, engineering, procurement, staffing, financing and regulatory risks. If the Group fails to adopt an appropriate procurement and project management strategy it may experience delays to project schedules and an increase in development costs. Regulatory risks include failures to obtain and maintain applicable permits, licences or approvals from the relevant authorities to perform certain development work. These risks also apply during the commissioning phase of projects during which output is raised to commercial production levels. The speed of ramp-up is dependent on the successful start-up and operation of equipment and the performance of suppliers and the workforce.

The assessment of the damage caused by the fire at the Bozshakol concentrator is ongoing. Based on the information currently available, it is expected that the concentrator will now commence commissioning in the first quarter of 2016. Commencement of the commissioning of the concentrator could be delayed if the fire damage is more severe than the preliminary assessment indicates.

Employees

The Group's future development will be partly dependent on its ability to attract and retain highly skilled and qualified personnel. KAZ Minerals competes against local and international mining and industrial companies to attract skilled personnel into the business. The remote location of some of the Group's operations also makes the attraction and retention of skilled staff at these sites more challenging. The hiring and training of skilled personnel is important for the successful operation of the Bozshakol and Aktogay projects.

Suppliers and contractors

The Group's reliance on services and materials provided by external suppliers and contractors has increased following the completion of the Restructuring as the Group is no longer a vertically integrated producer of copper. Smelting, electricity supply, shaft sinking, auxiliary construction and maintenance services may be provided by the Disposal Assets, now owned by Cuprum Holding, a related party. As these suppliers are not owned by KAZ Minerals, there can be no guarantee that these services or other services sourced externally will be provided, or will be provided to the standards required by the Group or will not be subject to delay, interruption or periods of non-availability.

In periods of increased demand, supplies may not always be readily available which can result in an increase in lead times and cost inflation for raw materials and items such as mining equipment. The Group is reliant on the services of specialist contractors for the development of the major growth projects. KAZ Minerals is also reliant on transportation and logistics providers to move production materials and finished goods.

Labour and community relations

Many of the Group's employees are represented by labour unions under various collective labour agreements. Negotiations of wages may become more difficult in times of higher commodity prices as labour unions may seek wage increases and other forms of additional compensation. In addition, the Group's employees may seek wage increases outside the collective labour agreements and labour agreements may not prevent a strike or work stoppage. Labour unions may resist measures to raise labour efficiency.

The Group currently operates in areas of Kazakhstan and Kyrgyzstan where it is a major employer and may also provide targeted support to the local community. Community expectations are typically complex with the potential for multiple inconsistent stakeholder views that may be difficult to resolve. Industrial accidents, health and safety and environmental incidents may negatively affect the Group's community relationships.

Reserves and resources

KAZ Minerals' ore reserves for operating mines and development projects are largely based on the estimation method for reserves and resources established by the former Soviet Union. There are numerous uncertainties inherent in estimating ore reserves and geological, technical and economic assumptions that were valid at the time of estimation may change significantly when new information becomes available.

Compliance risks

Subsoil use rights

In Kazakhstan and Kyrgyzstan all subsoil reserves belong to the State. Subsoil use rights are not granted in perpetuity and any renewal must be agreed before the expiry of the relevant contract or licence. Rights may be terminated if the Group does not satisfy its licensing or contractual obligations, which may include financial commitments to State authorities and the satisfaction of mining, development, environmental, social, and health and safety requirements. In recent years, legislation relating to subsoil use rights has increased licence obligations, technical documentation, work programmes and the level of goods and services sourced from Kazakhstan. The authorities have also increased their monitoring of compliance with legislation and subsoil use contract requirements.

Environmental compliance

The Group operates in an industry that is subject to numerous environmental laws and regulations. As regulatory standards and requirements continually develop, the Group may be exposed to increased compliance costs and environmental emission charges. Policies and measures at a national and international level to tackle climate change will increasingly affect the business, thereby presenting greater environmental and regulatory risks.

Financial risks

Commodity prices

The Group's policy is to sell its products under contract at prices determined by reference to prevailing market prices on international global metal exchanges. The Group's financial results are strongly influenced by commodity prices, in particular copper and the major by-products, gold, silver and zinc. During the first half of 2015, the LME copper price has traded below $5,400 per tonne, compared to an average of $6,862 per tonne in 2014 and the average LBMA prices for gold and silver have also been below the averages recorded in the prior year. The prices for these metals are dependent on a number of factors, including world supply and demand and investor sentiment. In particular, KAZ Minerals is exposed to demand from China as described below, a major consumer of the metals which the Group produces. Due to these factors, commodity prices may be subject to significant fluctuations, which could have a positive or negative impact on the Group's financial results.

Exposure to China

In addition to the impact of Chinese demand on the pricing of KAZ Minerals' major products, as noted under the 'Commodity prices' risk above, the Group makes significant physical sales to a limited number of customers in China. In 2014, sales to China accounted for a significant portion of the continuing operations' revenues. Sales to China are likely to increase further when production commences from the major growth projects. In addition, the Group uses contractors, services and materials from China. China is also an important source of financing to the Group with long-term debt facilities secured which provide access to funding of $3.5 billion at 30 June 2015, primarily for the development of Bozshakol and Aktogay.

Acquisitions and divestments

In the course of delivering its strategy, the Group may acquire or dispose of assets or businesses. Corporate transactions may, however, fail to achieve the expected benefit or value to the Group. All business combinations or acquisitions entail a number of risks including the cost of effectively integrating acquisitions to realise synergies, significant write-offs or restructuring charges, unanticipated costs and liabilities and loss of key personnel. The Restructuring was effected under the laws and regulations of Kazakhstan which are subject to change and open to interpretation, including the legal and tax aspects of the Restructuring which could give rise to liabilities for KAZ Minerals.

Liquidity

The Group is exposed to liquidity risks, including the risk that borrowing facilities are not available to meet cash requirements, and the risk that financial assets cannot readily be converted to cash without the loss of value. The current decline in commodity prices, if sustained in the medium term, would have a negative impact on the Group's cash flows during a period in which the major projects are commencing production. The successful commissioning of Bozshakol is expected to expand the range of financing options available to KAZ Minerals.

Taxation

As the tax legislation in Kazakhstan and Kyrgyzstan has been in force for a relatively short period of time, the tax risks in these countries are substantially greater than typically found in countries with more established tax systems. The tax regime may be subject to change and is also subject to different and changing interpretations, as well as inconsistent enforcement. The timing and mechanism by which tax payments are made to and balances are returned from the tax authorities may be subject to change and is also subject to different and changing interpretations. Tax regulation and compliance is subject to review and investigation by the authorities who may impose severe fines, penalties and interest charges.

CORPORATE RESPONSIBILITY

Following the Restructuring completed in October 2014 in which the Group disposed of 12 copper mines, four concentrators, two smelters, two coal mines and three captive heat and power stations, there have been significant reductions in impact across many Corporate Responsibility metrics compared to the prior year period. Where available, data for the Group's impacts in the first half of 2014 has been provided for the continuing operations.

Health and safety

We are disappointed to report that two fatalities occurred in the first half of 2015, one at the Irtyshsky mine and the second at Aktogay. The Irtyshsky fatality resulted from interaction with stationary energised equipment whilst at Aktogay a fall occurred during lifting of construction materials. There was a further fatality at the Irtyshsky mine in August 2015. Each fatality has been investigated by Group Health and Safety management and the authorities, with measures taken to prevent the recurrence of the specific circumstances and underlying factors which contributed to the incidents.

As with all fatalities, we consider these incidents to be both regrettable and avoidable. Over the past five years there has been a consistent year on year reduction in the number of fatalities across the Group, reflecting continuing initiatives to improve our health and safety performance. Two fatalities in the first half of 2015 compares to six fatalities occurring in the continuing operations in the first half of 2014[1]. Fatality rates have reduced from 0.60 per million hours worked in the first half of 2014 to 0.11 in the first half of 2015. This reduction is driven both by fewer fatalities and an increase in the number of hours worked, from 10 million in the first half of 2014 to 18 million in the first half of 2015 as activity at Bozshakol, Aktogay and Bozymchak has increased. The improvement in fatality rates has been achieved at a time when the major growth projects have been moving through a higher-risk construction period. Our target is zero fatalities and we will continue our efforts to improve performance in this critical area.

[1] 2014 Annual Report and Accounts stated six fatalities from continuing operations, with five occurring in the first half of 2014. One fatality in the first half of 2014 had been initially assessed as due to natural causes but was reclassified as a work-related fatality in April 2015.

From the start of 2015 the Group has adopted the classifications set out in the ICMM Health and Safety Performance Indicators published in January 2014. There were 42 Recordable Cases of occupational injuries and diseases in the first half of 2015, at a Total Recordable Case Frequency Rate of 2.3 cases per million hours worked. The Total Recordable Injury Frequency Rate was 1.6 cases per million hours worked.

A number of initiatives have been undertaken in the first half of 2015 to address key health and safety risks faced by the Group. A framework for "safe and productive work" has been established to assist in both preventing incidents before they happen and in guiding investigations after the event. The framework describes how the right people, following the correct procedures, using the right equipment and operating in a safe work environment are all required to ensure safe and productive work. If one or some of these elements are deficient, the likelihood of harm is increased. These elements are underpinned by the required management systems and safety culture.

The Group is developing a revised set of Health, Safety and Environmental Management Standards, including standards which are specific to fatality risks. We conducted two external reviews of high-priority fatality risks in the first half of 2015. One of the reviews focused on underground mining operations, in particular geotechnical risk management. The second review assessed the chartered aviation service providers used by the Group. In both cases action plans have been developed to address areas identified for improvement.

