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25 February 2021

KAZ MINERALS PLC UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

STRONG FULL YEAR PERFORMANCE IN A CHALLENGING OPERATING ENVIRONMENT

FINANCIAL HIGHLIGHTS

- Revenues increased by 4% to $2,355 million (2019: $2,266 million) as higher commodity prices offset lower production and sales volumes
  - Copper sales of 300 kt (2019: 317 kt) below production of 306 kt (2019: 311 kt) due to year end shipment delays at Kazakhstan-China border
  - Gold sales of 205 koz (2019: 225 koz) above production of 196 koz (2019: 201 koz) following inventory release
- EBITDA[1] of $1,431 million representing a margin of 61% (2019: $1,355 million, 60% margin)
- Operating profit increased by 9% to $1,005 million (2019: $923 million)
- Strong cash generation due to higher net cash flows from operating activities of $807 million (2019: $512 million)
- First quartile net cash cost[1] of 64 USc/lb (2019: 77 USc/lb) as the benefit of a weaker tenge and strong by-product revenues offset the impact of lower sales volumes and additional costs for Covid-19

FINANCIAL POSITION AND DIVIDEND

- Gross liquid funds[1] of $1,299 million (2019: $541 million) and borrowings of $3,900 million (2019: $3,300 million). $62 million (2019: $306 million) of undrawn facilities
- Net debt[1] reduced by $158 million to $2,601 million (2019: $2,759 million)
- No final dividend due to Recommended Offer

OPERATIONAL & PROJECT HIGHLIGHTS

- Full year copper production[2] of 306 kt (2019: 311 kt) and gold production[3] of 196 koz (2019: 201 koz) with strong performance at all divisions, despite challenges presented by Covid-19
- 2021 copper production[2] guided at 275-295 kt as grades decline in line with mine plans at Aktogay and Bozshakol
- Aktogay expansion project remains on track to start up by the end of 2021
- Key project parameters for Baimskaya released in November 2020

COVID-19 RESPONSE

- Ensuring the safety, health and wellbeing of employees and contractors is the highest priority
- Comprehensive measures remain in place to protect staff and operations, including testing and isolation of personnel and increased stocking of spares and consumables
- Additional costs of around $40 million incurred in the year to protect sites from Covid-19
- Support has been provided to vulnerable communities in the Group's countries of operation

$ million (unless otherwise stated)	**2020[4]**	2019
Revenues	**2,355**	2,266
EBITDA[1]	**1,431**	1,355
Operating profit	**1,005**	923
Profit before tax	**804**	726
Underlying Profit[1]	**650**	571
Ordinary EPS - basic ($)	**1.35**	1.21
Ordinary EPS - diluted ($)	**1.29**	1.17
Net cash flows from operating activities	**807**	512
Free Cash Flow[1]	**691**	411
Gross cash cost[1] (USc/lb)	**143**	140
Aktogay	**121**	102
Bozshakol	**126**	137
East Region & Bozymchak	**244**	234
Net cash cost[1] (USc/lb)	**64**	77
Aktogay	**116**	98
Bozshakol	**12**	31
East Region & Bozymchak	**56**	104
Borrowings	**3,900**	3,300
Cash and cash equivalents	**874**	541
Current investments	**425**	–
Net debt[1]	**2,601**	2,759

1 Alternative Performance Measures ("APMs") are used to assess the performance of the Group and are not defined or specified under IFRS. For further information on APMs, including justification for their use, please refer to the APMs section on page 58.
2 Payable metal in concentrate and copper cathode from Aktogay oxide ore.
3 Payable metal in concentrate.
4 The financial results are prepared in accordance with IFRSs and are unaudited - see page 37 for further information.

Andrew Southam, Chief Executive Officer, said: "KAZ Minerals' operations proved resilient in 2020, despite the challenges posed by Covid-19. The Group delivered strong production, which combined with improved commodity prices in the second half of the year, saw the Group report EBITDA of $1.4 billion at a 61% margin. The Group remains a first quartile copper producer with a highly competitive net cash cost of 64 USc/lb. I am pleased that the Aktogay expansion project remains on track to start up by the end of 2021."

