KAZAKHMYS PLC

6TH FLOOR
CARDINAL PLACE
100 VICTORIA STREET
LONDON SW1E 5JL
Tel: +44 (0) 20 7901 7800
Company registered in England and Wales
Company Number: 5180783

3 March 2011

KAZAKHMYS PLC TRADING UPDATE FOR THE YEAR ENDED 31 DECEMBER 2010

This statement provides operational and unaudited financial results for Kazakhmys' managed businesses. The statement excludes the contribution from ENRC PLC, in which Kazakhmys has a 26% shareholding. The consolidated preliminary full year results of Kazakhmys, including the contribution from ENRC, will be released on 29 March 2011.

OPERATIONAL AND NON-FINANCIAL HIGHLIGHTS

- ***Production of all metals in line or ahead of target***
  - Copper cathode equivalent production of 303 kt in 2010
  - Strong performance from by-products of zinc, silver and gold
- ***Power Division again delivered a strong performance***
  - Net power generated increased 14% from 2009 to 11,065 GWh
  - Realised tariffs rose from 3.19 KZT/kWh in 2009 to 4.49 KZT/kWh
- ***Growth projects***
  - Feasibility study for Bozshakol, due for completion later this year
  - Aktogay sulphides likely to move into feasibility this year with acceleration of oxide deposit

FINANCIAL

- ***Copper price rose strongly throughout 2010, with a record average sales price of $7,523 per tonne***
- ***Segmental EBITDA (excluding special items and share of associate ENRC) of $1,932 million***
  - Increase of 60% from 2009, reflecting stronger metals prices
- ***Net production costs of 89 US cents per pound***
  - Slightly ahead of target, benefiting from cost management and strong by-product credits
  - Input cost inflation rose through the year

- ***Net debt continues to decrease with strong operational cash flows***
  - Net debt of $350 million from continuing operations
  - Cash held on balance sheet in preparation for capital spend on growth projects

- ***Full year dividend of $118 million (22.0 US cents per share)***
  - An increase of 144% on 2009, reflecting confidence in the business
  - Maintain prudent cover given future capital expenditure

2011 STRATEGY AND OUTLOOK

- ***Continue to focus and deliver on core strategy***
  - Further development of health and safety programme
  - Optimisation of assets to work against cost increases in the industry
  - Maintain progress on growth projects
  - Continue with accelerated refurbishment at Ekibastuz GRES-1

- ***Target production of 300 kt of copper cathode equivalent in 2011***

$ million	**Year ended 31 December 2010**	Year ended 31 December 2009
Revenues[1]	**3,237**	2,404
Segmental EBITDA (excluding special items)	**1,932**	1,211
Copper	**1,715**	1,027
Power	**144**	120
Other	**73**	64

[1] From continuing operations.
All references to $ refer to US dollars unless otherwise stated.

Oleg Novachuk, Chief Executive of Kazakhmys PLC, said: "The long term outlook for copper remains positive, as it is a metal fundamental for economic growth and development, but with constrained supply. We are well positioned in our key customer markets and underpinned by these robust fundamentals, we are confident that the Group's solid performance will continue into 2011. Output of copper in 2011 should be similar to 2010, and the power business is on course for another strong performance, reflecting economic growth in Kazakhstan, rising tariffs and the continued refurbishment of the power station.

Our challenge is to remain focused on managing costs and delivering our growth projects, so that we remain globally competitive. Mining costs will continue to be impacted by inflation. Our growth projects are at an important stage and I look forward to reporting on their development over the course of the year."

For further information please contact:

Kazakhmys PLC		
John Smelt	Head of Corporate Communications	**Tel: +44 20 7901 7882**
		Tel: +44 78 7964 2675
Irene Burton	Financial Analyst	**Tel: +44 20 7901 7814**
Zulfira Mukhamediyarova	Senior Manager - Media Relations	**Tel: +77 27 266 3317**
Merlin		
David Simonson		**Tel: +44 20 7726 8400**
Ian Middleton		**Tel: +44 20 7726 8400**
Fiona Crosswell		**Tel: +44 20 7726 8400**

REGISTERED OFFICE

6th Floor, Cardinal Place, 100 Victoria Street, London SW1E 5JL.

NOTES TO EDITORS

Kazakhmys PLC is a leading international natural resources group with significant interests in copper, gold, zinc, silver, power generation and petroleum.

It is the largest copper producer in Kazakhstan and one of the top worldwide with 17 operating mines, 10 concentrators and 2 copper smelters. Kazakhmys Copper operations are fully integrated from mining ore through to the production of finished copper cathode and rod. Total copper cathode equivalent produced in 2010 from own ore was 303 thousand tonnes. Production is backed by a captive power supply and significant rail infrastructure.

Kazakhmys Copper produces significant volumes of other metals, including zinc, silver and gold. In 2010, it produced 167 thousand tonnes of zinc in concentrate. The Group is in the top ten largest silver producers in the world (14 million ounces produced in 2010).

Kazakhmys Power has a 50% interest in the coal fired Ekibastuz GRES-1 plant, the largest in Kazakhstan with a nameplate capacity of 4,000 MW.

Kazakhmys Petroleum is continuing its work programme at the East Akzhar exploration block, located on the eastern fringe of the Caspian depression, which was acquired in April 2007.

The Group is part of the FTSE-100 index of companies listed on the London Stock Exchange and is also listed on the Kazakhstan Stock Exchange (KASE). It had revenues from continuing operations of $3.2 billion in 2010 with Segmental EBITDA (excluding special items) of $1.9 billion. The Group employs some 61,000 people, principally in Kazakhstan. The Group's strategic aim is to optimise its current operations, deliver its major growth projects and to diversify and participate in the development of the significant natural resource opportunities in Central Asia.

FORWARD-LOOKING STATEMENT

Certain statements included in these results contain forward-looking information concerning Kazakhmys' strategy, business, operations, financial performance or condition, outlook, growth opportunities or circumstances in the countries, sectors or markets in which Kazakhmys operates. By their nature, forward-looking statements involve uncertainty because they depend on future circumstances, and relate to events, not all of which are within Kazakhmys' control or can be predicted by Kazakhmys.

Although Kazakhmys 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 these results constitutes, or shall be taken to constitute, an invitation or inducement to invest in Kazakhmys PLC, or any other entity, and shareholders are cautioned not to place undue reliance on the forward-looking statements. Except as required by the Rules of the UK Listing Authority and applicable law, Kazakhmys undertakes no obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

TRADING UPDATE

This trading update covers the production and selected unaudited financial results of the Kazakhmys Group for the year ended 31 December 2010. A full consolidated preliminary results announcement will be made on 29 March 2011, after ENRC PLC has announced their results for 2010. The Group has a holding of 26% of ENRC PLC and the final results for Kazakhmys will include a proportionate share of ENRC's earnings, on an equity accounting basis. The results in this statement do not include any share of ENRC's earnings.

CHAIRMAN'S STATEMENT

Summary for the 2010 financial year
Kazakhmys enjoyed another sound year of production in 2010. We set clear output targets at the start of the year and met those targets in all areas.

The copper price finished 2010 at $9,740 per tonne compared to $7,464 per tonne at the start of the year. In 2011, the price has continued to rise, reaching an all time high of $10,148 per tonne on 14 February. There continues to be considerable uncertainty in many parts of the global economy, but metals demand, driven by China and other emerging markets, remained firm during 2010.

Steady output combined with positive pricing has led to a 60% increase in Segmental EBITDA (excluding special items) to $1,932 million.

Our strategy is clear and continues to be based on optimising our existing assets, delivering our growth projects and taking advantage of opportunities to diversify our assets, principally within the Central Asian region. We have made progress in all of these areas during 2010 and laid some important foundations for the future delivery of our strategy.

Optimisation
The Group introduced some significant changes in operating practices during 2010 and there have been several key personnel appointments at a senior level. We anticipate that we will maintain momentum in this important area during 2011.

Metals prices have risen, but input prices and mining inflation are creating pressure on profit margins throughout the mining industry. The Board will continue to focus on the success of the optimisation programme to ensure that we protect margins and remain globally competitive.

Growth projects
In March 2010, we completed the arrangement of a loan facility from the China Development Bank and Samruk-Kazyna. This facility provides the Group with $2.7 billion in long-term financing, which can be used to develop our major copper project at Bozshakol and several mid-sized projects.

The feasibility study at Bozshakol is continuing and is scheduled to be completed by the end of 2011. With funding in place we are now making good progress on our mid-sized projects and we look forward to reporting on these over the course of the year.

We are currently considering proceeding with the feasibility study at Aktogay, our second major growth project, and reviewing potential contractors for this work. The project may proceed in two parts, separating the oxide and sulphide deposits. We will continue to look for suitable partnerships or funding, to take this project into development.

Our aim is to deliver this pipeline of projects, so that we take our output from 300 kt to 500 kt over the medium term. We are also increasing our exploration activities in Kazakhstan, in order to replace our reserves and secure our output in the long term.

Diversification and ENRC holding
We continue to look for opportunities to diversify our asset base with a focus on the region around Central Asia, where we believe we have a competitive advantage. There are several opportunities which we are evaluating, although these remain at an early stage.

We continue to be the largest shareholder in ENRC, with a holding of 26%, which was worth $5,431 million at the end of 2010. The Group has seen a significant increase on its initial investment and the holding provides diversification of earnings through ENRC's exposure to bulk materials. The holding provides strategic options, and the Board will continue to evaluate these, with the intention to maximise value for all shareholders.