Environment

Energy consumption in the first half of 2015 fell by 80% to 492 GWh compared to 2,434 GWh for the full Group in the prior year period, as a number of assets were disposed of in the Restructuring. The Group's continuing operations increased energy consumption by 5% from 470 GWh in the first half of 2014 as mining and concentrating activity increased at the new Bozymchak mine, which is ramping up production.

SO_2, ash and NO_X emissions have been reduced significantly following the Restructuring, as the Group no longer owns and operates smelting or power generating facilities. In the first half of 2015, SO_2 and ash emissions reduced by 99% and NO_X reduced by 95% compared to the first half of 2014. As a result of the changes to the asset base following the Restructuring, these emissions metrics have now been deemed immaterial to the Group's environmental impact and will no longer be reported on.

The Group generated 239,068 tonnes of Scope 1 CO_2 emissions and 240,651 tonnes of Scope 2 emissions in the first half of 2015. Prior to the Restructuring, the Group operated a number of power assets, including three captive power stations and Ekibastuz GRES-1, the largest power station in Kazakhstan in which the Group held a 50% interest until its sale on 1 April 2014. In 2014, Group CO_2 emissions amounted to 12.1 million tonnes of Scope 1 emissions with negligible Scope 2 emissions. As the Group no longer operates significant power assets it is now a net purchaser of power from outside sources, resulting in an increase in Scope 2 emissions and reduced Scope 1 emissions.

92% of the Scope 1 CO_2 emissions in the first half of 2015 were due to operation of an energy grid and provision of heat to the mining operations in the East Region using coal powered facilities. The mining and concentrating operations in the East Region accounted for 83% of the Scope 2 emissions as power is purchased from external sources.

The Group's mining operations generated 4.2 MT of waste in the first half of 2015, consisting predominantly of tailings from processed ore and waste rock from stripping activities. There were also minor quantities of wastes from water treatment operations and general industrial waste. This represents a 91% reduction compared to total waste generation in the first half of 2014 for the full Group, mainly due to the disposal of mining assets as part of the Restructuring. Overburden from stripping works at the Group's retained assets in the East Region and Bozymchak increased from 0.5 MT in the first half of 2014 to 2.3 MT. This was mainly due to the removal of un-mineralised material at the Bozymchak open pit mine.

The waste recycling rate in the first half of 2015 was 5% compared to 37% for continuing operations in the prior year period and 46% for the full Group prior to the Restructuring. The majority of recycling of waste is achieved through the use of tailings in the manufacture of cemented backfill. This is a requirement of the mining methods used at the Group's underground mines and if tailings are not used it would be necessary to import sand from the external environment for this purpose. The reduction in the rate of recycling reflects the changes in the Group's assets following the Restructuring, as a number of mature underground mines were disposed of which had a higher backfill requirement compared to the continuing operations. The reduction in the recycling rate for the continuing operations is due to stripping activity being undertaken at the Bozymchak mine which is open pit and does not require backfill, thereby temporarily increasing generation of overburden whilst reducing the Group's overall recycling rate.

Tailings management poses potentially high environmental risks and is a priority for the Group. In Kazakhstan tailings management is regulated by subsoil law and the Environmental Code. The Group currently operates four tailings facilities, which are subject to rigorous internal monitoring and risk assessment as well as regular inspections by the regulatory authorities.

In the first half of 2015, 1.9 MT of tailings were produced at the four concentrator sites in the East Region and Bozymchak. This was an increase of 0.4 MT or 29% compared to the tailings generated by the same assets in the comparative period in 2014. The increase was due to the ramp-up of concentrator operations at Bozymchak and higher throughput at the Nikolayevsky concentrator following upgrade works.

At the new Bozymchak mine, tailings are filtered before being transported as moist sand by conveyor to the tailings storage facilities. Use of this type of facility was considered to be a necessary investment to minimise environmental risks after assessing the seismicity of the region and the mountainous terrain.

In the important area of water usage the Group has adopted the definitions used by GRI4 for extraction and discharge of water. In the first half of 2015, total water extraction was 5,860 megalitres. This has three components: (i) 2,375 megalitres extracted from surface water (river) sources; (ii) 2,504 megalitres extracted from groundwater wells, and (iii) 981 megalitres obtained from groundwater inflows into underground mines as a natural consequence of mining activities.

The total discharge of water back into the environment was 1,203 megalitres and took place at only three locations. Two of these are at underground mining operations which are located large distances from the processing plants, making it uneconomic to pump the water back for re-use. The third discharge occurs at waste rock dumps adjacent to a closed open pit mine, where acidic drainage water is collected. In each of these situations, the water is treated prior to release to the environment.

KAZ Minerals re-uses as much water as possible. The main re-use stream is from final tailings thickeners and from tailings dams. This re-use stream represents approximately 70% of the total water input to concentrators, with the only losses in the system due to unavoidable evaporation and water bound up in tailings.

Employees and social responsibility

KAZ Minerals is a major employer in Kazakhstan with a strong social responsibility to our employees, contractors and the communities surrounding our assets. The Group offers competitive remuneration for its employees and in the first half of 2015 we spent $174 million on locally sourced goods and services, representing 83% of total procurement not related to the major growth projects. We have continued our efforts to support local communities through a series of initiatives to develop education, sport, healthcare and infrastructure in the regions where we operate. In the first six months of 2015, social investment commitments amounted to $9 million, with the three main projects in the East Region being a new haematology centre in the town of Semey, a road building project in

Glubokovsky district and the purchase of medical equipment for the East Kazakhstan regional hospital in Ust-Kamenogorsk. We will continue to provide support to the communities around our operations.

On 8 July 2015, a disturbance occurred in the canteen facilities of the contractor controlled camp at Aktogay, which resulted in a number of injuries to contractors. No KAZ Minerals employees were involved. The contractor resumed activity shortly after the incident with no impact on the overall timetable for the project.

Reporting

From 2015, KAZ Minerals has adopted in full the occupational injury and disease classification definitions published in January 2014 by the ICMM in order to report our safety and health performance on a comparable basis to that of our major global mining peers.

The Group uses the GRI4 reporting framework as a reference when reporting its environmental impacts. Where possible, the Group intends to progressively align its reporting with the GRI4 framework.

DIRECTORS' RESPONSIBILITY STATEMENT

Each Director confirms to the best of his knowledge that this condensed set of financial statements has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the European Union and that the half-yearly report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months of the financial year, and their impact on this condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions that have taken place in the first six months of the current financial year and any material changes in the related party transactions described in the KAZ Minerals 2014 Annual Report and Accounts.

The Directors of KAZ Minerals PLC are listed on the Company's website at www.kazminerals.com.

OLEG NOVACHUK
CHIEF EXECUTIVE
19 August 2015

INDEPENDENT REVIEW REPORT TO KAZ MINERALS PLC

Introduction

We have been engaged by KAZ Minerals PLC (the 'Company') to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2015 which comprises consolidated income statement, consolidated statement of other comprehensive income, consolidated balance sheet, consolidated statement of cash flows, consolidated statement of changes in equity and notes 1 to 16. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules (the 'DTR') of the UK's Financial Conduct Authority (the 'UK FCA'). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 3, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union ('EU') and as issued by the International Accounting Standards Board ('IASB'). The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 ('IAS 34'), Interim Financial Reporting as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2015 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Jimmy Daboo

For and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London E14 5GL

19 August 2015

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

Six months ended 30 June 2015

$ million (unless otherwise stated)	Notes	**Six months ended 30 June 2015**	Six months ended 30 June 2014
Continuing operations			
Revenues	4(b)	**341**	425
Cost of sales		**(228)**	(220)
Gross profit		**113**	205
Selling and distribution expenses		**(14)**	(14)
Administrative expenses		**(71)**	(64)
Net operating income/(expenses)		**2**	(1)
Impairment losses	5	**(15)**	(23)
Operating profit		**15**	103
Analysed as:			
Operating profit (excluding special items)		**29**	126
Special items	6	**(14)**	(23)
Finance income	7	**13**	112
Finance costs	7	**(26)**	(319)
Profit/(loss) before taxation		**2**	(104)
Analysed as:			
Profit before taxation (excluding special items)		**16**	100
Special items	6	**(14)**	(204)
Income tax expense	8	**(15)**	(33)
Loss for the period from continuing operations		**(13)**	(137)
Discontinued operations			
Profit for the period from discontinued operations	13(c)	**–**	187
(Loss)/profit for the period		**(13)**	50
Attributable to:			
Equity holders of the Company		**(13)**	49
Non-controlling interests		**–**	1
		(13)	50
EPS attributable to equity holders of the Company – basic and diluted			
From continuing operations ($)	9(a)	**(0.03)**	(0.31)
From discontinued operations ($)	9(a)	**–**	0.42
		(0.03)	0.11
EPS based on Underlying Profit – basic and diluted			
From continuing operations ($)	9(b)	**0.01**	0.16
From discontinued operations ($)	9(b)	**–**	(0.10)
		0.01	0.06

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME (UNAUDITED)

Six months ended 30 June 2015

$ million	Notes	**Six months ended 30 June 2015**	Six months ended 30 June 2014
(Loss)/profit for the period		**(13)**	50
Other comprehensive income/(expense) for the period after tax:			
Items that will never be reclassified to the income statement:			
Actuarial gains/(losses) on employee benefits, net of tax		**1**	(1)
		1	(1)
Items that are or may be reclassified subsequently to the income statement:			
Exchange differences on retranslation of foreign operations		**(58)**	(466)
Recycling of exchange differences on disposal of joint venture	13(b)	**–**	24
		(58)	(442)
Other comprehensive expense for the period		**(57)**	(443)
Total comprehensive expense for the period		**(70)**	(393)
Attributable to:			
Equity holders of the Company		**(70)**	(394)
Non-controlling interests		**–**	1
		(70)	(393)
Total comprehensive expense attributable to equity holders of the Company arising from:			
Continuing operations		**(70)**	(323)
Discontinued operations		**–**	(71)
		(70)	(394)