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NOTES TO EDITORS

KAZ Minerals PLC ("KAZ Minerals" or "the Group") is a high growth copper company focused on large scale, low cost, open pit mining in Kazakhstan, Russia and Kyrgyzstan. It operates the Aktogay and Bozshakol open pit copper mines in the East Region and Pavlodar region of Kazakhstan, three underground mines and associated concentrators in the East Region of Kazakhstan and the Bozymchak copper-gold mine in Kyrgyzstan. In 2020, total copper production was 306 kt with by-products of 196 koz of gold, 3,374 koz of silver and 50 kt of zinc in concentrate. The Group acquired the Baimskaya project in the Chukotka region of Russia in January 2019, one of the world's most significant undeveloped copper assets, with the potential to become a large scale, low cost, open pit copper mine.

The Group's major operations at Aktogay and Bozshakol have delivered industry leading production growth and transformed KAZ Minerals into a company dominated by world class, open pit copper mines.

Aktogay is a large scale, open pit mine with a remaining mine life of around 25 years (including the expansion project) at an average copper grade of 0.27% (oxide) and 0.33% (sulphide). Aktogay commenced production of copper cathode from oxide ore in December 2015 and copper in concentrate from sulphide ore in February 2017. The operating sulphide concentrator has an annual ore processing capacity of 25 million tonnes and the sulphide processing capacity is expected to be doubled to 50 million tonnes with the addition of a second concentrator by the end of 2021. Aktogay is competitively positioned on the global cost curve and is expected to produce an average of 100 kt of copper per year from sulphide ore until 2021, increasing to 170 kt per year from 2022 to 2027, after the second concentrator commences operations. Copper production from oxide ore is expected to be in the region of 20 kt per annum until 2024.

Bozshakol is a first quartile asset on the global cost curve with an annual ore processing capacity of 30 million tonnes and a remaining mine life of c.40 years at an average copper grade of 0.35%. The mine and processing facilities commenced output in 2016 and are expected to produce an average of 100 kt of copper production and 120 koz of gold in concentrate per year over the first 10 years of operations.

The Peschanka deposit within the Baimskaya licence area in Russia has JORC measured, indicated and inferred resources of 9.9 Mt of copper at an average grade of 0.39% and 16.6 Moz of gold at an average grade of 0.21 g/t. The project is located in a region identified by the Russian Government as strategically important for economic development and is expected to benefit from the construction of some state-funded power and transport infrastructure and the provision of tax incentives. The estimated capital budget for construction is close to $8 billion.

KAZ Minerals is listed on the London Stock Exchange and the Kazakhstan Stock Exchange and employs around 16,000 people, principally in Kazakhstan.

CAUTIONARY NOTICE

These results include certain forward-looking statements. All statements other than historical facts are forward-looking statements. Examples of forward-looking statements include those regarding the business, strategy and plans of KAZ Minerals and its current goals, assumptions and expectations relating to its future financial condition, performance and results, commodity demand and trends in commodity prices, growth opportunities and any assumptions underlying or relating to any of the foregoing. Forward-looking statements are sometimes but not always identified by words such as "aim", "intend", "anticipate", "estimate", "plan", "believe", "expect", "may", "should" or in each case their negative and similar expressions. By their nature, forward-looking statements involve known and unknown risks, assumptions and uncertainties and other factors which are unpredictable as they relate to events and depend on circumstances, that will occur in the future, which may cause actual results, performance or achievements of KAZ Minerals to be materially different from those expressed or implied in these forward-looking statements. Principal risk factors that could cause KAZ Minerals' actual results, performance or achievements to differ materially from those in the forward-looking statements include (without limitation) health and safety, community and labour relations, employees, environmental, business interruption, new projects and commissioning, reserves and resources, political, legal and regulatory compliance, commodity price, foreign exchange and inflation, exposure to China, acquisitions and divestments, liquidity, and such other risk factors disclosed in KAZ Minerals' most recent Annual Report and Accounts. Forward-looking statements should therefore be construed in light of such risk factors. These forward-looking statements should not be construed as a profit forecast.