Power Division
Our Power Division contains Ekibastuz GRES-1, the largest power station in Kazakhstan, which we jointly own with Samruk-Kazyna. Ekibastuz GRES-1 performed well in 2010, assisted by a combination of rising tariffs and increased demand.

The cash flow generated by the business is being used to fund a major restoration programme, which will return the power station back to its original capacity of 4,000 MW and improve its environmental performance. Over the next few years the focus will remain on this restoration programme, which should be completed by 2016. In the long term, our interest in Ekibastuz GRES-1 provides us with exposure to an attractive sector and gives security of power supply for our growth projects.

Health and safety
The most disappointing aspect of the year has been safety, with 26 fatalities during 2010. The Board remains committed to zero fatalities, the reduction of injuries and to developing a culture in which safety is seen as a key indicator of successful operational management. Significant changes have taken place on health and safety during 2010, with additional management appointments and the hiring of further external expertise. The Board requires significant improvement in this area by the Group, believing that fatalities are both unacceptable and avoidable.

Social responsibility
We continue to play a major part in the life of Kazakhstan, as should be expected of a company that represents over 2% of GDP and employs over 60,000 people. We manage the largest social programme in Kazakhstan, supporting our workers and the communities around our operations. In 2010 we spent over $200 million on social funding, including an additional expense on a new national library and education centre in Astana, a major one-off social project.

The Board
In September 2010 we sadly announced the death of our non-executive Director, Vladimir Ni. Vladimir had been involved in Kazakhmys for many years and was a strong supporter of the Group and its development. He will be greatly missed by the Board.

Kazakhmys has a Board with an exceptional depth and range of experience. Our non-executive Directors are generous with their time and input, both to the Board and its various committees, including visits to operating sites and local offices. I should like to thank them for their assistance and commitment.

In October 2010, I sold part of my shareholding to the sovereign wealth fund of Kazakhstan, Samruk-Kazyna. I am confident that they will be a supportive, long term shareholder. I retain a 28% interest in the Company and the reduction in my holding will not alter my role, nor my commitment to the Group.

Hong Kong listing
As we have previously announced, we are considering a secondary listing in Hong Kong. Over 50% of our copper sales went to China in 2010, and our largest customers are based there. The funding for our copper growth projects has all, to date, been raised in China. A more visible presence in the region could be important for the future development of the Group and should allow us to take advantage of opportunities that may otherwise be closed. It is also clear that Hong Kong is likely to be a key capital market in the future, attracting regional and international investment funds.

We intend to actively pursue this opportunity further, which we believe should be of benefit to existing shareholders and introduce new shareholders to our register.

Share price and dividends
Our share price ended the year at 1,614 pence compared to 1,328 pence at the end of 2009. This improvement reflects the interest in metals markets. During the year, the share price traded in a range

from 965 pence to 1,638 pence. Market sentiment is often fragile, and our share price can be volatile in response to short term news on metals markets and emerging market growth.

The Directors recommend the payment of a final dividend of $86 million, or 16.0 US cents per share which, if approved, will be paid on 17 May 2011 to shareholders on the register at the close of business on 26 April 2011. This payment, together with the interim dividend of $32 million paid in October 2010, represents 22.0 US cents per share for the year as a whole. In 2009, the full year dividend was $48 million, or 9.0 US cents per share.

Our dividend policy remains unchanged, which is to consider the cash generation and requirements of the business and then recommend a suitable dividend. This policy maintains flexibility on dividend payments, which is appropriate given the underlying cyclicality of a commodity business. Future ordinary dividends are likely to remain prudent, as the exact cost of our growth projects is still to be finalised and we have a major capital expenditure programme to complete over the next few years.

Outlook

The outlook for copper remains positive. There will be short-term fluctuations in price and demand, but copper is a metal in constrained supply and is fundamental for economic growth and development. Our power business is on course for a strong performance in 2011, reflecting economic growth in Kazakhstan, rising tariffs and the continued refurbishment of the power station.

Our challenge is to remain focused on managing costs and delivering our growth projects, so that we remain globally competitive. We are well positioned in our key customer markets and, underpinned by robust fundamentals, the long-term outlook for Kazakhmys remains strong.

CHIEF EXECUTIVE'S REVIEW

Summary for 2010
These are a robust set of results - we met or exceeded all of the production targets set at the start of the year and maintained our competitive cost position. We made some important progress in optimising our existing assets and in the progression of our growth projects, which lay foundations for our future expansion and success.

Our financial results improved significantly in 2010, with continued strength in the copper price. Our average realised sales price increased by 50% compared to 2009, to $7,523 per tonne. The rise in the copper price more than offset the decline in volumes sold and Group revenues increased by 35% to $3,237 million. Our general policy is not to hedge our metal sales, and we have therefore been able to take the full benefit of the positive pricing environment.

Underlying costs rose during 2010, particularly in the second half of the year, with an increase in commodity input prices. Segmental EBITDA (excluding special items) was $1,932 million, an increase of $721 million from 2009. This result led to an EBITDA margin of 60%, compared to 50% in the prior year.

Copper Division
Output of copper cathode equivalent from own material in 2010 was 303 kt, in line with the target set at the start of the year. This was 5% below the output level of 2009, mainly due to an anticipated reduction in ore grade, which declined from 1.18% to 1.09%. Output in 2009 had also benefited from the processing of stockpiled ores, which was partially offset in 2010 by the reprocessing of waste materials.

Sales volumes of copper cathode equivalent in 2010 were 317 kt, which was 7% below the volumes sold in the prior year, when sales volumes benefited from a greater reduction in finished goods.

The lower level of sales was more than offset by the increase in the copper price, so that revenues from copper based products increased by $673 million to $2,384 million.

By-product sales accounted for 25% of revenues within the Copper Division, a similar proportion to 2009. Pricing was also higher for all our major by-products, zinc, silver and gold. Gold sales volumes were in line with the previous year, despite lower production volumes, zinc production and sales increased, whilst silver production and sales declined. Pricing, however, was again the dominant factor, so that revenues from by-products increased by 24% to $798 million.

Gross cash costs increased from 159 US cents per pound to 203 US cents per pound, reflecting a rise in input costs and the impact of fixed costs on a lower sales volume. Net cash costs were 89 US cents per pound, a rise of 23%, benefiting from strong by-product revenues.

Copper Division outlook
Copper production in 2011 is forecast to be at a similar level to 2010. Copper grades may decline slightly, at a similar rate to that seen in 2010. Volumes of ore mined will increase, which should help offset the decline in grade. The cost pressures seen in the second half of 2010 are likely to continue into 2011 with cost inflation impacting input prices and mining materials. These factors will create a headwind in 2011 across the industry, and costs will continue to be a focus of management attention. There is also some pressure on capital costs, but stay in business capital expenditure for 2011 is likely to be between $300 million and $400 million, compared to $355 million in 2010.

Optimisation and restructuring
During 2010, we ran pilot optimisation projects in several activities, including equipment procurement and maintenance, processing efficiencies and raising recovery rates. In 2011 we will be seeking to move these programmes more widely across our operations and these are likely to become key to the development of our optimisation programme.

The Group has commenced a restructuring exercise to improve efficiency and streamline decision making. This restructuring has coincided with some key senior management appointments, including the recent recruitment of a new Chief Operating Officer, a Head of Projects and a Head of Human Resources. Historically the business has been managed on a regional basis. Part of the restructuring programme is to replace this with functional management, which should improve control of quality and costs.

Optimisation of our existing assets has been a key part of our strategy since Listing. We have made some good progress in this area over the past year, creating a solid foundation for future development of the programme.

Power Division

On 26 February 2010, the Group completed the sale of a 50% interest in Ekibastuz GRES-1 to Samruk-Kazyna with the Group retaining a 50% interest.

During 2010, there was a 14% increase in net power generated compared to 2009. The increase was due to both the attraction of new customers and a growth in demand from existing customers. This trend reflects the overall increase seen in the consumption of power in Kazakhstan during 2010.

The weighted average realised tariff in 2010 was 4.49 KZT/kWh, just below the permissible domestic ceiling tariff of 4.68 KZT/kWh and 41% higher compared to 2009. The increase in tariff creates strong cash flows, which support the substantial investment programme taking place at the power station.

There are eight units at Ekibastuz GRES-1 of which five are currently in operation. The rehabilitation of a sixth unit is underway with commissioning scheduled for the end of 2012. The rehabilitation of a seventh unit commenced in late 2010, ahead of schedule, and should be commissioned by the end of 2014. With both of these units operational by the end of 2014, the capacity of the power station will be 3,500 MW. The rehabilitation of the final unit will return the power station to its original nameplate capacity of 4,000 MW.

Ekibastuz GRES-1 remains a highly attractive business. Demand and pricing was strong in 2010 and this trend should continue into 2011.

For 2011, five units will be in operation and we should see an increase in net power generated to around 11,500 GWh. The ceiling tariff has risen to 5.60 KZT/kWh and we anticipate moving towards that rate over the course of the year for domestic sales. Sales to Russian customers should also increase, although these sales are often at a discount to domestic pricing, due to a different price setting formula.

Ekibastuz GRES-1 will invest around $200 million on its investment programme in 2011, which will include the overhaul of a current unit, the rehabilitation of two further units and the continued programme to install electro static precipitators across the power plant, which will significantly reduce ash emissions.

As part of our Group optimisation programme we intend to separate the three captive power stations away from our Copper Division and into a single Power Division, headed by one management team. This should improve efficiency within the power stations and in our use of power within the Copper Division.