CONSOLIDATED BALANCE SHEET (UNAUDITED)

At 30 June 2015

$ million	Notes	At 30 June 2015	At 31 December 2014	At 30 June 2014
Assets				
Non-current assets				
Intangible assets		**10**	11	22
Property, plant and equipment		**2,825**	2,264	2,628
Mining assets		**475**	476	775
Other non-current assets		**414**	429	733
Deferred tax asset		**54**	42	49
		3,778	3,222	4,207
Current assets				
Inventories		**164**	147	510
Prepayments and other current assets		**62**	49	295
Income taxes receivable		**1**	2	12
Trade and other receivables		**63**	168	167
Investments	12(c)	**400**	400	965
Cash and cash equivalents	12(b)	**1,060**	1,730	1,569
		1,750	2,496	3,518
Total assets		**5,528**	5,718	7,725
Equity and liabilities				
Equity				
Share capital	10(a)	**171**	171	171
Share premium		**2,650**	2,650	2,650
Capital reserves		**(357)**	(299)	(983)
Retained earnings		**(432)**	(421)	1,986
Attributable to equity holders of the Company		**2,032**	2,101	3,824
Non-controlling interests		**3**	3	5
Total equity		**2,035**	2,104	3,829
Non-current liabilities				
Borrowings	11	**2,805**	2,911	2,460
Deferred tax liability		**28**	17	24
Employee benefits		**20**	22	427
Provisions		**23**	26	94
		2,876	2,976	3,005
Current liabilities				
Trade and other payables		**351**	435	573
Borrowings	11	**244**	181	266
Income taxes payable		**19**	20	1
Employee benefits		**3**	2	46
Provisions		**–**	–	5
		617	638	891
Total liabilities		**3,493**	3,614	3,896
Total equity and liabilities		**5,528**	5,718	7,725

These condensed consolidated financial statements were approved by the Board of Directors on 19 August 2015.

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

Six months ended 30 June 2015

$ million	Notes	**Six months ended 30 June 2015**	Six months ended 30 June 2014
Cash flows from operations			
Cash flows from operations before interest and income taxes	12(a)	**7**	307
Interest paid		**(85)**	(82)
Income taxes paid		**(13)**	(25)
Net cash flows (used in)/from operating activities		**(91)**	200
Cash flows from investing activities			
Interest received		**3**	5
Proceeds from disposal of property, plant and equipment		**3**	3
Purchase of the Koksay license		**–**	(195)
Purchase of intangible assets		**(1)**	(4)
Purchase of property, plant and equipment		**(511)**	(558)
Investments in mining assets		**(22)**	(82)
Licence payments for subsoil contracts		**–**	(2)
Proceeds from disposal of share in joint venture		**–**	1,249
Acquisition of non-current investments		**–**	(1)
Movement in short-term bank deposits	12(c)	**–**	(340)
Net cash flows (used in)/from investing activities		**(528)**	75
Cash flows from financing activities			
Proceeds from borrowings		**48**	24
Repayment of borrowings		**(94)**	(414)
Net cash flows used in financing activities		**(46)**	(390)
Net decrease in cash and cash equivalents	12(c)	**(665)**	(115)
Cash and cash equivalents at the beginning of the period		**1,730**	1,715
Effect of exchange rate changes on cash and cash equivalents	12(c)	**(5)**	(31)
Cash and cash equivalents at the end of the period	12(b)	**1,060**	1,569

The consolidated statement of cash flows includes cash flows from both continuing and discontinued operations.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Six months ended 30 June 2015

	Attributable to equity holders of the Company						
$ million	Share capital	Share premium	Capital reserves	Retained earnings	Total	Non-controlling interests	Total equity
At 1 January 2015	**171**	**2,650**	**(299)**	**(421)**	**2,101**	**3**	**2,104**
Loss for the period	**–**	**–**	**–**	**(13)**	**(13)**	**–**	**(13)**
Actuarial gains on employee benefits, net of tax	**–**	**–**	**–**	**1**	**1**	**–**	**1**
Exchange differences on retranslation of foreign operations	**–**	**–**	**(58)**	**–**	**(58)**	**–**	**(58)**
Total comprehensive expense for the period	**–**	**–**	**(58)**	**(12)**	**(70)**	**–**	**(70)**
Share-based payments	**–**	**–**	**–**	**1**	**1**	**–**	**1**
At 30 June 2015	**171**	**2,650**	**(357)**	**(432)**	**2,032**	**3**	**2,035**
At 1 January 2014	171	2,650	(541)	1,937	4,217	4	4,221
Profit for the period	–	–	–	49	49	1	50
Actuarial losses on employee benefits, net of tax	–	–	–	(1)	(1)	–	(1)
Exchange differences on retranslation of foreign operations	–	–	(466)	–	(466)	–	(466)
Recycling of exchange differences on disposal of joint venture	–	–	24	–	24	–	24
Total comprehensive (expense)/income for the period	–	–	(442)	48	(394)	1	(393)
Share-based payments	–	–	–	1	1	–	1
At 30 June 2014	171	2,650	(983)	1,986	3,824	5	3,829

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Six months ended 30 June 2015

1. Corporate information

KAZ Minerals PLC (the 'Company') is a public limited company incorporated in England and Wales. The Company's registered office is 6th Floor, Cardinal Place, 100 Victoria Street, London SW1E 5JL, United Kingdom. The Group comprises the Company and its consolidated divisions as set out below. The Restructuring which resulted in the sale of a number of the Group's relatively mature mining and power operations, primarily located in the Zhezkazgan and Central Regions (the 'Disposal Assets') completed in October 2014. On completion, the Company which was previously known as Kazakhmys PLC changed its name to KAZ Minerals PLC. Following the Restructuring, the Group consists of the East Region operations, Bozymchak and the Mining Projects (major growth projects).

Operating division	Principal activity	Primary country of operations
East Region operations	Mining and processing of copper and other metals	Kazakhstan
Bozymchak	Development of gold-copper deposits	Kyrgyzstan
Mining Projects	Development of copper deposits	Kazakhstan

These condensed consolidated financial statements for the six months ended 30 June 2015 were authorised for issue in accordance with a resolution of the Board on 19 August 2015. The information for the year ended 31 December 2014 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. A copy of the statutory accounts for that year, which were prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, as adopted by the European Union up to 31 December 2014, has been delivered to the Registrar of Companies. The auditor's opinion in relation to those accounts was unqualified, did not draw attention to any matters by way of emphasis and also did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006.

2. Basis of preparation

(a) Condensed consolidated financial statements

The condensed consolidated financial statements for the six month period ended 30 June 2015 have been prepared in accordance with International Accounting Standard (IAS) 34 *'Interim Financial Reporting'* and the requirements of the Disclosure and Transparency Rules (DTR) of the Financial Conduct Authority in the United Kingdom as applicable to interim financial reporting. These condensed consolidated financial statements represent a 'condensed set of financial statements' as referred to in the DTR issued by the Financial Conduct Authority. Accordingly, they do not include all the information and disclosures required for full annual financial statements, and should be read in conjunction with the Annual Report and Accounts for the year ended 31 December 2014.

(b) Comparative figures

Where a change in the presentational format of these condensed consolidated financial statements has been made during the period, comparative figures have been restated accordingly.

The sale of a number of the Group's relatively mature mining and power operations, primarily located in the Zhezkazgan and Central Regions (the 'Disposal Assets') was approved by the independent shareholders on 15 August 2014. These operations were reclassified as assets held for sale and as a discontinued operation from that date. The consolidated income statement for the six month period ended 30 June 2014 has been restated to conform to this presentation. The sale completed in October 2014.

Consistent with industry practice the Group has included mineral licences and properties within mining assets. At 30 June 2014, mining licenses totalling $249 million, principally related to the Koksay licence within the continuing Group, were included within intangible assets and have been reclassified to mining assets.

(c) Significant accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Judgements are based on the Directors' best knowledge of the relevant facts and circumstances having regard to prior experience, but actual results may differ from the amounts included in the condensed consolidated financial statements.

Estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions applied are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing these condensed consolidated financial statements, significant judgements made by the Directors in applying the Group's accounting policies and the key sources of estimation uncertainty used, including the disclosures of the continuing operations and the Disposal Assets in the income statement, were consistent, in all material respects, as those applied to the Group's consolidated financial statements for the year ended 31 December 2014.

(d) Going concern

The Directors have considered the Group's cash flow forecasts for the period to 30 September 2016 which takes into account the Group's financial position with significant liquidity on hand, the available borrowing facilities, the planned capital expenditure programme, the outlook for the Group's products and the current status of its major growth projects.

In making its assessment, the Board has taken into account the currently expected delay in the commissioning of the Bozshakol concentrator to the first quarter of 2016 and has forecast that copper prices will trade at current levels for the remainder of 2015 followed by a moderate recovery in 2016. The Board has also considered the Group's principal risks, which include the impact of a sustained low commodity price environment and further delays in the commissioning and ramp-up of Bozshakol. It is the Board's opinion that the successful delivery of Bozshakol in the currently expected timeframe will expand the range of financing options available to the Group in the first half of 2016 which would allow it to continue construction at Aktogay at the planned rate even if commodity prices do not recover from current levels as forecast. In the event of further delays with the commissioning of Bozshakol, the Board would consider a re-phasing of capital expenditure at Aktogay to conserve funds until Bozshakol reaches commercial production and would commence discussions with existing lenders to amend the repayment profile of its debt facilities.