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

These results are for information purposes only and are not intended to, and do not, constitute or form part of any offer to sell or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Recommended Offer or otherwise. The Recommended Offer has been made solely through the Offer Document, which together with the associated forms of proxy will contain the full terms and conditions of the Recommended Offer, including details of how to vote in respect of the Recommended Offer. Any acceptance or other response to the Recommended Offer should be made only on the basis of the information in the Offer Document.

These results do not constitute a prospectus or prospectus equivalent document.

ANNUAL GENERAL MEETING

The 2021 Annual General Meeting will be held at 12.15pm on Thursday 29 April 2021 at the offices of Linklaters LLP, One Silk Street, London EC2Y 8HQ, United Kingdom.

The 2020 Annual Report and Accounts and details of the business to be conducted at the Annual General Meeting will be mailed to shareholders and displayed on the Company's website (www.kazminerals.com) in late March 2021.

CHAIR'S STATEMENT

In 2020, KAZ Minerals extended its record of strong operational performance, with copper output exceeding the top end of the guidance range despite Covid-19. We have also progressed our growth pipeline as the Aktogay expansion project remains on track to commence production by the end of this year and we continued to advance the Bankable Feasibility Study for Baimskaya.

Values and purpose

KAZ Minerals' corporate purpose is to invest sustainably in increasing its copper production. This has benefits for society arising from the wide range of existing applications for copper central to our daily lives and the importance of copper for the development of clean energy generation and low emissions transportation. Whilst growing our business, we seek to minimise the impact of our operations on the environment and we support national and local social projects for the benefit of our host communities. We conduct our activities in line with five corporate values which we use to guide our decision making: Safety, Long-Term Efficiency, Teamwork, Professional Development and Integrity. By adhering to these values we aim to deliver sustainable growth for the benefit of all stakeholders.

Safety

Safety is the first priority amongst our corporate values and I am very disappointed to report that four fatalities occurred in the Group in 2020. We continue to invest in the required improvements to culture, process, training and working environment to achieve our goal of zero fatalities. The Group has achieved a long-term reduction in the number and frequency of fatalities as we have transitioned to open pit mining where we have established a strong safety culture from commencement and as we have raised safety standards at our underground operations.

Recommended Offer

On 4 February 2021, Nova Resources and the Independent Committee announced the terms of a recommended cash offer to be made by Nova Resources to acquire the issued and to be issued share capital of KAZ Minerals. Further details of the Recommended Offer are set out in the Offer Document on the Group's website.

Copper and climate change

Investors and other stakeholders rightly demand action from companies, governments and individuals to combat climate change. The Group's strategy to sustainably grow its copper production is based on its long-held view that a transition to a lower carbon economy will have a positive impact on the copper market and that an increase in the supply of copper will be essential for bringing about a reduction in global CO_2 emissions. Renewable energy generation is many times more copper intensive than power generated from conventional energy sources and further copper supplies are expected to be required to support the growing adoption of electric vehicles. Our values and purpose are clearly aligned with the challenges and opportunities presented by climate change and we are committed to reducing the carbon intensity of our own operations as we develop new copper growth projects to increase production of this essential natural resource.

Consultation, diversity and equality

KAZ Minerals strongly believes in the benefits of regular consultation with its employees, who have direct access to senior management. The Deputy Chair, who is our Designated Non-Executive Director for the workforce, also meets with groups of employees and with labour union representatives during site visits with the Group Director of Human Resources, to maintain a line of communication with the Board.

I am pleased that KAZ Minerals has amongst the highest female representation in its workforce compared to its mining peers, at 21%, and this level of female representation is consistent across all levels of employees. Excluding roles which are restricted by law in Kazakhstan from being carried out by female workers, the proportion of female workers is 41%. However, there is more to do and we are working to increase the opportunities for women to start and advance their careers with KAZ Minerals, ranging from apprentice training schemes at our Aktogay and Bozshakol sites through to senior management roles. Many of our senior female managers have forged successful careers within the Group and are excellent role models for the next generation.