Gold Division

The main asset within the Gold Division is the Bozymchak project in Kyrgyzstan. The development was delayed by the civil unrest in Kyrgyzstan, but is now proceeding. Management of the project has been transferred to our new Project Team and we anticipate that first production of concentrate should commence in 2012.

There was a decrease in ore extraction at the Gold Division during 2010 compared to 2009, as Mukur and Mizek mines move towards the end of their operational lives. This trend was reflected in the output of gold doré which declined 8% to 43 koz.

In 2011, as part of our restructuring, the Gold Division will be absorbed into the Copper Division.

Petroleum Division

During 2010, the deep well drilling programme continued at East Akzhar with the development of four deep wells. Hydrocarbons are present in all wells.

We are currently working with the Government on the extension of the exploration licence. In 2011, we will continue with the assessment of the first three wells, the testing of the fourth well and the drilling of a fifth well. Over the course of 2011, we should be in a position to assess the economic value of the field and consider the best way to take this asset forward.

Assets held for sale

At the start of 2010 we announced our intention to sell the Maikuben coal mine and MKM. Maikuben was acquired in 2008, along with the Ekibastuz GRES-1 power station. Ekibastuz GRES-1 sources most of its coal from the Bogatyr mine, which is 50% owned by Samruk-Kazyna, our joint venture partner at Ekibastuz GRES-1. The disposal of Maikuben should be completed in 2011.

MKM, a downstream copper processing business in Germany, was acquired in 2004 before our Listing. We are continuing to talk to several parties about the disposal and anticipate that this should complete in 2011. The business is performing well, assisted by the relatively strong economic recovery in Germany and some of the neighbouring countries.

Funding

Our balance sheet has benefited from higher metals prices and at the end of the period we had net debt of $350 million. This figure compares to Segmental EBITDA (excluding special items) of $1,932 million. We have available credit facilities of $300 million and a $2 billion undrawn balance from the $2.7 billion copper project loan facility with the China Development Bank and Samruk-Kazyna. We continue to pay down our pre-export credit facility at a rate of $44 million per month, and this facility will be repaid by February 2013.

Our balance sheet is also strengthened by our 26% holding in ENRC, worth $5,431 million at the end of 2010.

We believe that the Group has considerable flexibility to consider growth opportunities, both organic and acquired, where we believe that we can add value and the assets fit with our strategic objectives.

Sales

We typically arrange off-take agreements for up to 90% of our anticipated production each year, evenly split between customers in Europe and China. The balance of around 10% is held for spot sales during the year. All of the agreements for 2011 had been completed by the end of 2010. As was expected, demand from customers was firm and premiums were generally higher than in 2010.

The agreements for 2011 were again made with our existing customers, many of whom have dealt with us for several years. I should like to thank them for their support and we look forward to continuing to work with them in the future.

Copper growth projects

With the formation of our new Project Team we are making improved progress across all areas. The overall aim is to take our copper production from a current level of 300 kt to 500 kt over the next 7 years. We have also increased our exploration programme to identify copper projects beyond 2015.

A draft feasibility study was completed at Bozshakol in 2010. Further drilling is being undertaken to provide additional data, particularly around the gold resource. This work remains on track and a final feasibility study should be completed by the end of 2011. Some basic engineering has already commenced and we should be in a position to move into the development phase in 2012, which will allow first ore to be produced in 2015.

As mentioned in the Chairman’s Statement, we are considering proceeding with the feasibility study at Aktogay sulphide, our second major growth project, and we are reviewing potential study contractors for this work. There is a smaller oxide deposit at Aktogay and we may accelerate the development of this part of the project, ahead of the larger sulphide ore body.

Our Project Team is advancing with a series of mid-sized projects, including the development of mines and construction of a new concentrator at Kosmurun-Akbastau, and the second stage of development at the Zhomart mine. These projects are at different stages of drilling and assessment, but we should be in a position to provide regular updates on each project during 2011.

Employees
The success of Kazakhmys is dependent upon the efforts of 61,000 individuals. I should like to thank them for their efforts over the past year and their assistance in taking the Group forward.

A key responsibility of management is the welfare of the workforce. Management must lead by example and create an environment in which safety is paramount. As mentioned in the Chairman's statement, safety should be a key indicator of successful operational management.

We have made several changes over the course of 2010, including working with Du Pont on risk analysis and management training. Our newly appointed Chief Operating Officer, Sergei Diachenko, has an obvious commitment to helping us improve in this area.

Summary
Output of copper in 2011 should be at a similar level to 2010, with a modest increase in power output at Ekibastuz GRES-1. Mining costs will be impacted by inflation, which will make management of costs and optimisation increasingly important.

Our growth projects are at an important stage and I look forward to reporting on their development over the course of the year.

OUR OPERATIONS

REVIEW OF KAZAKHMYS COPPER

Copper production summary

kt (unless otherwise stated)	**Year ended 31 December 2010**	Year ended 31 December 2009
Ore output	**32,935**	32,409
Copper grade (%)	**1.09**	1.18
Copper in concentrate from own production	**335**	359
Copper cathodes from own concentrate[1]	**303**	298
Copper cathode equivalent from own concentrate[2]	**303**	320
Copper cathodes from purchased concentrate	**3**	6
Copper rod production	**35**	10

[1] Includes cathode converted into rod.
[2] Includes copper sold as concentrate and cathode converted into rod.

Ore output in 2010 was 2% above the prior year as the West Nurkazgan mine, which commenced operation as an underground mine in February 2009, ramped up and contributed a full year of production in 2010. Output from the Abyz mine was also higher in 2010 as the mine was closed for stripping work in the first half of 2009. Within the Zhezkazgan Complex, the Zhomart mine benefited from the delivery of new mining equipment and the West mine, closed in 2009 for economic reasons, re-opened in response to the attractive pricing environment. In the East Region, progress was made with backfilling work at the Artemyevsky mine.

These production gains were partially offset by a decline in output from the North mine with the closure of the Taskora open pit in December 2009 and as extensive stripping work was conducted at the mine during the first four months of 2010.

The average copper grade in 2010 fell to 1.09% from 1.18% in 2009. The fall in grades reflects the transfer of operations to lower grade sections of the Orlovsky mine in the East Region and declining grades from the maturing mines in the Zhezkazgan Region. The decline in ore grade, partially offset by the increase in ore extraction, resulted in a 6% reduction in copper metal in ore extracted in 2010.

Own copper in concentrate production in 2010 benefited from the reprocessing of waste material from the Balkhash furnaces and converters and the processing of limited volumes of stockpiled ore, in particular, from the Akbastau and Kosmurun mines. In the prior year, a greater volume of stockpiled ore was processed, which, together with the lower ore grades in 2010, led to a 7% decline in copper in concentrate output.

Production of copper cathodes from own concentrate was 2% above the prior year when 22.7 kt of copper in concentrate was sold to third parties on a trial basis, rather than being processed into copper cathode. In 2010, Kazakhmys Copper maintained sufficient smelting capacity at the Zhezkazgan and Balkhash complexes so sales of copper concentrate were not required. The internal processing of all copper concentrate produced will continue in 2011, with no sales of copper concentrate being planned.

Copper cathode equivalent production from own concentrate, which includes copper concentrate sales, was 5% below 2009 levels mainly due to the reduced copper grade recorded in 2010 and the processing of stockpiled ore in 2009.

Own copper cathode equivalent production in 2011 is expected to be consistent with 2010 levels, although ore extraction volumes are expected to increase as the copper ore grade declines.

Copper rod is produced from cathode to order, mainly for customers in China. Volumes increased markedly in 2010 as the premiums available justified the allocation of a greater volume of cathodes for conversion into rod. Similar volumes of copper rod are planned to be produced in 2011.

Zinc production summary

kt (unless otherwise stated)	**Year ended 31 December 2010**	Year ended 31 December 2009
Zinc grade (%)	**4.58**	4.15
Zinc in concentrate	**167**	149
Zinc metal	**-**	9

The volume of zinc containing ore extracted in 2010 was 10% above the prior year with increased ore extraction from the Abyz mine, which had been closed for stripping work during the first half of 2009, and higher ore output from the Artemyevsky mine following progress made with backfilling work. The average zinc grade also improved in 2010 as higher grade ore was mined at the Orlovsky and Artemyevsky mines.

The greater volume of zinc containing ore extracted and zinc grades in 2010 contributed to a 21% increase in zinc metal in ore mined, offsetting the benefit from the processing of stockpiled ore in the prior year. Output in 2010 was also assisted by operational improvements at the Orlovsky and Nikolayevsky concentrators raising their recovery rates. Zinc metal in concentrate production in 2010 was 12% above the comparative period.

Zinc in concentrate production in 2011 is expected to be slightly below the production volumes achieved in 2010.

The zinc metal production in 2009 reflects the running down of work in progress that was held at the zinc refinery prior to it being suspended in early 2009. There are no plans to reopen the refinery in 2011.

Precious metals production summary

	Year ended 31 December 2010	Year ended 31 December 2009
Average silver grade (g/t)	**20.06**	20.62
Silver own production (koz)	**14,093**	16,894
Average gold grade (g/t)	**0.73**	0.66
Gold own production (koz)	**127**	135

The silver ore grade was in line with the prior year as the decrease in ore grades from the maturing mines in the Zhezkazgan Region was offset by higher grades from East Region mines, in particular at the Artemyevsky mine.

Underlying silver metal in ore output was broadly consistent in 2009 and 2010, although silver granule production was 17% below the prior year as output in 2009 benefited from the processing of ore stockpiles at the Nurkazgan and Karagaily concentrators and a net decrease in silver work in progress at the smelters.