Accordingly, the Directors are satisfied that it is appropriate to adopt the going concern basis of accounting in preparing the interim financial information for these condensed consolidated financial statements.

3. Summary of significant accounting policies

(a) Basis of accounting

The condensed consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments which have been measured at fair value. The condensed consolidated financial statements are presented in US dollars ('$') and all financial information has been rounded to the nearest million dollars ('$ million') except where otherwise indicated.

The Group has not adopted any new standards in 2015. The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014.

The Group has not early adopted any standard, interpretation or amendment that was issued but is not yet effective.

In preparing these condensed consolidated financial statements, the Group has adopted all the applicable extant accounting standards issued by the IASB and all the applicable extant interpretations issued by the IFRIC as at 30 June 2015, as adopted by the European Union up to 30 June 2015.

(b) Exchange rates

The following foreign exchange rates against the US dollar have been used in the preparation of the condensed consolidated financial statements:

	30 June 2015		31 December 2014		30 June 2014	
	Spot	**Average**	Spot	Average	Spot	Average
Kazakhstan tenge	**186.20**	**185.25**	182.35	179.19	183.51	176.44
Kyrgyz som	**62.08**	**60.63**	58.89	53.64	52.04	52.48
UK pounds sterling	**0.64**	**0.66**	0.64	0.61	0.59	0.60

(c) Devaluation of the tenge

On 11 February 2014, the National Bank of Kazakhstan announced it would seek to support the tenge at around 185 KZT to the US dollar, resulting in a devaluation of approximately 19%. The impact of the devaluation in the condensed consolidated financial statements for the period ended 30 June 2014 was as follows:

- net finance costs from continuing operations of $207 million included net foreign exchange losses of $181 million which arose from the retranslation of tenge denominated monetary assets and liabilities, particularly on intercompany loans, within the Group's UK subsidiaries which had a US dollar functional currency. The net foreign exchange loss that arose from the devaluation of the tenge was non-operational and treated as a special item;
- the profit for the period from discontinued operations included a net foreign exchange gain of $24 million which arose from the tenge devaluation and was treated as a special item; and
- non-cash foreign exchange loss of $466 million recognised within equity, primarily due to the retranslation on consolidation of the Group's Kazakhstan based subsidiaries whose functional currency is the tenge, which mainly arose at the time of the devaluation.

4. Segment information

Information provided to the Group's Board of Directors for the purposes of resource allocation and the assessment of segmental performance is prepared in accordance with the management and operational structure of the Group. For management and operational purposes, the Group is organised into three separate businesses as shown below, according to the nature of their operations, end-products and services rendered. Each of these business units represents an operating segment in accordance with IFRS 8 '*Operating segments'*.

The Restructuring undertaken by the Group in 2014 resulted in a change in the Group's operating segments. As the Disposal Assets were classified as a discontinued operation at 15 August 2014, with the comparatives restated to conform to this presentation, the operating segment disclosures for the six months ended 30 June 2014 have also been restated to reflect this classification. The Group's updated operating segments are:

East Region operations

The East Region operations business is managed as one operating segment which comprises the Group's main operating entity, Vostoktsvetmet LLC ('VCM'), whose principal activity is the mining and processing of copper and other metals which are produced as by-products; and the associated international sales and marketing activities managed out of the UK.

Bozymchak

The Bozymchak gold-copper deposit is located in Kyrgyzstan and is in the pre-commercial production phase; and the associated international sales and marketing activities managed out of the UK. The Bozymchak operation achieved commercial production on 1 July 2015 with its revenues and costs being recorded in the income statement from that date.

Mining Projects

The Group's project companies, whose responsibility is the development of the Group's major growth projects (Aktogay, Bozshakol and Koksay).

Managing and measuring operating segments

The key performance measure of the operating segments is EBITDA (excluding special items), which is defined as profit before interest, taxation, depreciation, depletion, amortisation, the non-cash component of the disability benefits obligation and mineral extraction tax, as adjusted for special items. Special items are those items which are non-recurring or variable in nature and which do not impact the underlying trading performance of the business (see note 6).

The Group's Treasury department monitors finance income and finance costs at the Group level on a net basis rather than on a gross basis at an operating segment level.

Segmental information is also provided in respect of revenues, by product and by destination in note 4(b).

(a) Operating segments

(i) Income statement information

$ million	East Region operations	Bozymchak	Mining Projects Aktogay	Mining Projects Bozshakol	Corporate Services	Income statement
	Six months ended 30 June 2015					
Revenues	**341**	**–**	**–**	**–**	**–**	**341**
EBITDA (excluding special items)	**109**	**(1)**	**(1)**	**(6)**	**(13)**	**88**
Special items – note 6:						
Less: impairment charges	**(12)**	**–**	**–**	**–**	**–**	**(12)**
Less: loss on disposal of assets	**–**	**–**	**–**	**–**	**(2)**	**(2)**
EBITDA	**97**	**(1)**	**(1)**	**(6)**	**(15)**	**74**
Add: excess cash component of the disability benefits obligation[1]	**2**	**–**	**–**	**–**	**–**	**2**
Less: depreciation, depletion and amortisation	**(26)**	**(1)**	**–**	**–**	**(1)**	**(28)**
Less: mineral extraction tax[2]	**(33)**	**–**	**–**	**–**	**–**	**(33)**
Operating profit/(loss)	**40**	**(2)**	**(1)**	**(6)**	**(16)**	**15**
Net finance costs						**(13)**
Income tax expense						**(15)**
Loss for the year						**(13)**

$ million	East Region operations	Bozymchak	Mining Projects Aktogay	Mining Projects Bozshakol	Corporate Services[3]	Continuing operations	Discontinued operations[4]
	Six months ended 30 June 2014						
Revenues							
Segment sales	425	–	–	–	–	425	914
Inter-segment sales	–	–	–	–	–	–	(52)
Sales to external customers	425	–	–	–	–	425	862
EBITDA (excluding special items)	219	(1)	(3)	(4)	(16)	195	129
Special items – notes 6 and 13(e):							
Add: provisions released against historic tax claims	–	–	–	–	–	–	15
Less: restructuring and transaction costs	–	–	–	–	–	–	(12)
Less: impairment charges	–	(23)	–	–	–	(23)	(9)
Add: gain on disposal of assets[5]	–	–	–	–	–	–	206
EBITDA	219	(24)	(3)	(4)	(16)	172	329
Less: non-cash component of the disability benefits obligation[1]	(1)	–	–	–	–	(1)	(21)
Less: depreciation, depletion and amortisation	(18)	(1)	–	–	(1)	(20)	(81)
Less: mineral extraction tax[2]	(48)	–	–	–	–	(48)	(27)
Operating profit/(loss)	152	(25)	(3)	(4)	(17)	103	200
Net finance costs						(207)	(7)
Income tax expense						(33)	(6)
(Loss)/profit for the year						(137)	187

[1] The excess/(non) cash component of the Group's disability benefits obligation has been excluded from EBITDA, a key financial indicator, as EBITDA is a proxy for cash earnings from current trading performance. The non-cash component of the disability benefits obligation is determined as the actuarial remeasurement charge recognised in the income statement less the actual cash payments disbursed during the period in respect of the disability benefits obligation.

[2] MET has been excluded from the key financial indicator of EBITDA. The Directors believe that MET is a substitute for a tax on profits, hence its exclusion provides a more informed measure of the operational performance of the Group.

[3] Following the restatement of the income statement comparatives to reflect the Disposal Assets as discontinued operations, inter-segment rechargeable costs of $8 million were reallocated from the previous Kazakhmys Mining segment within the Disposal Assets to the East Region within the continuing operations.

[4] For the six months ended 30 June 2014, discontinued operations comprise the results of the Disposal Assets and the gain on disposal of the Group's investment in Ekibastuz GRES-1.

[5] On 1 April 2014 the Group completed the sale of its investment in the Ekibastuz GRES-1 joint venture and Kaz Hydro recognising a gain on disposal of $207 million. In addition the Group incurred a $1 million of loss on disposal of property, plant and equipment.

(ii) Balance sheet information

$ million	East Region operations	Bozymchak	Mining Projects Aktogay	Mining Projects Bozshakol	Mining Projects Koksay	Corporate Services	Balance sheet
							At 30 June 2015
Assets							
Property, plant and equipment, mining assets and intangible assets[1]	**327**	**60**	**977**	**1,712**	**231**	**3**	**3,310**
Intragroup investments	**–**	**–**	**–**	**–**	**–**	**3,150**	**3,150**
Other non-current assets[2]	**5**	**21**	**189**	**199**	**–**	**–**	**414**
Operating assets[3]	**200**	**29**	**45**	**6**	**13**	**237**	**530**
Inter-segment loans	**–**	**–**	**–**	**–**	**–**	**2,339**	**2,339**
Current investments	**–**	**–**	**–**	**–**	**–**	**400**	**400**
Cash and cash equivalents	**17**	**4**	**69**	**30**	**1**	**939**	**1,060**
Segment assets	**549**	**114**	**1,280**	**1,947**	**245**	**7,068**	**11,203**
Deferred tax asset							**54**
Income taxes receivable							**1**
Elimination							**(5,730)**
Total assets							**5,528**
Liabilities							
Employee benefits and provisions	**29**	**2**	**6**	**6**	**3**	**–**	**46**
Inter-segment borrowings	**15**	**134**	**794**	**1,396**	**–**	**–**	**2,339**
Operating liabilities[4]	**110**	**60**	**102**	**260**	**–**	**60**	**592**
Segment liabilities	**154**	**196**	**902**	**1,662**	**3**	**60**	**2,977**
Borrowings							**3,049**
Deferred tax liability							**28**
Income taxes payable							**19**
Elimination							**(2,580)**
Total liabilities							**3,493**