In Kazakhstan, Russia and Kyrgyzstan we prioritise recruitment and training for local workers and around 97% of our employees are nationals of those countries. Our expatriate employees bring extensive mining experience to the Group from all over the world, support training and development and provide valuable technical skills to our operations.

Dividends

Under the terms of the Recommended Offer, Nova Resources has the right to reduce the consideration payable to shareholders by any dividend payments made during the Offer Period. The Board has therefore not recommended the payment of a final dividend in respect of the 2020 financial year.

Board changes

Charles Watson was due to retire from the Board during 2020 after nine years as a Director. The Nomination Committee of the Board, comprised of independent Directors, requested that Charles extend his term for the duration of the Offer Period. Charles is expected to retire from the Board following the conclusion of the Offer Period. We are very grateful for Charles' contribution over his time with us.

Summary

During the Covid-19 pandemic we took comprehensive measures to protect the safety of our employees and contractors, and preserved full employment. With the support of our workforce, we maintained operations, achieving our production and financial targets. I am also proud that KAZ Minerals was able to support affected communities in Kazakhstan, Kyrgyzstan and Russia through the provision of financial and medical assistance. In 2020, KAZ Minerals has delivered for its stakeholders.

CHIEF EXECUTIVE OFFICER'S REVIEW

Track record of delivery

Following the Restructuring at the end of 2014, the Group has been transformed into a high growth, low cost copper producer. The construction and ramp up of Bozshakol and Aktogay has delivered production growth from 85 kt over the past six years to over 300 kt, a compound annual growth rate of approximately 30%, positioning the Group consistently amongst the lowest cost copper miners globally. This operational and financial performance has been reflected in a total shareholder return over the five years to 31 December 2020 of 576%, compared to a FTSE 350 mining return of 266%.

2020 has been a challenging year for miners globally as the industry responded to the Covid-19 pandemic. Thanks to the hard work and dedication of our workforce, KAZ Minerals was successful in maintaining operations throughout 2020, exceeding the copper guidance set at the start of the year.

Safety and health

In 2020, the Group continued its focus on occupational safety and health improvements. This included our 'Goal Zero' programme, which has been targeting hazard identification and other leading indicators, aiming to prevent incidents from occurring. These safety and health improvements have contributed to the Group reporting a TRIFR of 1.14 for 2020, 17% below the prior year and the lowest in our history. I am however saddened that in 2020 there were three fatalities at our underground operations in the East Region and one contractor fatality at the Aktogay expansion project. No fatality is acceptable to us and we believe that all such incidents are avoidable. Each incident has been fully investigated and the findings used to help prevent similar occurrences in the future.

KAZ Minerals has supported its staff through the provision of on-site mental health and wellbeing services at its permanent camp locations. These services were established prior to the onset of the pandemic and have proven particularly welcome to staff during the year given the additional pressures that Covid-19 has brought and has contributed to maintaining the health, wellbeing and productivity of our workforce.

Review of operations

The Aktogay and Bozshakol concentrators performed broadly in line with design capacity in 2020, processing 24.1 Mt and 25.8 Mt of sulphide ore respectively. The Bozshakol clay plant also processed 5.8 Mt of ore, 16% ahead of its design capacity of 5 Mtpa.

Group copper production of 306 kt (2019: 311 kt) was 2% above the guidance range of 280-300 kt set at the start of the year. Output of 131 kt at Aktogay benefited from a stronger than expected average copper grade of 0.56% (2019: 0.58%). Higher ore throughput and average copper grades at Bozshakol supported production of 122 kt, above the top end of the 110-120 kt guidance range.

Gold production was at the top end of original guidance at 196 koz (2019: 201 koz), with strong output of 152 koz from Bozshakol (2019: 145 koz), supported by high ore throughput volumes. Gold production later in the year was however impacted by the suspension of operations at the Bozymchak mine from 7 October to 26 December 2020, following a period of political instability in Kyrgyzstan and low gold grades and recoveries at Bozshakol. Gold output from Bozymchak in 2020 was 31 koz and combined production from the East Region and Bozymchak was 44 koz, in line with guidance of 40-50 koz.