Silver production is expected to be slightly lower in 2011 as grades from the maturing mines in Zhezkazgan continue to decline.

The gold ore grade benefited from operations resuming at the Abyz mine after it was closed for stripping work during the first half of 2009. Higher grades were also achieved at the Artemyevsky and Orlovsky mines. For these reasons, gold metal in ore was 24% above 2009 levels.

Gold production was 6% below the prior year despite the higher gold metal in ore mined as output in 2009 benefited from the processing of stockpiled ore.

Gold production in 2011 is expected to be similar to the levels achieved in 2010 as Abyz's production will be impacted by ongoing mine development work.

Support services
As a vertically integrated mining company, Kazakhmys Copper operates three coal-fired power and heating plants at Karaganda, Balkhash and Zhezkazgan, which meet the electrical and heating requirements of the Group's mining, concentrating and smelting operations and also the surrounding community. The power and heating plants generated 5,684 GWh of electricity (excluding house load) in 2010, up from 5,457 GWh in 2009, as outages at the power and heating plants reduced, mainly as a result of the capital investments made at the power and heating plants and an improved maintenance regime.

Coal for the power and heating plants is supplied from two captive mines which produced 8.1 MT of coal in 2010, above the prior year output of 7.5 MT, due to the increased generation at the power and heating plants. Kazakhmys Copper also owns a rail and road transportation network to move ore, concentrate and cathodes around the Group. The rail network includes 1,100 km of railway in Kazakhstan, a fleet of 100 locomotives and over 800 wagons. The road haulage fleets operate principally in the East and Karaganda Regions where there is less railroad infrastructure. The management of railway services and a number of the road haulage routes are outsourced to third party suppliers.

FINANCIAL SUMMARY

$ million (unless otherwise stated)	**Year ended 31 December 2010**	Year ended 31 December 2009
Sales revenues:	**3,182**	2,357
Copper cathodes	**2,110**	1,563
Copper rods	**274**	41
Copper concentrate	**-**	107
Zinc (metal and concentrate)	**193**	146
Silver	**271**	251
Gold	**164**	127
Other	**170**	122
Average realised price of copper ($/tonne)	**7,523**	5,024
EBITDA (excluding special items)	**1,715**	1,027
Net cash costs excluding purchased concentrate (USc/lb)	**89**	72
Gross cash costs excluding purchased concentrate (USc/lb)	**203**	159
Capital expenditure[1]	**557**	310
Sustaining	**355**	216
Expansionary	**202**	94

[1] Capital expenditure in 2010 excludes major social projects.

Revenues
Revenues generated by Kazakhmys Copper increased by 35% or $825 million in 2010 as the higher commodity prices for its principal products more than compensated for the lower sales volumes of copper cathode.

Kazakhmys Copper generated around 75% of its revenue from copper products, the sales of which grew by $673 million compared to the prior year. Copper cathode and rod realised prices were 50% above 2009, rising from $5,024 to $7,523 per tonne. Pricing in the second half of 2010 was particularly strong as the average realised price exceeded $8,000 per tonne.

Copper cathode equivalent sales volumes of 317 kt were 24 kt or 7% below the prior year due to the lower own copper concentrate production volumes and as 2009 benefited from a 17 kt reduction in finished goods stock, 4 kt greater than the finished goods reduction in 2010.

The trial sales of copper concentrate which occurred in the first seven months of 2009 were not repeated in 2010. The volume of copper rod sales increased from 8 kt to 35 kt as premiums on sales to China improved with stronger demand which justified a greater allocation of cathode to rod production.

Revenue from zinc products increased by $47 million as the zinc concentrate realised price rose by 20% and sales volumes also grew by 26% to 171 kt. The growth in revenue from zinc concentrate was partially offset by the closure of the zinc metal plant in 2009 from which zinc metal sales were made.

Silver revenue was $20 million higher than in 2009 with the 37% increase in the realised price partially offset by the 18% decline in silver sales volumes to 13,514 koz with lower production volumes. Gold revenue was 29% above the prior year with the average realised price 27% higher, on flat sales volumes as lower production in 2010 was offset by an 8 koz reduction in gold metal inventory.

Other revenue includes by-products from Kazakhmys Copper's mining operations such as lead products, sulphuric acid, external power and coal sales. The change from the prior year is due to higher revenues from lead products and greater external sales of electricity and heating by Kazakhmys Copper's captive power stations.

EBITDA (excluding special items)
Kazakhmys Copper's EBITDA rose by 67% to $1,715 million in 2010 due to the significant growth in revenues. Inflationary pressures impacted operating costs, particularly during the second half of the year, with local cost inflation in Kazakhstan of 8% and rising commodity prices impacting items such as fuel, steel and concrete, increasing input costs.

Cost of sales, excluding depreciation and mineral extraction tax (MET), increased by 24% on the prior year, reflecting the higher prices for consumables and supplies used in the mining process and greater consumption as ore extraction and preparation volumes increased in 2010. Repair costs also rose as additional focus was placed on improving the performance of assets, including work to overhaul the furnaces at the smelters and reducing outage rates at the captive power stations. Environmental charges were impacted by emission claims for prior periods.

Employee costs were 5% above the prior year as staff placed on part time work in 2009 in response to economic conditions returned to full time work to support the higher ore production. Inflationary salary increases were also awarded, partially offset by the transfer during 2009 of personnel to outsourcing companies.

Costs associated with the transportation of ore, which has been outsourced to third parties, increased due to higher tariffs and as stockpiled ore from Akbastau and Kosmurun was processed during the year.

In 2010, administration costs rose by 34% to $479 million, excluding the $130 million charge for major social projects. These higher costs include the additional support provided by Kazakhmys to a range of smaller social projects within the local community during 2010 given the better pricing environment after the focus on cost reductions in 2009. Consultancy charges were also higher in 2010 as the Group conducted reviews to improve the efficiency of its operational processes and management structure.

The prior year included a loss of $129 million from the copper hedge programme in place at the time, whereas no copper hedges were entered into during 2010. Year on year the average US dollar to tenge rate was flat with an average of 147.35 KZT/$ in 2010 compared to 147.50 KZT/$ in 2009.

Cash costs
The gross cash cost of copper increased to 203 US cents per pound in 2010, up from 159 US cents per pound in 2009. This increase reflects the inflationary pressures on operating costs in 2010 and the lower copper cathode equivalent sales volumes.

The net cash cost increased to 89 US cents per pound in 2010 as the improved by-product credits with higher commodity prices for gold, silver and zinc, were offset by the higher gross cash costs and lower copper cathode equivalent sales volumes.

Capital expenditure
With the sustained improvement in commodity prices during 2010, Kazakhmys Copper expanded its capital expenditure programme compared to the prior year when the priority was on cash conservation.

Sustaining
Capital expenditure to maintain Kazakhmys Copper's operations in 2010 was focused on the replacement of mining equipment such as load haul vehicles, roof bolters and drilling machines to increase equipment availability and production efficiency at the mines. Capital expenditure includes the tyre recycling workshop which commenced operations in January 2010 to reduce expenditure on new tyres.

Given Kazakhmys Copper's vertically integrated operations, the sustaining capital expenditure programme in 2010 included expenditure to maintain output at the concentrators, captive power stations and smelters. The capital expenditure on the Zhezkazgan and Balkhash smelters included the overhaul of furnaces and replacement of obsolete equipment to enhance the performance of the facilities. Investments were also made into Kazakhmys Copper's transportation infrastructure with the purchase of locomotives and the repair of railway lines.

Expansionary
Kazakhmys Copper has a number of medium-sized mine projects which are progressing through the development stages. The West Nurkazgan underground mine commenced operation in February 2009 and funding was allocated to develop the mine's infrastructure to enable a ramp up of production and development of future areas of the deposit. The drilling programme for the Akbastau and Kosmurun underground mines and the associated concentrator project was completed in 2010. The results from the drilling work will be processed in early 2011 and a feasibility study for the project is expected to be completed in 2012. The initial ore production from the Akbastau mine is expected in late 2014.

During the second half of 2010, geological work commenced on the second phase of the Zhomart mine and drilling work will continue throughout 2011. Exploratory drilling was also conducted at the East Nurkazgan deposit which is located close to the West Nurkazgan mine. Geological work on the East Nurkazgan and Zhaisan deposits and the extension of the Shatyrkul mine will continue in 2011.

Bozshakol
Kazakhmys Copper's major development project is the substantial Bozshakol sulphide ore deposit, which has a management estimated geological resource of 1,184 MT of ore at a copper grade of 0.35%, along with other by-products including gold, silver, molybdenum and rhenium.

The development of the Bozshakol deposit, which is being managed by the Group's project team, moved to the feasibility stage in January 2010. Aker Solutions, acting as the study contractor, completed the draft feasibility study for the project in October 2010. The study highlighted the requirement to conduct further drilling to gain a more detailed understanding of the deposit's gold resource, and to plan the mine's development. The additional exploration work is expected to be completed in the first half of 2011 and a revised feasibility study is to be issued by the end of 2011.

The basic engineering for the Bozshakol project is on track to be completed during 2011 and long lead items, notably the mills and drive systems, have been ordered. Ore production from the Bozshakol deposit is expected to commence in 2015.

Aktogay
Similar to the Bozshakol deposit, Aktogay is a large open pit mine and concentrator project which is located in the east of Kazakhstan. Aktogay is a copper ore deposit with a management estimated mineable oxide resource containing 119 MT of ore with a 0.37% copper grade and a sulphide resource of 1,148 MT of ore with a 0.38% copper grade, which supports a 43 year mine life. Overall, the deposit contains nearly 5 MT of copper along with some minor molybdenum and silver by-products.

