



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

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KAZAKHMYS PLC ANNOUNCES \$1.5 BILLION LOAN FACILITY TO FUND AKTOGAY PROJECT

On 13 June 2011, Kazakhmys PLC (“Kazakhmys”) announced that it had signed a memorandum of understanding with the China Development Bank Corporation (“CDB”) for a \$1.5 billion loan facility (the “Facility”), to be used for the development of the major copper project at Aktogay. The Facility was signed today in Urumqi, China.

The Facility consists of two separate agreements. The first agreement is for up to \$1.34 billion and the second agreement for up to RMB1.0 billion (approximately \$158 million). Both agreements are on similar terms and conditions. The funds will be available to draw down over a three year period, following the satisfactory completion of the feasibility study. The feasibility study for Aktogay, using Ausenco as external consultants, has already commenced and is expected to complete by the end of 2012.

The Facility has a final maturity of 15 years from the date of first drawing and is in addition to the existing CDB loan facilities of \$2.7 billion, secured in December 2009, which are being used for the development of Bozshakol and a series of mid-sized projects.

Oleg Novachuk said: “We have now secured funding for all of our current growth projects and management is focused on continuing to deliver the projects on time and on budget. Our strong regional relationships with Samruk-Kazyna and the China Development Bank have allowed us to put together funding for the largest mining investment programme in Kazakhstan, which will deliver additional production of around 60% of current output.”

For further information please contact:

Kazakhmys PLC

John Smelt	Head of Corporate Communications	Tel: +44 20 7901 7882 Tel: +44 78 7964 2675
Irina Tretyakova	Financial Analyst	Tel: +44 20 7901 7814
Maksut Zhapabayev	Head of Corporate Communications Almaty	Tel: +77 27 3304 556

Merlin

David Simonson	Tel: +44 20 7726 8400
Ian Middleton	Tel: +44 20 7726 8400
Maria Babkina	Tel: +44 20 7726 8400

Hill & Knowlton Hong Kong

K W Lam	Tel: +852 2894 6321
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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 and power generation.

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 Mining 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 Mining 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 Power also operates the captive coal mines and power stations which supply power to the Mining Division.

The Group is part of the FTSE-100 index of companies listed on the London Stock Exchange and is also listed on the Kazakhstan and Hong Kong Stock Exchanges. It had revenues of \$3.2 billion in 2010 with Group EBITDA (excluding special items) of \$2.8 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.

Loan Facility

The total Aktogay Facility of approximately \$1.5 billion is comprised of two separate agreements, a USD agreement for up to \$1.34 billion and an RMB agreement for up to RMB 1.0 billion (approx \$158 million). Both agreements are on essentially similar terms and conditions, except that proceeds drawn under the RMB agreement can only be applied towards payments to Chinese suppliers for equipment, materials and services sourced from China.

The loan agreements are available for drawing over a period of three years following the satisfactory completion of a detailed feasibility study. There is a three year grace period commencing from the date of the first drawing, after which repayments commence on a semi-annual repayment profile through to final maturity. The interest rate on the USD agreement is set with reference to USD LIBOR, while the RMB agreement is at the applicable benchmark rate published by the People's Bank of China (PBoC). The agreements have a final maturity of 15 years from the date of first drawing.

The \$1.5 billion Aktogay Facility is in addition to the existing \$2.7 billion loans, secured in December 2009, which are being used for the development of Bozshakol and a series of mid-sized projects. However, the new facilities are direct bi-lateral agreements with the CDB, unlike the \$2.7 billion loans which were arranged as back-to-back arrangements with Samruk-Kazyna. Similar to the \$2.7 billion loans, security is provided solely by way of a guarantee from Kazakhmys PLC. In addition, there is an undertaking that Kazakhmys will use commercially reasonable efforts to supply not less than 50% of the off-take from Aktogay to Chinese customers.

Aktogay Deposit

The Aktogay deposit is a large open-pit mine and concentrator project located in the Ayoguz region in the east of Kazakhstan. Aktogay is one of the leading undeveloped copper deposits in the world, with contained copper of nearly 5 million tonnes. The project is forecast to have annual production of around 100,000 tonnes of copper in concentrate, which supports a mine life of approximately 40 years. The mine site is situated 25 km east of the village of Aktogay, 250 km south south-west of the district centre of Ayoguz and 500 km south south-east of Ust Kamenogorsk.

The pre-feasibility study work that has been completed includes work on the exploration, metallurgical tests and engineering studies. The project already has the following infrastructure in place:

- Railway spur and a rail switching yard that has a 100 tonne capacity gantry crane installed overhead
- Road access
- Three large warehouse facilities and a 60 man camp
- Gravel crusher, concrete batch plant and an asphalt plant
- 220 kV power transmission line and electrical distribution, including a step down transformer and a ring bus power line to the mining area and industrial site

The feasibility study is expected to take 12 months to complete. Thereafter, the capital investment programme should commence which is expected to cost between \$1.5 and \$2.0 billion. The development phase will take around 3 years to first production.

Ausenco Limited

Ausenco is a global, diversified engineering and project management group servicing the Minerals and Metals, Process Infrastructure, Energy, and Environment and Sustainability markets. Ausenco operates from 29 offices in 19 countries. Ausenco is listed on the Australian Securities Exchange (ASX).