Silver and zinc production of 3,374 koz (2019: 3,382 koz) and 50 kt (2019: 38 kt) were both in line with the revised guidance given in the Group's third quarter production report and above the guidance issued at the start of 2020.

Production guidance

The Group's production expectations in 2021 are mainly driven by the outlook for grades with the Aktogay and Bozshakol concentrators expected to operate around design capacity. Copper production is guided to be 275-295 kt, with Bozshakol contributing 110-120 kt, Aktogay 115-125 kt, including a minimal contribution from the Aktogay expansion project, and c.50 kt from the East Region and Bozymchak. The Aktogay expansion project is expected to commence production by the end of 2021, with updates on progress to be provided during the year.

Gold production from Bozshakol in 2021 is expected to be 120-130 koz and 40-50 koz at the East Region and Bozymchak, as gold grades decline in line with mine plan expectations. Group gold production guidance is set at 160-180 koz for 2021.

Silver grades are also expected to be lower in 2021 and Group silver production guidance is set at c.2,800 koz. Zinc in concentrate output is expected to be c.40 kt as lower zinc grades are expected in 2021.

Responding to Covid-19

KAZ Minerals introduced infection control measures at all sites in the early stages of the Covid-19 outbreak and increased stocking of critical spares and consumables. Access to the Bozshakol and Aktogay sites was closed from 22 March until the end of May 2020 to protect the safety of workers and contractors who live in close proximity in permanent camps at these locations. We are grateful to those workers who completed overtime shifts and also to those who remained at home for this period. When some of the restrictions in Kazakhstan were lifted in May we introduced a revised shift pattern to reduce the number of staff rotations and implemented a system of testing, isolation and extended shifts for new arrivals to mitigate the risk of Covid-19 infections. A dedicated PCR testing facility was installed at the Aktogay site in July.

As a result of the Group's actions and the combined efforts of our workforce and contractors, Covid-19 did not result in any material disruption to production volumes in 2020. The total additional cost of changes to shift patterns, testing and on-site isolation during the year was approximately $40 million. Whilst the Group has so far proven resilient, the risk of disruption to our activities resulting from Covid-19 is still present. In recent months the Group has experienced minor delays to shipments, both of supplies to our operations and of our concentrate to China which resulted in a limited build-up of unsold finished goods inventory at the year end.

Growth projects

Baimskaya

KAZ Minerals completed the acquisition of the Baimskaya copper project in January 2019. The Peschanka deposit, within the Baimskaya licence area in Russia, is one of the world's most significant undeveloped copper assets with JORC resources of 9.9 Mt of copper at an average grade of 0.39% and 16.6 Moz of gold at an average grade of 0.21 g/t.

The Group is currently progressing a Bankable Feasibility Study for the Baimskaya project, the completion of which was postponed from 2020 to the first half of 2021 due to changes in the required infrastructure. Completion of the Bankable Feasibility Study remains dependent on the finalisation of infrastructure plans.

During 2020, a number of updates on the project were provided to the market. Due to the delay to the Bankable Feasibility Study, to provide shareholders with current information on the project, a comprehensive update of the key project parameters was released in November 2020. This included expectations for annual copper production of 320 kt, gold production of 540 koz and an average net cash cost of 45 USc/lb (in 2020 real terms) over the first five year period following the initial ramp up. The expected capital expenditure budget for the project had increased and is now expected to be close to $8 billion in nominal terms. This incorporates additional costs for KAZ Minerals to contribute to the construction of road and port infrastructure for the project, as part of a multi-party Complex Development Plan for the Chukotka region established by the Russian Government. Further agreements, expected to include significant take or pay contracts, will be required to secure the construction of the infrastructure for the project.

The Board approved $190 million of capital expenditure in 2020 for pioneer works and to progress the Bankable Feasibility Study. The site camp was expanded to accommodate 350 people, airfield earthworks have commenced, and the runway is expected to be operational in the first half of 2022. Temporary fuel storage facilities have been installed and the 110 kV power connection is complete. However, total capital expenditure during 2020 was lower than guided at $159 million, mainly due to the timing of payments which will be carried over into 2021.