A pre-feasibility study on the deposit was completed in October 2009, and in April 2010 a memorandum of understanding was signed with the Jinchuan Group to jointly develop the deposit. Kazakhmys and Jinchuan have not yet been able to reach agreement on the terms of the joint venture and Kazakhmys is now considering alternative options to fund the asset's further development. The Group is likely to proceed with the feasibility study for the main sulphide deposit in 2011 and also to update the feasibility study for the oxide deposit.

REVIEW OF KAZAKHMYS GOLD

PRODUCTION SUMMARY

	Year ended 31 December 2010	Year ended 31 December 2009
Ore output (kt)	**1,401**	1,564
Average gold grade (g/t)	**1.25**	1.39
Gold doré production (koz)	**43**	47

Ore output was below the prior year as the first quarter of 2010 was marked by extremely cold winter weather which restricted operations at the two operating mines, Mizek Oxide and Central Mukur, both of which are open pits. Mizek Oxide's ore production was also impacted by power outages at the start of the year, and, following the exhaustion of extractable reserves, the mine closed in November 2010.

The decline in gold grade reflects the maturing of the two mines, and in particular, Mizek Oxide operations moved to sections with a lower metal content. Gold doré production fell in comparison to the prior year due to the lower ore volumes and grade in 2010.

In 2011, mining operations will continue at Central Mukur and whilst ore extraction has ceased at Mizek Oxide, previously mined material will be processed until 2013. Central Mukur's mining operations are expected to cease in 2012 with the processing of previously mined ore for a further year. To improve the efficiency of the Group's operational management structure, Kazakhmys Gold mines will be incorporated into the Kazakhmys Copper operational structure during 2011.

FINANCIAL SUMMARY

$ million (unless otherwise stated)	**Year ended 31 December 2010**	Year ended 31 December 2009
Sales revenue	**55**	47
Average realised price ($/oz)	**1,275**	982
EBITDA (excluding special items)	**29**	24
Cash cost ($/oz)	**476**	343
Capital expenditure	**52**	15
Sustaining	**2**	3
Expansionary	**50**	12

Revenues
Revenues in the division are almost entirely derived from the sale of gold doré to a single European processor. The gold is sold at a price determined by reference to the LBMA price less refining charges under an annual contract. Sales revenues were slightly higher than the prior year as a 30% rise in the realised gold price offset the lower sales volumes of gold doré.

EBITDA (excluding special items)
EBITDA was above the prior year as the growth in revenues largely offset the increase in the cost base in 2010. Operating costs in the Gold division rose mainly as a result of higher input prices, which impacted fuel, consumables, chemicals and staff costs. The level of fuel usage also increased in 2010 as the power outages at Mizek Oxide at the start of the year resulted in the use of temporary generators.

Cash cost
The cash cost per ounce rose in 2010 as the mines matured. The lower gold grade together with the reduction in volumes sold and increase in costs noted above, resulted in a 39% rise in the cash cost per unit to $476 per ounce.

Capital expenditure

Sustaining

Kazakhmys Gold's operating mines, Mizek Oxide and Central Mukur, required sustaining capital expenditure of $2 million in 2010, for the purchase of new vehicles, equipment and infrastructure for the mining operations at both sites.

Expansionary

The majority of Kazakhmys Gold's capital expenditure in 2010 related to the development of the Bozymchak gold-copper deposit, located in Kyrgyzstan. The development project was impacted by the social unrest in the country in the first half of 2010, which delayed the commencement of stripping work and the delivery of equipment to the site.

With the stabilisation of the political climate in Kyrgyzstan, work on developing the site's infrastructure has resumed although the period to design and construct the project has been extended to ensure the project is delivered to an international standard.

The majority of the processing plant equipment from China has been delivered to the site along with the vehicles and mining equipment to be used at the project. The first concentrate sales from the open-pit deposit are now expected to commence in the first half of 2012.

REVIEW OF KAZAKHMYS POWER

On 26 February 2010 the Group completed the disposal of 50% of Ekibastuz GRES-1 to Samruk-Kazyna. Under the agreement reached with Samruk-Kazyna, Kazakhmys is responsible for the management of the power station for the next five years, after which, Samruk-Kazyna will have the right to appoint the management team for the following five years.

The Maikuben West coal mine was classified as "held for sale" in 2009 as the coal requirements for Ekibastuz GRES-1 can be met almost exclusively from Bogatyr, a mine in which Samruk-Kazyna is a 50% shareholder, and consequently Maikuben West was determined to be non-core by Kazakhmys.

PRODUCTION SUMMARY

	Year ended 31 December 2010	Year ended 31 December 2009
Net power generated (GWh)	**11,065**	9,737
Net power generated attributable to Kazakhmys[1] (GWh)	**6,528**	9,737
Net dependable capacity (MW)	**2,171**	2,012
Coal extraction (kt)	**5,307**	3,688

[1] Represents 100% of the net power generated until the 50% disposal on 26 February 2010 and 50% of the net power generated to 31 December 2010.

Net power generated by Ekibastuz GRES-1 increased by 14% as the power station benefited from growth in domestic demand for electricity throughout 2010. Generation in the second half of 2010 also benefited from the resumption of export sales to Russia from June 2010.

The 159 MW increase in Ekibastuz GRES-1's net dependable capacity to 2,171 MW is mainly due to the maintenance work carried out at four of GRES-1's generating units which raised the power station's gross dependable capacity during 2010.

Extraction from Maikuben West coal mine was 44% higher than in the prior year as shipments to the power industry in Russia increased with the easing of restrictions on coal sales to Russia.

FINANCIAL SUMMARY

$ million (unless otherwise stated)	**Year ended 31 December 2010**	Year ended 31 December 2009
Sales revenues	**261**	238
Electricity generation[1]	**202**	209
Coal	**59**	29
Average realised tariff price[1] (KZT/kWh)	**4.49**	3.19
Domestic sales (KZT/kWh)	**4.56**	3.30
Export sales (KZT/kWh)	**3.67**	2.78
Average cost[2] (KZT/kWh)	**1.61**	1.54
EBITDA (excluding special items)[2]	**144**	120
Capital expenditure[2]	**86**	61
Sustaining	**31**	17
Expansionary	**55**	44

[1] Represents 100% of Ekibastuz GRES-1's results until the 50% disposal on 26 February 2010 and 50% for the period to 31 December 2010.
[2] Represents Maikuben West coal mine and 100% of Ekibastuz GRES-1 until the 50% disposal on 26 February 2010 and 50% for the period to 31 December 2010.

Revenue
Kazakhmys Power's sales revenue attributable to Kazakhmys was above the prior year despite the 50% disposal of Ekibastuz GRES-1 in February 2010. Total revenue generated by Ekibastuz GRES-1 increased by 62% in 2010, supported by the 32% growth in domestic sales volumes and the 38% increase in domestic sales tariffs, offsetting the decline in sales to Russia which fell from 20% to 8% of total sales. The average sales tariff in 2010 increased by 41% to 4.49 KZT/kWh due to the higher ceiling tariff in Kazakhstan and the average tariffs for sales to Russia rising to 3.67 KZT/kWh.

Revenue from coal sales made by the Maikuben West coal mine were $30 million above the prior year due to increased demand from the Russian power market which recorded a significant growth in sales volumes.

EBITDA (excluding special items)
Kazakhmys Power's EBITDA was $24 million above the prior year as the profits generated by Ekibastuz GRES-1, which contributes the majority of the division's EBITDA, benefited from the higher sales volumes and tariffs offsetting the impact of the 50% disposal of Ekibastuz GRES-1 in February 2010.

The higher production volumes at Ekibastuz GRES-1 and Maikuben West coal mine were the main factor in the increase in costs at Kazakhmys Power. Raw material costs at Ekibastuz GRES-1 were driven by higher coal and other fuel costs which increased by 30% in 2010 due to higher consumption volumes, and the 15% increase in prices for coal supplied from the Bogatyr mine. Maintenance costs at Ekibastuz GRES-1 also increased in 2010 as the higher utilisation resulted in additional work being conducted to maintain the power station.

Emissions taxes rose reflecting the growth in production volumes in 2010, while employee costs also increased with the award of inflationary salary increases. Transportation costs rose with the increased sales volumes at Ekibastuz GRES-1 and higher coal sales to Russian customers.

Average cost
Despite the higher production volumes, Ekibastuz GRES-1's average cash cost per kWh of electricity sold increased by 5% in 2010 driven mainly by rising coal prices which comprise 52% of the power station's cash costs. Other significant items are transmission costs, emissions taxes, fuel, water, labour, repair and administration costs.

Capital expenditure

Sustaining
The first phase of Unit 3's overhaul and modernisation was completed at the end of October 2010 as part of the ongoing programme to modernise the five operating units at Ekibastuz GRES-1. The second phase of the overhaul of Unit 3 will be conducted in 2011. The general maintenance programme at the power station also continued with work on various projects to maintain operations and to improve operational efficiency.

Capital expenditure at the Maikuben West coal mine in 2010 related to the maintenance of mining equipment and infrastructure.

Expansionary
The project to rehabilitate Ekibastuz GRES-1's Unit 8, which has a design capacity of 500 MW, progressed during 2010 with the selection of suppliers and the placement of orders for key items of equipment. The unit has also been prepared for the construction phase with dismantling and inspection work and the repair of auxiliary equipment for the boiler largely completed. In 2011, work on the repair and installation of equipment will continue, with production from the unit planned to commence by the end of 2012.