$ million	East Region operations	Bozymchak	Mining Projects Aktogay	Mining Projects Bozshakol	Mining Projects Koksay	Corporate Services	Balance sheet
							At 31 December 2014
Assets							
Property, plant and equipment, mining assets and intangible assets[1]	338	52	663	1,465	230	3	2,751
Intragroup investments	–	–	–	–	–	3,068	3,068
Other non-current assets[2]	4	20	195	210	–	–	429
Operating assets[3]	244	28	71	1	13	168	525
Inter-segment loans	–	–	–	–	–	2,074	2,074
Current investments	–	–	–	–	–	400	400
Cash and cash equivalents	136	1	121	65	1	1,406	1,730
Segment assets	722	101	1,050	1,741	244	7,119	10,977
Deferred tax asset							42
Income taxes receivable							2
Elimination							(5,303)
Total assets							5,718
Liabilities							
Employee benefits and provisions	30	5	6	6	3	–	50
Inter-segment borrowings	14	312	542	1,206	–	–	2,074
Operating liabilities[4]	127	56	115	219	1	78	596
Segment liabilities	171	373	663	1,431	4	78	2,720
Borrowings							3,092
Deferred tax liability							17
Income taxes payable							20
Elimination							(2,235)
Total liabilities							3,614

$ million	East Region operations	Bozymchak	Mining Projects Aktogay	Mining Projects Bozshakol	Mining Projects Koksay	Corporate Services	Disposal Assets	Balance sheet
								At 30 June 2014
Assets								
Property, plant and equipment, mining assets and intangible assets[1]	305	154	278	958	227	2	1,501	3,425
Intragroup investments	–	–	–	–	–	3,123	–	3,123
Other non-current assets[2]	–	28	361	307	–	–	37	733
Operating assets[3]	218	26	–	3	–	289	694	1,230
Inter-segment loans	–	–	–	–	–	1,927	–	1,927
Current investments	–	–	–	–	–	925	40	965
Cash and cash equivalents	266	4	16	41	–	1,042	200	1,569
Segment assets	789	212	655	1,309	227	7,308	2,472	12,972
Deferred tax asset								49
Income taxes receivable								12
Elimination								(5,308)
Total assets								7,725
Liabilities								
Employee benefits and provisions	32	3	5	7	2	–	523	572
Inter-segment borrowings	21	290	235	1,144	144	–	93	1,927
Operating liabilities[4]	56	53	48	206	14	96	358	831
Segment liabilities	109	346	288	1,357	160	96	974	3,330
Borrowings								2,726
Deferred tax liability								24
Income taxes payable								1
Elimination								(2,185)
Total liabilities								3,896

1 Property, plant and equipment, mining assets and intangible assets are located in the principal country of operations of each operating segment. The East Region operations and Mining Projects operate in Kazakhstan. The Bozymchak development project operates in Kyrgyzstan.
2 Other non-current assets include other non-current investments, non-current VAT receivable and advances paid for property, plant and equipment.
3 Operating assets comprise inventories, prepayments and other current assets and trade and other receivables, including intragroup receivables.
4 Operating liabilities comprise trade and other payables, including intragroup payables.

(iii) Capital expenditure

$ million	East Region operations	Bozymchak[1,2]	Mining Projects[1] Aktogay	Mining Projects[1] Bozshakol	Mining Projects[1] Koksay	Corporate Services	Total[3]
							Six months ended 30 June 2015
Property, plant and equipment[1,3]	**16**	**1**	**302**	**259**	**–**	**–**	**578**
Mining assets[1,3]	**7**	**3**	**4**	**8**	**3**	**–**	**25**
Intangible assets	**–**	**–**	**–**	**1**	**–**	**–**	**1**
Capital expenditure	**23**	**4**	**306**	**268**	**3**	**–**	**604**

$ million	East Region operations	Bozymchak[1,2]	Mining Projects[1] Aktogay	Mining Projects[1] Bozshakol	Mining Projects[1] Koksay	Corporate Services	Continuing operations[3]	Discontinued operations[4]
								Six months ended 30 June 2014
Property, plant and equipment[1,3]	15	27	199	314	–	–	555	74
Mining assets[1,3]	12	4	2	2	227	–	247	65
Intangible assets	1	–	–	–	–	–	1	3
Capital expenditure	28	31	201	316	227	–	803	142

1 Capital expenditure within the Mining Projects and Bozymchak segments includes capitalised depreciation of $4 million (30 June 2014: $nil) and $1 million (30 June 2014: $1 million) related to property, plant and equipment and mining assets respectively. In addition, the Mining Projects capitalised borrowing costs of $66 million (30 June 2014: $60 million) and $2 million (30 June 2014: $nil) related to property, plant and equipment and mining assets respectively. During the period, the site restoration and clean up provisions within the Mining Projects and Bozymchak segments were reassessed and as a result, decreased by $3 million (30 June 2014: increased by $5 million) with a corresponding adjustment to property, plant and equipment. These amounts are non-cash items and are recorded within site restoration and clean up provisions and provisions for payments for licences.
2 Cash capital expenditure for Bozymchak of $4 million includes the capitalisation of $2 million of net operating cash flows generated in the period before the project has reached commercial production.
3 Capital expenditure includes non-current advances paid for items of property, plant and equipment.
4 For the six months ended 30 June 2014, discontinued operations comprise the results of the Disposal Assets.

(b) Segmental information in respect of revenues

The table below shows the revenues by product in respect of continuing operations. The disclosure relating to discontinued operations is presented in note 13(d).

$ million	**Six months ended 30 June 2015**	Six months ended 30 June 2014
Copper cathodes	**229**	275
Silver	**21**	46
Zinc metal in concentrate	**64**	70
Gold	**13**	21
Other by-products	**11**	11
Other revenue	**3**	2
	341	425

Revenues by destination to third parties are as follows:

$ million	**Six months ended 30 June 2015**	Six months ended 30 June 2014
Europe	**77**	–
China	**143**	241
Kazakhstan	**83**	104
Other	**38**	80
	341	425

Six months ended 30 June 2015

Five customers within the East Region operations segment, two of which are collectively under common control, represent 51% of total Group revenue ($173 million) for the six months. The revenue from the two customers under common control of $49 million represents 14% of the total Group revenue from continuing operations. Revenues from the remaining three major customers of $124 million represent 36% of Group revenue.

Six months ended 30 June 2014

Five customers within the East Region operations segment, three of which are collectively under common control, represented 45% of total Group revenue from continuing operations for the six months. The total revenue from these customers was $193 million. The revenue from the three customers under common control of $75 million represented 18% of the total Group revenue from continuing operations. Revenues from the two remaining customers of $118 million represented 28% of Group revenue from continuing operations.

5. Impairment losses

The table below relates to continuing operations only.

$ million	**Six months ended 30 June 2015**	Six months ended 30 June 2014
Impairment charges against property, plant and equipment[1]	**8**	23
Impairment charges against mining assets[1]	**4**	–
Provisions raised against inventories	**1**	1
Provisions raised against other assets	**–**	1
Provisions raised/(released) against trade and other receivables	**2**	(2)
	15	23

[1] These impairments are considered to be special items for the purposes of determining the Group's key financial indicator of EBITDA (excluding special items) and Underlying Profit (see note 6).

Six months ended 30 June 2015

During the first half of 2015, an impairment of $8 million has been recognised against administrative land and buildings in Kazakhstan, retained in the Restructuring, which are no longer in use.

In addition, a charge of $4 million has been recognised against mine development works which are not expected to be utilised.

Six months ended 30 June 2014

At 30 June 2014, $23 million of the cumulative capitalised borrowing costs were written-off, with an associated deferred tax credit of $2 million. The impairment charge reduced the carrying value of the Bozymchak project to its recoverable amount of $184 million which was determined on a discounted cash flow basis using a post-tax discount rate of 13% (pre-tax discount rate of 14.0%).

6. Special items

Special items are those items which are non-recurring or variable in nature and which do not impact the underlying trading performance of the business. The table below shows the special items in respect of continuing operations. The disclosures relating to discontinued operations is presented in note 13(e).

$ million	**Six months ended 30 June 2015**	Six months ended 30 June 2014
Special items within operating profit:		
Impairment charges – note 5	**12**	23
Impairment charges against property, plant and equipment	**8**	23
Impairment charges against mining assets	**4**	–
Loss on disposal of assets	**2**	–
	14	23
Special items within profit/(loss) before taxation:		
Net foreign exchange loss arising on the devaluation of the tenge	**–**	181
	14	204
Taxation related special items:		
Net foreign exchange gain arising on the devaluation of the tenge	**–**	6
Deferred tax assets on other special items	**1**	(2)
Total special items	**15**	208

7. Finance income and finance costs

The table below relates to continuing operations only.

$ million	**Six months ended 30 June 2015**	Six months ended 30 June 2014
Finance income		
Interest income	**3**	5
Foreign exchange gains[1]	**10**	107
	13	112
Finance costs		
Interest expense	**(9)**	(9)
Total interest expense	**(77)**	(69)
Less: amounts capitalised to the cost of qualifying assets[2]	**68**	60
Interest on employee obligations	**(1)**	(1)
Unwinding of discount on provisions	**(1)**	(1)
Finance costs before foreign exchange losses	**(11)**	(11)
Foreign exchange losses[1]	**(15)**	(308)
	(26)	(319)

[1] Of the net foreign exchange losses within continuing operations in the period ended 30 June 2014, $181 million arises from the devaluation of the tenge in February 2014 (see note 3(c)).