Due to the strong cash flows being generated by Ekibastuz GRES-1, approval was granted in 2010 to bring forward the rehabilitation of Unit 2 by around 12 months from the previously planned date. The project to restore the 500 MW unit commenced in the last quarter of 2010 with the selection of key suppliers and the placement of orders for the boiler, generator and turbine equipment. During 2011 design and dismantling work will be undertaken. The unit is expected to commence operation by the end of 2014 taking the capacity of Ekibastuz GRES-1 to 3,500 MW.

The rehabilitation of the remaining dormant unit at Ekibastuz GRES-1 is planned over the next few years which, once completed, will restore the plant to its nameplate capacity of 4,000 MW.

Ekibastuz GRES-1 is installing electrostatic precipitators (ESP) to all of its generators to reduce ash emissions to international benchmark standards and to improve the ash disposal systems. In September 2010, the mounting of the first ESP at Unit 5 was conducted with testing and commissioning work to be completed in early 2011. The projects to install ESPs for Units 6, 7, and 8 also commenced during 2010. The installation of the ESP at Unit 6 is expected to be completed in 2011 and the ESPs for Units 7 and 8 are planned to be operational in 2012. The installation of ESPs for Units 3 and 4 will follow on from the aforementioned works.

REVIEW OF KAZAKHMYS PETROLEUM

FINANCIAL SUMMARY

$ million	**Year ended 31 December 2010**	Year ended 31 December 2009
EBITDA (excluding special items)	**(1)**	(1)
Capital expenditure (expansionary)	**37**	34

The Group's oil division, Kazakhmys Petroleum, acquired the exploration rights to a 602 km^2 block located to the south of Aktobe in western Kazakhstan in May 2007.

During 2010, the deep well exploration programme continued with the development of four deep wells. The first deep well, drilled in 2009, had a sidetrack drilled which was used to deliver acid treatment in an attempt to improve oil production from the well. Further acid treatment is planned for 2011. The second deep well, also drilled in 2009, will require acid treatment, although this is only likely to proceed if the results from other deep wells are sufficiently positive.

The third deep well was drilled to its target depth of 5,200 metres in the first half of 2010. Acid treatment was undertaken, which resulted in a restricted flow of hydrocarbons for a three month period before testing was suspended to obtain the necessary permits. The hydro-dynamic surveys that are planned for the well, in order to assess the recoverable oil in place, commenced in January 2011.

The drilling of the fourth deep well started in May 2010 and reached its target depth of 5,250 metres at the beginning of December 2010. The testing of the well will be conducted during 2011. Kazakhmys plans to commence drilling of a fifth well in early 2011, the site for which is undergoing preparation, possibly to be followed by the drilling of a sixth well later in the year.

The four year exploration license for the East Akzhar block expires in May 2011. Kazakhmys is in the process of applying for an extension to the licence term which it expects to be granted.

REVIEW OF MKM

FINANCIAL SUMMARY

$ million (unless otherwise stated)	**Year ended 31 December 2010**	Year ended 31 December 2009
GVA[1] (€ million)	**146**	123
Wire section (€ million)	**35**	29
Flat section (€ million)	**72**	60
Tubes and bars (€ million)	**39**	34
EBITDA (excluding special items)	**81**	76
Capital expenditure (sustaining)	**14**	9

[1] "GVA" is Gross Value Added which is calculated as turnover less the input cost of copper cathode, i.e. MKM's 'value add'. It is not a statutory reporting measure. The GVA figures are presented in Euros, MKM's operating currency.

MKM is the Group's downstream copper business, which produces and sells copper and copper alloy semi-finished products. Based in Germany, the business is structured in three sections: wire products, flat products (strips, plates and sheet) and tubes and bars. Kazakhmys determined in 2009 that MKM was not a core business as it was inconsistent with the Group's geographic and strategic focus and classified it as "held for sale". At the 2010 year end, the business remains classified as "held for sale".

GVA

Gross Value Added (GVA) represents the conversion charge that customers pay in excess of the copper cathode cost, and is considered a key performance measure for MKM as it excludes the impact of changes in the price of copper.

MKM's sales recovered in 2010 from the weak demand experienced in 2009, leading to GVA rising from €123 million to €146 million. MKM's biggest market is Germany, representing over 40% of total sales volumes. MKM succeeded in growing domestic sales by 17% in 2010, more than compensating for the lower volumes sold to Eastern Europe as MKM focused on higher margin products.

Overall sales volumes grew by 7% in 2010, which was achieved alongside a GVA per tonne increase from €521 to €578. Management reduced sales of copper wire rods, partly to preserve working capital, and grew sales of higher value add products such as drawn wire, strips and bars which rose 34%, 13% and 9%, respectively, compared to prior year. In response to demand, MKM extended its product range during 2010 and added additional capacity to certain lines. Another factor in raising sales was the availability of debtor insurance, which forms part of MKM's risk management strategy. Debtor insurance was limited in availability during 2009 but, over the course of 2010, credit limits for customers have been progressively raised, enabling MKM to accept orders they may otherwise have refused.

EBITDA (excluding special items)

EBITDA was $81 million, $5 million above EBITDA in the prior period of $76 million. Movements in the copper price are reflected in the IFRS inventory adjustment which was $43 million in 2010 and $58 million in 2009. Excluding the impact of the IFRS adjustment and expressed in Euros to better reflect underlying performance, MKM's EBITDA rose to €28 million, an increase of 87% compared to 2009. The growth in EBITDA has been the result of the improved market conditions and MKM management maintaining a tight control over costs, although measures taken in 2009, such as cancelling production shifts and overtime work, have now ended due to the higher volumes being processed.

Capital expenditure
Capital expenditure in 2010 was above the prior year as MKM had reduced investment to a minimum level in response to the challenging market conditions. In 2010, investment was made into the production lines of strips, sheets, tubes and bars to enable MKM to expand its product range. MKM also raised its slitting capacity which was a bottleneck impacting sales of flat products.

FINANCIAL REVIEW

INCOME STATEMENT

Extracts from the consolidated income statement are shown below:

$ million	**2010**	2009
Continuing operations		
Revenues	**3,237**	2,404
Operating costs excluding depreciation, depletion, amortisation, MET and special items	**(1,530)**	(1,389)
EBITDA (excluding special items) from subsidiaries	**1,707**	1,015
EBITDA (excluding special items) from joint venture	**86**	-
Segmental EBITDA (excluding special items) from continuing operations	**1,793**	1,015
Less: interest and taxation expense of joint venture	**(28)**	-
Special items:		
Less: impairment of property, plant and equipment	**(13)**	(50)
Less: impairment of mining assets	**-**	(23)
Less: major social projects	**(130)**	-
Less: provisions released/(raised) against inventories	**18**	(14)
Less: loss on disposal of property, plant and equipment	**-**	(1)
Less: MET	**(236)**	(164)
Less: depreciation, depletion and amortisation	**(268)**	(214)
Operating profit	**1,136**	549

Revenues and EBITDA (excluding special items)

The Group's revenues from continuing operations were $3,237 million in 2010, an increase of $833 million over the prior year. The growth in revenues reflects stronger prices across all of the Group's major commodities. Revenues from copper products were $2,384 million compared to $1,711 million in 2009, despite a reduction in sales volumes of copper cathode equivalent of 24 kt. Gold, silver and zinc contributed $683 million, a $112 million increase over the prior year.

Production costs (excluding depreciation, depletion, amortisation, MET and special items) increased by 23% on 2009, as the higher commodity prices, expanded stripping works and greater ore output impacted the cost of raw materials, consumables, fuel and other inputs. Administration expenses (excluding depreciation and special items) were 31% higher than in 2009, driven primarily by greater social spending in light of stronger commodity prices and higher consultancy fees incurred by the Group's operational improvement and restructuring programmes.

Salary cost inflation was low in 2010 as pay rises were targeted on specific categories of workers and as the outsourcing of services reduced Kazakhmys Copper's headcount.

Net other operating income was $7 million compared to net operating costs of $131 million in the prior period, as costs in 2009 included $129 million of losses on the copper hedging programme intended to protect production from the higher cost mines in the Zhezkazgan region.

The average US dollar exchange rate for the year ended 31 December 2010 was 147.35 KZT/$, compared to 147.50 KZT/$ in 2009. The closing US dollar exchange at 31 December 2010 was 147.40 KZT/$ compared to 148.36 KZT/$ at 31 December 2009.

Special items
Special items are non-recurring or variable in nature which do not impact the underlying trading of the Group. The principal operating special items recognised in 2010 are:

- In the first half of 2010, the Group committed to fund major social projects in Kazakhstan at a cost of $130 million. The charge represents the full cost of the projects which are expected to take up to two years to complete. These commitments are considered a special item due to the unique nature and quantum of the expenditure when compared to previous social development projects undertaken by the Group; and

- In 2008, Kazakhmys Copper recognised an impairment loss in respect of stockpiled ore for which processing was considered uneconomic at the prevailing commodity prices. During 2010, with the improved commodity prices, the stockpiles have been partially processed and as a result, an $18 million impairment provision previously recognised has been reversed.

Equity accounting
The Group's equity accounted investments include the 50% joint venture, Ekibastuz GRES-1.

Following the disposal of 50% of Ekibastuz GRES-1, a subsidiary within the Kazakhmys Power Division, to Samruk-Kazyna on 26 February 2010, the Group recognised the 50% retained interest in Ekibastuz GRES-1 as an equity accounted joint venture. Included in the operating profit for continuing operations is the Group's share of the profits from the joint venture for the period from 27 February 2010 to 31 December 2010, net of tax, of $38 million. The Ekibastuz GRES-1 joint venture is considered an integral part of the Kazakhmys Power business, and as a consequence its results are included within operating profit.

Reconciliation of EBITDA (excluding special items)
Consistent with other international mining companies, EBITDA (excluding special items) has been chosen as the key measure in assessing the underlying trading performance of the Group. This performance measure removes depreciation, depletion, amortisation and non-recurring or items variable in nature which do not impact the underlying trading performance of the Group.

As with the prior period, MET is excluded from the EBITDA (excluding special items) key financial indicator. The Directors believe that the exclusion of MET provides a more informed measure of the operational profitability of the Group given the nature of the tax.

A reconciliation of Segmental EBITDA (excluding special items) by division is shown below:

$ million	**2010**	2009
Continuing operations		
Kazakhmys Copper	**1,715**	1,027
Kazakhmys Gold	**29**	24
Kazakhmys Power (share of EBITDA of joint venture)[1]	**86**	-
Kazakhmys Petroleum	**(1)**	(1)
Corporate unallocated	**(36)**	(35)
Total continuing operations	**1,793**	1,015
Discontinued operations		
Kazakhmys Power[2]	**58**	120
MKM	**81**	76
Total discontinued operations	**139**	196
Segmental EBITDA (excluding special items)	**1,932**	1,211

[1] The share of EBITDA (excluding special items) of the joint venture, Ekibastuz GRES-1, for the period from 27 February 2010 to 31 December 2010, is included within the Kazakhmys Power Division as part of continuing operations.
[2] Includes 100% of the EBITDA (excluding special items) of Ekibastuz GRES-1 until the date of the disposal on 26 February 2010 and the EBITDA (excluding special items) for the year ended 31 December 2010 of the Maikuben West coal mine.

Segmental EBITDA (excluding special items) for the year ended 31 December 2010 was 60% above the prior year at $1,932 million, reflecting the strengthening of prices for all of Kazakhmys Copper's major products despite the lower sales volumes of copper cathode equivalent. Kazakhmys Power's EBITDA is shown solely in discontinued operations in 2009, whilst in 2010, the results of Ekibastuz GRES-1 are split between discontinued operations for the period to 26 February 2010, the date of the 50% disposal, and continuing operations for the period thereafter. The Maikuben West coal mine is included in discontinued operations for the full year in 2009 and 2010. The total contribution to Segmental EBITDA from Kazakhmys Power of $144 million increased by $24 million in 2010, despite the reduced ownership for most of the year, as realised tariffs rose by 41% and demand grew. MKM's EBITDA was $81 million compared to $76 million in 2009, as industrial production recovered in its core market, Germany, and as the rise in copper price resulted in a $43 million positive IFRS inventory adjustment (2009: $58 million).

Discontinued operations
The Kazakhmys Power Division and MKM have been classified as being held for sale and as discontinued operations within the consolidated financial statements.

$ million	**2010**	2009
Kazakhmys Power		
Profit/(loss) before tax excluding impairment losses	**71**	(10)
Impairment losses	**-**	(69)
Taxation charge	**(12)**	(5)
Impairment loss on remeasurement to fair value	**(12)**	-
Profit/(loss) for the year	**47**	(84)
MKM		
Profit before tax excluding impairment losses	**74**	49
Impairment losses	**-**	(32)
Taxation (credit)/charge	**(1)**	11
Impairment loss on remeasurement to fair value	**(58)**	(158)
Profit/(loss) for the year	**15**	(130)
Profit/(loss) from discontinued operations	**62**	(214)

Following the announcement on 10 December 2009 that the Group had agreed to dispose of 50% of Ekibastuz GRES-1, a wholly owned subsidiary within the Kazakhmys Power Division, it was classified along with MKM and the Maikuben West coal mine as being held for sale and as a discontinued operation within the consolidated financial statements for 2009. The partial disposal of Ekibastuz GRES-1 completed on 26 February 2010 and the Group has retained a 50% non-controlling interest in the entity which is equity accounted as a joint venture and included within continuing operations from that date.

The profit after tax of the Kazakhmys Power Division classified as being held for sale (100% of Ekibastuz GRES-1 for the period to 26 February 2010 and the Maikuben West coal mine for the twelve months ended 31 December 2010) and MKM, together with impairment losses and any write down to fair value, are included within the consolidated income statement as part of the profit for the year from discontinued operations.

Kazakhmys Power
As discussed above, Kazakhmys Power's results for the year ended 31 December 2010, in respect of discontinued operations, includes 100% of Ekibastuz GRES-1 only for the period to 26 February 2010, the date the 50% disposal completed, and the Maikuben West coal mine for the full year. Kazakhmys Power's results in discontinued operations for the year ended 31 December 2009 include Ekibastuz GRES-1 and the Maikuben West coal mine for the full year.

Kazakhmys Power made an EBITDA (excluding special items) contribution of $58 million within discontinued operations, with Ekibastuz GRES-1 being $36 million. The EBITDA of the Ekibastuz GRES-1 joint venture, included within continuing operations, was $86 million, giving a combined contribution from Ekibastuz GRES-1 of $122 million in 2010. In the prior year, Ekibastuz GRES-1 contributed EBITDA of $120 million, $2 million lower than in 2010 as the higher tariff ceiling and sales volumes more than offset the impact of the 50% disposal in February 2010.

At 31 December 2010, an impairment loss of $12 million has been recognised to write down the Maikuben West coal mine to its fair value, being the expected sales proceeds from its disposal. In 2009, an impairment loss of $69 million was recognised to write down the Maikuben West coal mine to its recoverable amount on a value-in-use basis.

Kazakhmys Power recorded a net profit for 2010 whilst in 2009 the Division was loss making. In the prior year the devaluation of the tenge in February 2009 resulted in a $53 million foreign exchange loss and $69 million was recognised as an impairment charge as detailed above. Excluding the impact of the foreign exchange loss and impairment charge, the profit before tax of Kazakhmys Power would have been $43 million in 2009.

On 26 February 2010, the Group completed the disposal of 50% of Ekibastuz GRES-1 to Samruk-Kazyna for $681 million, realising a gain on disposal of $14 million. The gain consists of a $94 million excess of the proceeds over the net assets disposed, a $196 million transfer from equity of the unrealised foreign exchange losses which arose on consolidation when the assets and liabilities of the tenge denominated Ekibastuz GRES-1 were translated to US dollars, and a fair value gain of $116 million on the remeasurement of the 50% retained interest which was subsequently treated as an equity accounted joint venture.

MKM

EBITDA (excluding special items) rose from $76 million in 2009 to $81 million in 2010 as MKM's core markets recovered. MKM increased sales of its higher margin products and maintained tight control over costs. Additionally, the upwards movement in copper price during 2010 led to a positive IFRS inventory adjustment of $43 million compared to $58 million in 2009.

The net profit of MKM was $15 million in 2010 as the improvement in business performance was offset by a pre-tax impairment loss of $58 million to remeasure MKM's net assets to fair value. A deferred tax credit of $12 million was recognised taking the post-tax MKM write off to $46 million. In 2009, MKM made a loss of $130 million which included an impairment loss of $187 million to write down the business to its recoverable amount on a value-in-use basis and subsequently remeasuring MKM's net assets to fair value. Partially offsetting the write down of $187 million in 2009 was a $27 million deferred tax credit.

Dividends

The policy established at the time of Listing was for the Company to maintain a dividend policy which took into account the profitability of the business and underlying growth in earnings of the Group, as well as its cash flows and growth requirements. The Directors would also ensure that dividend cover is prudently maintained. Interim and final dividends will be paid in the approximate proportions of one-third and two-thirds of the total annual dividend, respectively.

The Directors recommend a final ordinary dividend of 16.0 US cents per share, which together with the interim ordinary dividend of 6.0 US cents per ordinary share gives a total full year ordinary dividend of 22.0 US cents per share (2009: 9.0 US cents per share) based on the earnings for 2010. Subject to approval of the shareholders at the Annual General Meeting to be held on 13 May 2011, the dividend shall be paid on 17 May 2011. The exchange rate to be applied to convert the dividend into UK pounds sterling is £0.61836 to the US dollar. This is based on the average exchange rate for the five business days ending two days before the date of this announcement.

CASH FLOWS

A summary of cash flows is shown below.

$ million	**2010**	2009
Segmental EBITDA before joint venture and associate	**1,651**	867
Impairment losses	**84**	385
Loss on disposal of property, plant and equipment	**-**	1
Share based payments	**3**	1
Dividends received from associate	**62**	84
Foreign exchange loss adjustment	**(8)**	25
Working capital movements[1]	**(49)**	(216)
Interest paid	**(50)**	(63)
MET paid	**(230)**	(120)
Income tax paid	**(365)**	(144)
Net cash flows from operating activities	**1,098**	820
Sustaining capital expenditure	**(380)**	(241)
Free Cash Flow	**718**	579
Expansionary and new project capital expenditure	**(286)**	(187)
Major social projects	**(60)**	-
Interest received	**10**	10
Dividends paid	**(80)**	-
Payment of deferred consideration arising on the acquisition of business	**-**	(83)
Advance payment of deferred consideration arising on the acquisition of business	**-**	(102)
Proceeds from disposal of property, plant and equipment	**16**	14
Purchase of own shares	**(4)**	(7)
Cash (disposed)/received in relation to disposal of subsidiary	**(107)**	681
Other movements	**(10)**	(14)
Cash flow movement in net debt	**197**	891

[1] Working capital movements exclude any accruals relating to the MET.