[2] During the first half of 2015, the Group capitalised to the cost of qualifying assets $49 million (30 June 2014: $56 million) of borrowing costs incurred on the outstanding debt during the period on the CDB Bozshakol and Bozymchak financing facilities at an average rate of net interest of 4.98% (30 June 2014: 5.14%). In addition, $19 million (30 June 2014: $4 million) was capitalised in respect of the CDB-Aktogay US$ and RMB facilities at a weighted average rate of interest of 4.63% (30 June 2014: 6.55%).

8. Income tax expense

The table below relates to continuing operations only. Major components of income tax expense for the periods presented are:

$ million	Six months ended 30 June 2015	Six months ended 30 June 2014
Current income tax		
Corporate income tax – current period (UK)[1]	**–**	(7)
Corporate income tax – current period (overseas)	**13**	59
Corporate income tax – prior periods	**2**	(1)
	15	51
Deferred income tax		
Corporate income tax – current period temporary differences	**(1)**	(15)
Corporate income tax – prior period temporary differences	**1**	(3)
	–	(18)
	15	33

[1] The UK current income tax benefit of $7 million for the first half of 2014 excludes a tax charge of $7 million relating to transactions with the Disposal Assets undertaken during the period and which is included within the income tax expense of the discontinued operations.

A reconciliation of the income tax expense applicable to the accounting profit before tax at the statutory income tax rate to the income tax expense at the Group's effective income tax rate is as follows:

	Six months ended 30 June 2015	Six months ended 30 June 2014
Profit/(loss) before tax from continuing operations	**2**	(104)
At UK statutory income tax rate of 20.25% (30 June 2014: 21.5%)[1]	**–**	(22)
Current income tax – prior periods	**2**	(1)
Deferred income tax – prior periods	**1**	(3)
(Recognised)/unrecognised tax losses	**4**	(3)
Effect of domestic tax rates applicable to individual Group entities	**2**	3
Non-deductible items:		
Net foreign exchange loss arising on the devaluation of the tenge	**–**	51
Other non-deductible expenses	**6**	8
Total income tax expense	**15**	33

[1] For the period ended 30 June 2015, the UK statutory rate for January to March 2015 was 21.0% and for April to December 2015 is 20.0%, giving a weighted average full year rate of 20.25%. For the period ended 30 June 2014, the UK statutory rate for January to March 2014 was 23.0% and for April to December 2014 was 21.0%, giving a weighted average full year rate of 21.5%.

Corporate income tax is calculated at 20.25% (30 June 2014: 21.5%) of the assessable profit for the period for the Company and its UK subsidiaries, 20.0% for the operating subsidiaries in Kazakhstan (30 June 2014: 20.0%) and 10.0% for the Group's Kyrgyzstan based subsidiary (30 June 2014: 10.0%).

9. Earnings per share

(a) Basic and diluted EPS

Basic EPS is calculated by dividing profit for the period attributable to equity holders of the Company by the weighted average number of ordinary shares of 20 pence each outstanding during the period. Purchases of the Company's shares by the Employee Benefit Trust and by the Company under any share buy-back programmes are both held in treasury and treated as own shares.

The following reflects the income and share data used in the EPS computations.

$ million (unless otherwise stated)	Six months ended 30 June 2015	Six months ended 30 June 2014
Net loss attributable to equity holders of the Company from continuing operations	**(13)**	(137)
Net profit attributable to equity holders of the Company from discontinued operations	**–**	186
	(13)	49
Weighted average number of ordinary shares of 20 pence each for EPS calculation	**446,916,089**	446,804,257
EPS – basic and diluted ($)		
From continuing operations	**(0.03)**	(0.31)
From discontinued operations	**–**	0.42
	(0.03)	0.11

(b) EPS based on Underlying Profit

The Group's Underlying Profit is the net profit for the six months excluding special items and their resultant tax and non-controlling interest effects, as shown in the table below. EPS based on Underlying Profit is calculated by dividing Underlying Profit attributable to equity holders of the Company by the weighted average number of ordinary shares of 20 pence each outstanding during the period. The Directors believe EPS based on Underlying Profit provides a more consistent measure for comparing the underlying trading performance of the Group.

The following table shows the reconciliation from the reported profit to Underlying Profit and the share data used to determine the EPS based on Underlying Profit:

$ million (unless otherwise stated)	**Six months ended 30 June 2015**	Six months ended 30 June 2014
Net loss attributable to equity holders of the Company from continuing operations	**(13)**	(137)
Special items within operating profit – note 6	**14**	23
Special items within loss for the period – note 6	**1**	185
Underlying Profit from continuing operations	**2**	71
Net profit attributable to equity holders of the Company from discontinued operations	**–**	186
Special items within operating profit – note 13(e)	**–**	7
Special items within profit before finance items and taxation – note 13(e)	**–**	(207)
Special items within profit for the period – note 13(e)	**–**	(28)
Underlying Loss from discontinued operations	**–**	(42)
Total Underlying Profit	**2**	29
Weighted average number of ordinary shares of 20 pence each for EPS based on Underlying Profit calculation	**446,916,089**	446,804,257
EPS based on Underlying Profit – basic and diluted ($)		
From continuing operations	**0.01**	0.16
From discontinued operations	**–**	(0.10)
	0.01	0.06

10. Share capital and reserves

(a) Allotted share capital

At 30 June 2014, 31 December 2014 and 30 June 2015 allotted and called up share capital (ordinary shares of 20 pence each) amounted to 458,379,033 or $171 million (£92 million).

(b) Own shares purchased under the Group's share-based payment plans

The provision of shares to the Group's share-based payment plans is facilitated by an Employee Benefit Trust ('EBT'). The cost of shares purchased by the EBT is charged against retained earnings. The EBT has waived the right to receive dividends on these shares. In the six months ended 30 June 2015, 172,983 shares (30 June 2014: 88,517) were transferred out of the EBT in settlement of share awards granted to employees that were exercised during the period.

At 30 June 2015, the Group, through the EBT, owned 369,252 KAZ Minerals PLC shares (30 June 2014: 559,698, 31 December 2014: 542,235) with a market value of $1 million (30 June 2013: $3 million, 31 December 2014: $2 million) and a cost of $7 million (30 June 2014: $11 million, 31 December 2014: $10 million).

11. Borrowings

	Maturity	Average interest rate during the period	Currency of denomination	Current $ million	Non-current $ million	Total $ million
30 June 2015						
CDB - Bozshakol and Bozymchak – US$ LIBOR + 4.50%	2025	4.98%	US dollar	**182**	**1,783**	**1,965**
CDB - Aktogay facility – PBoC 5 year	2028	4.47%	CNY	**6**	**154**	**160**
CDB - Aktogay facility – US$ LIBOR + 4.20%	2029	4.67%	US dollar	**–**	**579**	**579**
Pre-export finance facility – US$ LIBOR + 3.00% - 4.50%	2018	3.18%	US dollar	**56**	**289**	**345**
				244	**2,805**	**3,049**
31 December 2014						
CDB/Samruk-Kazyna facility – US$ LIBOR + 4.80%	2025	5.21%	US dollar	181	1,875	2,056
CDB - Aktogay facility – PBoC 5 year	2028	5.42%	CNY	–	112	112
CDB - Aktogay facility – US$ LIBOR + 4.20%	2029	4.53%	US dollar	–	580	580
Pre-export finance facility – US$ LIBOR + 3.00% - 4.50%	2018	2.98%	US dollar	–	344	344
				181	2,911	3,092
30 June 2014						
CDB/Samruk-Kazyna facility – US$ LIBOR + 4.80%	2025	5.14%	US dollar	183	1,975	2,158
CDB - Aktogay facility – PBoC rate	2028	6.55%	CNY	–	80	80
Pre-export finance facility – US$ LIBOR + 2.80%	2017	2.96%	US dollar	83	405	488
				266	2,460	2,726

China Development Bank Bozshakol and Bozymchak facilities

On 29 December 2014, the Group signed an amendment to the $2.7 billion China Development Bank (‘CDB’)/Samruk-Kazyna finance facilities, which resulted in the facilities becoming bilateral with the CDB and a lowering of the interest rate from US$ LIBOR plus 4.80% to US$ LIBOR plus 4.50%. The repayment of the previous facilities with Samruk-Kazyna and the draw down of the new facility from CDB completed in March 2015. All other material terms of the facilities remain unchanged.

As at 30 June 2015, $2.0 billion (31 December 2014: $2.1 billion; 30 June 2014: $2.2 billion) was drawn under the facility agreements. Arrangement fees with an amortised cost as at 30 June 2015 of $27 million (31 December 2014: $30 million; 30 June 2014: $25 million), have been netted off against these borrowings in accordance with IAS 39.

China Development Bank Aktogay finance facility

At 30 June 2015, the Group had fully drawn down the RMB 1.0 billion facility at $160 million (31 December 2014: $112 million; 30 June 2014: $80 million). In order to protect the Group from currency risks arising on the CNY denominated debt, the Group has entered into CNY/US$ cross currency swaps. This derivative instrument provides a hedge against any movement in the CNY exchange rate, against the US dollar and also swaps the interest basis from a CNY interest rate into a US$ LIBOR interest basis. The fair value of the swap at 30 June 2015, included within payables, is $2 million.

At 30 June 2015, $579 million (31 December 2014: $580 million) was drawn down under the USD $1.3 billion facility. Arrangement fees with an amortised cost of $11 million (31 December 2014: $10 million), have been netted off against these borrowings in accordance with IAS 39.

The US dollar facility accrues interest at US$ LIBOR plus 4.20% and the RMB facility accrues interest at the applicable benchmark lending rate published by the People's Bank of China. The funds are available to draw down over a three and a half year period commencing from 31 December 2012 and mature 15 years from the date of the first draw down. KAZ Minerals PLC acts as guarantor of the loans. At 30 June 2015, $750 million was available to be drawn under the US dollar facility.