Summary of the year

Cash flows from operating activities were significantly stronger in 2010 compared to the prior year as the higher commodity prices improved profitability. In addition, a less adverse working capital movement offset the higher sustaining capital expenditure. Despite a significant increase in tax payments, both for corporate income tax and MET, Free Cash Flow, a key performance indicator of the Group's ability to translate earnings into cash flow, was $718 million compared to $579 million in 2009.

Working capital

Working capital levels for the Group increased by $49 million during the year (2009: $216 million). The adverse working capital movement is primarily due to:

- inventory increases at Kazakhmys Copper of $83 million as there was a build-up in work in progress in the fourth quarter of 2010 of material to be processed in 2011;
- a decrease of $66 million in prepayments and advances, resulting from the receipt of goods and services related to the Group's ongoing development projects;
- a positive movement in trade payables and other payables of $191 million at Kazakhmys Copper, principally being the accrual of $130 million related to the major social project expenditure;
- an increase in the level of trade receivables within the Kazakhmys Copper Division of $118 million due to larger revenues in the latter part of the year and the timing of receipts; and
- a significant increase at MKM in the value of inventory of $70 million and trade receivables of $25 million driven by the higher copper prices experienced in the second half of 2010.

In the prior period, the negative working capital movement at Kazakhmys Copper related to the build up of work in progress which lead to higher inventory levels, an increase in trade receivables reflecting higher prices and the negative final pricing adjustments of provisionally priced contracts recorded at the beginning of 2009. Additionally in the prior period, MKM recorded a negative working capital movement of $118 million as the value of its inventory and receivables rose, reflecting movements in the copper price.

Despite these adverse working capital movements, working capital levels continue to be tightly controlled and managed across all of the Group's businesses.

Interest cash flows
Interest paid during the year was $50 million, $13 million below the prior period. The decrease in interest payments primarily relates to the PXF where a lower average effective interest rate and the lower principal outstanding saw interest payments fall. The interest on the CDB–Samruk-Kazyna financing line is payable bi-annually.

Interest received is at similar levels to 2009 at $10 million as larger average cash balances were offset by lower credit interest rates during 2010.

Income taxes and mineral extraction tax
In 2010, income taxes paid were $365 million, significantly above the $144 million paid in 2009. This increase is primarily as a result of the improved earnings of the Group for the year and the settlement of approximately $90 million in respect of 2009 tax liabilities. At 31 December 2010, Kazakhmys Copper had a net income tax receivable balance of approximately $12 million due to payments on account made during 2010, with the overall position of the Group being similar.

In addition to the income taxes paid during 2010, $230 million was paid in respect of MET. Of the total MET expense recognised of $236 million, $50 million remained unpaid at 31 December 2010, and this was settled in early 2011.

Free Cash Flow
The Group's Free Cash Flow of $718 million improved from $579 million in the prior year as the higher earnings generated by the Group were offset by larger income tax and MET payments of $595 million compared with $264 million in 2009.

Capital expenditure
The capital expenditure programme in 2009 had been scaled back in response to the prevailing market conditions at the start of that year. The 2010 capital programme was expanded in light of the more favourable commodity prices with expenditure on sustaining the current business operations increasing to $380 million from $241 million. Expansionary and new project capital expenditure rose from $187 million to $286 million. The total capital expenditure incurred in the year was $666 million, compared to $428 million in 2009.

The major items of expansionary capital expenditure during the period include the feasibility study on the sulphide ore deposit at Bozshakol, the continued development of the West Nurkazgan mine, geological and exploratory work at East Nurkazgan, geological work at Zhomart phase 2 and drilling and assaying at the Akbastau and Kosmurun development projects in Kazakhmys Copper. In Kazakhmys Gold, expenditure on construction and equipment relating to the development of the Bozymchak project was incurred. At Kazakhmys Petroleum, exploration work on the existing wells continued during 2010.

Sustaining capital expenditure within Kazakhmys Copper included expenditure on the smelters and concentrators to maintain output levels, and the purchase of new mining equipment to improve availability.

Additionally, as part of the Group's social development programme, $60 million has been spent on major social projects in Kazakhstan, with the balance of $70 million to be settled in 2011.

Investing cash flows
The most significant investing cash flows during the two periods relate to deferred payments for the acquisition of Ekibastuz GRES-1 in 2009, and the subsequent disposal of 50% in Ekibastuz GRES-1 in

2010. In 2009, the net cash inflow related to the Ekibastuz GRES-1 acquisition and 50% disposal was $496 million compared to a $107 million outflow in 2010, resulting from the deconsolidation of Ekibastuz GRES-1's net funds position following the 50% disposal of Ekibastuz GRES-1 in February 2010.

In the prior year, the Group paid $83 million in April 2009 under the earnout agreement relating to the 2008 financial year, and in October 2009 the Group paid an additional $102 million to AES Corporation under the termination agreement. In December 2009 the Group received the $681 million sales proceeds as a prepayment from Samruk-Kazyna.

Dividends received
The Group received dividends of $62 million from ENRC in 2010, compared to $84 million in 2009, representing the final 2009 dividend and the 2010 interim dividend of ENRC. Dividends received have been credited against the carrying value of the investment in ENRC and are not included within earnings.

Dividends paid
The Group paid ordinary dividends of $80 million in 2010 representing the final 2009 dividend of $48 million and the 2010 interim dividend of $32 million.

BALANCE SHEET

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

$ million	**2010**	2009
Cash and cash equivalents	**1,113**	903
Current investments	**356**	58
Borrowings	**(1,819)**	(1,650)
Net debt[1]	**(350)**	(689)

[1] Excludes MKM and Kazakhmys Power.

The Group's net debt position (net of capitalised arrangement fees of $18 million and excluding discontinued operations) was $350 million compared with $689 million at 31 December 2009. The strong revenue driven cash inflows in 2010 reduced the Group's net debt position as the cash flows generated were sufficient to support the capital expenditure programme, fulfil the Group's tax payments during the year and strengthen the Group's liquidity position. The net debt of MKM and the Maikuben West coal mine at 31 December 2010 was $178 million (2009: $115 million).

Gross debt of continuing operations stood at $1,819 million compared to $1,650 million at 31 December 2009, an increase of $169 million following the draw down of $700 million ($688 million net of fees) under the $2.7 billion CDB–Samruk-Kazyna financing line which was signed in December 2009, offset by the continued monthly repayment of $44 million under the PXF. These monthly repayments have reduced the amount outstanding under the PXF by $525 million during the year. Of the funds drawn under the CDB–Samruk-Kazyna financing line, $400 million has been allocated to the Bozshakol project, $100 million for the development of the Bozymchak project, the gold/copper deposit in Kyrgyzstan, and $200 million is intended for the future development of the Group's mid-size projects in Kazakhstan.

The Group has available several revolving credit facilities for general corporate purposes and to provide standby liquidity. At 31 December 2010 all such facilities remain undrawn. Of the corporate credit facilities of $300 million entered into by the Group, facilities amounting to $250 million have maturity dates in March 2011 and a facility amounting to $50 million has a maturity date in September 2011.

Cash and short-term deposits (current investments) of the Group's continuing businesses as at 31 December 2010 were $1,469 million, an increase from $961 million at 31 December 2009. The increase is attributed to higher cash inflows from operating activities coupled with the proceeds from borrowings drawn under the CDB–Samruk-Kazyna financing line, partially offset by continued monthly repayments under the PXF. Of the cash and short-term deposits as at 31 December 2010 approximately $500 million is reserved under the CDB–Samruk-Kazyna financing line for the development of the Group's projects under the terms of the individual facility agreements, with the balance being available to meet working capital needs and general corporate purposes.

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 in the UK are held primarily with major European and US financial institutions with minimum ratings of Standard & Poors ‘A-‘ and Moodys ‘A3’ and triple-‘A’ rated liquidity funds. At 31 December 2010, $1,292 million (2009: $776 million) of cash and short-term deposits were held in the UK, with $177 million (2009: $181 million) being held in Kazakhstan.

Discontinued operations

Kazakhmys Power and MKM have been classified as being held for sale and as discontinued operations within the consolidated financial statements. As a result of this classification, the assets and liabilities of these divisions are separately shown within the consolidated balance sheet as single line items within current assets and current liabilities. Current assets include $382 million in respect of assets classified as held for sale, relating to the assets of MKM and the Maikuben West coal mine (part of Kazakhmys Power). The decrease in the current assets from $1,615 million at 31 December 2009, relates to the disposal of 50% of the assets of Ekibastuz GRES-1 and the transfer of the remaining 50% of its assets to investment in joint venture, within continuing operations. The principal components of current assets include inventory and trade receivables balances at MKM of $200 million and $137 million, respectively. Current liabilities include $300 million of liabilities directly associated with assets classified as held for sale, the main component of which is borrowings within MKM of $191 million. As with the current assets, the liabilities of Ekibastuz GRES-1 were all derecognised when the disposal completed in February 2010.

MKM has a trade finance facility of €170 million for a three year period with interest being payable on drawn balances at a rate of EURIBOR plus 3.00%. The facility amortises over a 12 month period after June 2011 based on the drawn balance as at 31 May 2011. At 31 December 2010, borrowings under this facility were $191 million, up from $157 million at 31 December 2009, as a result of higher working capital requirements due to rising copper prices towards the end of the year.