Pre-export finance facility (‘PXF’)

On 29 October 2014, the Group signed an amendment to its PXF debt facility. The amended facility restates the existing PXF facility signed in December 2012. At signing, commitments from the existing syndicate of lending banks totalled $334 million and a net payment of $166 million was paid to exiting banks. The amended facility contains an accordion feature which will enable existing lenders to increase their commitments, or new lenders to join, up to a maximum total facility amount of $500 million. On 5 December 2014, the facility was increased to $349 million.

Under the facility, principal repayments amortise in equal monthly instalments over a three year period commencing from January 2016 until final maturity on 31 December 2018. The margin payable on the amended facility is variable, ranging from 3.0% to 4.5% above US$ LIBOR, dependent on the ratio of net debt to EBITDA which will be tested semi-annually. KAZ Minerals PLC, Vostoktsvetmet LLC and KAZ Minerals Sales Limited act as guarantors of the loan. The amended facility resulted in certain changes to the covenant package including the suspension of the net debt to EBITDA ratio covenant, until 1 July 2016, and changes to the balance sheet gearing covenants to make these more aligned to the Group's projected financial profile until completion of the Bozshakol major growth project.

At 30 June 2015, $345 million (31 December 2014: $344 million; 30 June 2014: $488 million) was drawn under the facility. Arrangement fees with an amortised cost as at 30 June 2015 of $4 million (31 December 2014 of $5 million and 30 June 2014: $12 million), have been netted off against these borrowings in accordance with IAS 39.

12. Consolidated cash flow analysis

(a) Reconciliation of profit/(loss) before taxation to net cash inflow from operating activities

$ million	**Six months ended 30 June 2015**	Six months ended 30 June 2014
Profit/(loss) before taxation from continuing operations	**2**	(104)
Profit before taxation from discontinued operations	**–**	193
Interest income	**(3)**	(6)
Interest expense	**9**	10
Share-based payments	**1**	1
Amortisation, depreciation and depletion	**28**	101
Impairment losses	**15**	34
Unrealised foreign exchange loss	**12**	194
Gain on disposal of joint venture	**–**	(207)
Loss on disposal of assets	**2**	1
Operating cash flows before changes in working capital and provisions	**66**	217
Increase in non-current VAT receivable	**(61)**	(23)
Increase in inventories	**(20)**	(2)
Increase in prepayments and other current assets	**(16)**	(25)
Decrease in trade and other receivables	**76**	95
(Decrease)/increase in employee benefits	**(1)**	29
Increase in provisions	**1**	4
(Decrease)/increase in trade and other payables	**(38)**	12
Cash flows from operations before interest and income taxes	**7**	307

(b) Cash and cash equivalents

$ million	**At 30 June 2015**	At 31 December 2014	At 30 June 2014
Cash deposits with initial maturities of less than three months	**602**	750	650
Cash at bank	**458**	980	919
Cash and cash equivalents	**1,060**	1,730	1,569

(c) Movement in net debt

$ million	At 1 January 2015	Cash flow	Other movements[1]	At 30 June 2015
Cash and cash equivalents[2]	1,730	**(665)**	**(5)**	**1,060**
Current investments[2]	400	**–**	**–**	**400**
Borrowings	(3,092)	**46**	**(3)**	**(3,049)**
Net debt	(962)	**(619)**	**(8)**	**(1,589)**

$ million	At 1 January 2014	Cash flow	Other movements[1]	At 30 June 2014
Cash and cash equivalents[2]	1,715	(115)	(31)	1,569
Current investments[2]	625	340	–	965
Borrowings	(3,111)	390	(5)	(2,726)
Net debt	(771)	615	(36)	(192)

1 Other movements comprise net foreign exchange movements, non-cash amortisation of fees on borrowings and other non-cash reconciling items. For the period ended 30 June 2015, the $3 million (30 June 2014: $5 million) other movement on borrowings consists of $4 million (30 June 2014: $6 million) amortisation of fees on the Group's financing facilities and a foreign currency gain of $1 million (30 June 2014: gain $1 million) on the CDB Aktogay RMB facility. The $5 million non-cash movement on cash and cash equivalents (30 June 2014: $31 million) represents the foreign currency losses on KZT cash balances held by Kazakhstan entities.

2 There were no CDB Bozshakol and Bozymchak or CDB Aktogay funds drawn down included within current investments and cash and cash equivalents at 30 June 2015. At 31 December 2014 and 30 June 2014, current investments and cash and cash equivalents included approximately $2 million and $375 million respectively of cash drawn down under the CDB Bozshakol and Bozymchak facilities reserved for specific development projects. In respect of cash drawn down under the CDB Aktogay financing facility current investments and cash and cash equivalents at 31 December 2014 and 30 June 2014 included approximately $252 million and $14 million respectively.

13. Discontinued operations

For the six months ended 30 June 2014, discontinued operations comprise the results of the Disposal Assets for the period and the gain on the disposal of the Group's investments in the Ekibastuz GRES-1 joint venture and Kaz Hydro.

(a) Disposal Assets

Following the independent shareholders' approval on 15 August 2014, the Board concluded that the Disposal Assets were available for immediate sale in their present condition subject only to terms that were usual and customary for sales of such disposal groups and that its sale was 'highly probable'. Accordingly, the Disposal Assets were classified as assets held for sale and reflected as a discontinued operation from that date. The sale completed on 31 October 2014. The income statement for the comparative period ended 30 June 2014 was restated to conform to the presentation of the Disposal Assets as a discontinued operation and to provide more relevant and comparable financial information on the Group's continuing operations. No adjustment was made to the balance sheet at 30 June 2014 following the classification of these assets as held for sale.

(b) Ekibastuz GRES-1

On 5 December 2013, the Board accepted an offer from Samruk-Energo, an investment vehicle of the Government of Kazakhstan, for the sale of the Group's 50% joint venture in Ekibastuz GRES-1 and the Group's investment in Kaz Hydro for $1,249 million, after transaction costs of $2 million and an additional $49 million being the cost of acquiring the remaining shares held in Kaz Hydro. The offer was approved by shareholders on 7 January 2014 with the completion dependent on certain conditions precedent. The sale completed on 1 April 2014, with the Group recognising a profit on disposal of $207 million after the recycling to the income statement of the cumulative foreign exchange losses previously recognised in equity of $24 million.

(c) Financial performance of discontinued operations

The summary of results from discontinued operations as presented in the consolidated income statement is shown below:

$ million	Six months ended 30 June 2014
Revenues	862
Cost of sales	(534)
Operating costs	(324)
Impairment losses	(11)
Net finance costs	(7)
Loss before tax from discontinued operations	(14)
Gain on disposal of Ekibastuz GRES-1 joint venture	207
Income tax expense	(6)
Profit from discontinued operations	187

(d) Revenues

Revenues by product earned by discontinued operations are as follows:

$ million	Six months ended 30 June 2014
Copper cathodes	319
Copper in concentrate	286
Copper rods	44
Total copper products	649
Silver	82
Gold	38
Electricity and heating	42
Other by-products	24
Other revenue	27
	862

Revenues by destination are as follows:

$ million	Six months ended 30 June 2014
Europe	6
China	594
Kazakhstan	162
Other	100
	862

(e) Special items

Special items are those items which are non-recurring or variable in nature and which do not impact the underlying trading performance of the business.

$ million	Six months ended 30 June 2014
Special items within operating profit:	
Provisions released against historic tax claims	(15)
Restructuring and transaction costs	12
Impairment charges	9
Impairment charges against property, plant and equipment	3
Impairment charges against mining assets	6
Loss on disposal of property, plant and equipment	1
	7
Special items within profit before finance items and taxation	
Gain on disposal of Ekibastuz GRES-1 joint venture	(207)
	(207)
Special items within loss for the period:	
Net foreign exchange gain arising on the devaluation of the tenge	(24)
Taxation effect of special items	(4)
Net foreign exchange gain arising on the devaluation of the tenge	5
Provisions released against historic tax claims	(7)
Deferred tax assets on other special items	(2)
	(28)
	(228)

(f) Cash flows

Net cash flows from discontinued operations included within the consolidated cash flow statement are shown below:

$ million	Six months ended 30 June 2014
Operating activities	113
Investing activities	(168)
Financing activities	45
Net cash outflow	(10)

14. Related party disclosures

(a) Transactions with related parties

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below. The following table provides the total amount of transactions which have been entered into with related parties for the relevant financial period:

$ million	Sales to related parties	Purchases from related parties	Amounts owed by related parties[1]	Amounts owed to related parties
Cuprum Holding and the Disposal Assets[2]				
30 June 2015[3]	**14**	**111**	**16**	**11**
30 June 2014	–	–	–	–
Companies under trust management				
30 June 2015	**–**	**–**	**–**	**–**
30 June 2014	7	10	21	1
Other				
30 June 2015	**–**	**–**	**–**	**–**
30 June 2014	1	7	6	1

[1] A provision of $nil (30 June 2014: $23 million) has been set against the amounts owed by related parties within companies under trust management and other companies.

[2] Cuprum Holding and the Disposal Assets only became related parties following the completion of the Restructuring on 31 October 2014. As a result, there are no comparative amounts for the period ended 30 June 2014.

[3] Purchases from related parties include $28 million of cathode produced by Kazakhmys LLC (part of the Disposal Assets).

(i) Cuprum Holding and the Disposal Assets

Following the completion of the sale of the Disposal Assets to Cuprum Holding (a company owned by Vladimir Kim, a Director of the Company, and Eduard Ogay, a former Director of the Company) on 31 October 2014, Cuprum Holding and its subsidiaries are considered related parties of the Group. The transactions mainly consist of transitional and longer-term services provided under two Framework Service Agreements between KAZ Minerals and Cuprum Holding. The Framework Service Agreements cover certain functions such as smelting and refining.

(ii) Companies under trust management agreements

The Group operates a number of companies under trust management agreements with local and state authorities. The activities include heating distribution systems and road maintenance. The purpose of these agreements is to provide public and social services without any material financial benefit for the Group.

(iii) Other

Transactions with other companies primarily relate to the provision of goods and services, on an arm's length basis, with companies whose boards or shareholders include members of senior management from the Group's subsidiaries.

(b) Terms and conditions of transactions with related parties

Prices for related party transactions are determined by the parties on an ongoing basis depending on the nature of the transaction.

15. Commitments and contingencies

Capital expenditure commitments

The Group has capital expenditure commitments for the purchase of property, plant and equipment as well as commitments under its mining subsoil agreements. Committed expenditure under the subsoil agreements typically relates to investments in community-related projects, and includes investments in social sphere assets, infrastructure and public utilities. The total commitments for property plant and equipment as at 30 June 2015 amounted to $970 million (at 31 December 2014: $1,150 million and at 30 June 2014: $818 million).

Koksay contingent consideration

As part of the purchase of the Koksay mining licence, there is an additional payment of $35 million outstanding which is contingent on the confirmation of resources.

16. Events after the balance sheet date

Revolving credit facility

In August 2015, the Group entered into a new $50 million revolving credit facility provided by Caterpillar Financial Services (UK) Limited, a subsidiary of Caterpillar Inc. ('Caterpillar Facility'). The Caterpillar Facility is available for three years from the date of signing, following which the facility is repayable in four equal quarterly instalments. An interest rate of 4.25% plus USD LIBOR is payable on amounts outstanding under the Caterpillar Facility. The financial covenants on the Caterpillar Facility are identical to those applicable to the Group's existing pre-export finance facility.

Bozshakol update

A fire at the Bozshakol site on 14 August 2015 in the grinding area of the main concentrator building caused damage to structures and equipment which will require repair work to be undertaken. The cost of repairs will be borne by the construction insurers and therefore the capital expenditure budget for the project remains unchanged. The fire was isolated to the cyclones and associated equipment and was prevented from spreading within the concentrator building, although damage from heat and smoke has affected other equipment in the grinding area. The damage assessment is preliminary and, pending investigation and testing by the equipment supplier, it has not yet been possible to determine the extent of damage, if any, sustained by the grinding mills. Based on a preliminary assessment of the damage, it is currently expected that the damage caused by the fire will result in the Bozshakol concentrator commencing commissioning in the first quarter of 2016.

GLOSSARY

Board or Board of Directors
the Board of Directors of the Company

capital employed
the aggregate of equity attributable to owners of the Company, non-controlling interests and borrowings

cash operating costs
all costs included within profit/(loss) before finance items and taxation, net of other operating income, excluding mineral extraction tax, royalties, depreciation, depletion, amortisation, the non-cash component of the disability benefits obligation and special items

CDB or China Development Bank
the China Development Bank Corporation

CNY
Chinese yuan, basic unit of renminbi

CO_2
carbon dioxide

Company or KAZ Minerals
KAZ Minerals PLC

Continuing operations
the Group following completion of the Restructuring

Cuprum Holding
Cuprum Netherlands Holding B.V. (now named Kazakhmys Holding Group B.V.), the entity to which the Disposal Assets were transferred

Directors
the Directors of the Company

Disposal Assets
the Disposal Assets comprised the mining, processing, auxiliary, transportation, and heat and power assets of the Group in the Zhezkazgan and Central Regions. The Disposal Assets include 12 copper mines, mine development opportunities, four concentrators, two smelters, two coal mines, and three captive heat and power stations all of which were disposed of as a result of the Restructuring

dollar or $ or USD
United States dollars, the currency of the United States of America

DTR
The Disclosure and Transparency Rules of the UK's Financial Conduct Authority

EBITDA
earnings before interest, taxation, the non-cash component of the disability benefits obligation, depreciation, depletion, amortisation, mineral extraction tax and royalties

Ekibastuz GRES-1
Ekibastuz GRES-1 LLP

EPS
earnings per share

EPS based on Underlying Profit
profit for the year after adding back items which are non-recurring or variable in nature and which do not impact the underlying trading performance of the business, and their resulting taxation and non-controlling interest impact, divided by the weighted average number of ordinary shares in issue during the period

Free Cash Flow
net cash flow from operating activities before capital expenditure and non-current VAT associated with expansionary and new projects less sustaining capital expenditure

g/t
grammes per metric tonne

Government or State
the Government of the Republic of Kazakhstan

GRI4
Global Reporting Initiative Sustainability Reporting Guidelines version 4

Gross cash cost
mining cash operating costs, excluding purchased cathode, divided by the volume of own copper cathode equivalent sales

the Group
KAZ Minerals PLC and its subsidiary companies

GWh
gigawatt-hour, one gigawatt-hour represents one hour of electricity consumed at a constant rate of one gigawatt

IAS
International Accounting Standards

IASB
International Accounting Standards Board

ICMM
International Council on Mining and Metals

IFRIC
International Financial Reporting Interpretations Committee

IFRS or IFRSs
International Financial Reporting Standards

JORC
Joint Ore Reserves Committee

Kaz Hydro
Kazhydrotechenergo LLP, a hydro power development project company

KAZ Minerals or the Continuing Group
the Group following completion of the Restructuring, to be renamed KAZ Minerals PLC

Kazakhmys Corporation LLC or Kazakhmys LLC
Kazakhmys Corporation LLC, the Group's principal operating subsidiary in Kazakhstan prior to the Restructuring

Kazakhmys Mining
a former operating segment of the Group, until completion of the Restructuring, which comprised all entities and functions within the Group responsible for the exploration, evaluation, development, mining and processing of the Group's mineral resources and sale of the Group's metal products. The operating segment excluded the Group's captive power stations, which were included within the Kazakhmys Power operating segment

Kazakhmys Power
a former operating segment of the Group, until completion of the Restructuring, which included the Group's captive power stations and the Ekibastuz GRES-1 power plant joint venture, whose principal activity was the sale of electricity to external customers and internally to Kazakhmys Mining

Kazakhstan
the Republic of Kazakhstan

koz
thousand ounces

KPI
key performance indicator

kt
thousand metric tonnes

kWh
kilowatt hour, one kilowatt hour represents one hour of electricity consumed at a constant rate of one kilowatt

Kyrgyzstan
the Kyrgyz Republic

lb
pound, unit of weight

LBMA
London Bullion Market Association

LIBOR
London Inter Bank Offer Rate

Listing
the listing of the Company's ordinary shares on the London Stock Exchange on 12 October 2005

LME
London Metal Exchange

Major Growth Projects
Bozshakol, Aktogay and Koksay

MET
mineral extraction tax

MT
million metric tonnes

Net cash cost of copper
mining cash operating costs, excluding purchased cathode, less by-product revenues, divided by the volume of own copper cathode equivalent sales

NO_x
nitrogen oxide

ounce or oz
a troy ounce, which equates to 31.1035 grammes

$/t or $/tonne
US dollars per metric tonne

Recordable Case
a recordable injury case or a recordable disease case. A recordable injury case is a new case of sufficient severity that it requires treatment beyond first aid or results in the worker's inability to perform his or her routine function on the next calendar day. A recordable disease case is a new disease case in the categories of occupational respiratory disorders, occupational hearing loss, musculoskeletal disorders, occupational cancers and other occupational medical disorders. The Group has adopted the ICMM definitions for occupational injuries and occupational disease as published in the ICMM health and safety performance indicators in January 2014

Restructuring
the transfer, subject to certain consents and approvals, of the Disposal Assets to Cuprum Netherlands Holding B.V. which was approved by shareholders at the General Meeting held on 15 August 2014 and completed on 31 October 2014

RMB
Renminbi, the official currency of the People's Republic of China

Samruk-Energo
Joint Stock Company "Samruk-Energo", an entity owned by Samruk-Kazyna and therefore the Government of Kazakhstan

Samruk-Kazyna
Joint Stock Company "National Welfare Fund "Samruk-Kazyna", an entity owned and controlled by the Government of Kazakhstan

Scope 1 emissions
direct greenhouse gas emissions from sources that are owned by the Group

Scope 2 emissions
indirect greenhouse gas emissions from consumption of purchased electricity, heat or steam

SO_2
sulphur dioxide

som or KGS
the official currency of Kyrgyzstan

special items
those items which are non-recurring or variable in nature and which do not impact the underlying trading performance of the business. Special items are set out in note 6 to the condensed consolidated half-yearly financial statements

SX/EW
solvent extraction and electrowinning, a two-stage metallurgy process used for the extraction of copper

t
metric tonnes

TC/RCs
treatment charges and refining charges paid for smelting and refining services

tenge or KZT
the official currency of the Republic of Kazakhstan

Total Recordable Cases
the sum of all new occupational injuries and disease cases that meet recording criteria during the recording period, as defined by the ICMM health and safety performance indicators published in January 2014

Total Recordable Case Frequency Rate
the number of Recordable Cases occurring per million hours worked

Total Recordable Injuries
the sum of all new occupational injury cases that meet recording criteria during the recording period, as defined by the ICMM health and safety performance indicators published in January 2014

Total Recordable Injury Frequency Rate
the number of Recordable Injuries occurring per million hours worked

UK
United Kingdom

Underlying Profit/Loss
profit/loss for the period after adding back items which are non-recurring or variable in nature and which do not impact the underlying trading performance of the business and their resultant tax and non-controlling interest effects. Underlying Profit is set out in note 9 to the condensed consolidated half-yearly financial statements

US
United States of America

USc/lb
US cents per pound