Capital expenditure guidance for continuing detailed engineering, pioneer works and completing the Bankable Feasibility Study, including expenditure deferred from 2020, is set at around $175 million for the first half of 2021. Additional expenditure may be approved following the completion of the Bankable Feasibility Study.

Aktogay expansion

Construction works at the Aktogay expansion project were affected by reduced staff availability in the first half of 2020, however works progressed according to plan in the second half of the year as Covid-19 related restrictions were eased and the Group's testing and isolation measures enabled shift changes to take place safely.

Construction of the crusher, conveyor, ore reclaim, mills and flotation sections of the concentrator is complete and the focus is now on equipment installations, electrical and pipeline connections and testing. The new electrical supply for the second concentrator has been completed and energised. Construction work is continuing on the tailings thickeners and pump house, pebble crusher, HPGR and bagging plant. The new camp facilities are 75% complete. Initial production from the Aktogay expansion is on track to commence by the end of 2021, as previously guided.

Capital expenditure on the Aktogay expansion project in 2020 was $244 million against guidance of $300 million, with around $50 million of expenditure deferred into the first quarter of 2021 due to the timing of payments. The $1.2 billion project budget is unchanged and circa $250 million of the remaining project expenditure is expected to be incurred in 2021, with around $50 million of final retention payments falling in 2022.

Koksay

The feasibility study to assess the Koksay project was progressed in 2020. When completed, the results of the study will be reviewed by the Board before assessing how and when to proceed with the project. Expenditure on study work and drilling during 2020 was $4 million and a further $10 million of expenditure for this purpose has been approved for 2021.

Financial performance

The impact of the Covid-19 pandemic on commodity prices in 2020 was significant, as weak demand and economic disruption in the first half was followed by a strong recovery in key markets in the second half of the year, combined with ongoing supply disruptions. This resulted in the average LME copper price of $5,516/t in the first six months of 2020, increasing to $6,853/t in the second half and an average price of $6,198/t over the full year (2019: $6,000/t). Production and sales were weighted towards the second half and higher prices offset the 5% reduction in annual sales volumes to 300 kt (2019: 317 kt), contributing to a 4% increase in Group revenues to $2,355 million (2019: $2,266 million).

Gold prices were also a key driver of the increase in revenues, with LBMA prices averaging $1,770/oz (2019: $1,393/oz) as investors sought safe haven assets. Higher prices more than offset the decrease in gold sales to 205 koz (2019: 225 koz) resulting in a 16% increase in gold revenues to $370 million (2019: $318 million).

The Group maintained its competitive position on the industry cost curve and recorded EBITDA of $1,431 million (2019: $1,355 million), representing an EBITDA margin of 61% (2019: 60%). Operating profit increased by 9% to $1,005 million (2019: $923 million), with an operating profit margin of 43% (2019: 41%). Free Cash Flow increased by 68% to $691 million (2019: $411 million) and cash flow from operations increased by 58% to $807 million (2019: $512 million).

Unit costs

A weaker tenge to US dollar exchange rate and continuing cost reduction initiatives offset lower sales volumes and additional costs incurred due to Covid-19 resulting in a Group gross cash cost of 143 USc/lb, in line with the prior year (2019: 140 USc/lb). Strong by-product revenues supported a net cash cost of 64 USc/lb (2019: 77 USc/lb), amongst the lowest globally.

Gross cash costs at Aktogay increased to 121 USc/lb (2019: 102 USc/lb) and net cash costs rose, as expected, to 116 USc/lb (2019: 98 USc/lb), due to lower copper sales volumes of 130 kt (2019: 148 kt).

At Bozshakol, increased copper sales volumes drove a decrease in gross cash costs to 126 USc/lb (2019: 137 USc/lb) whilst higher realised gold prices significantly boosted by-product credits and resulted in a net cash cost of just 12 USc/lb (2019: 31 USc/lb).

In the East Region and Bozymchak, gross cash costs increased to 244 USc/lb (2019: 234 USc/lb), as the benefit of a weaker tenge was offset by the impact of lower sales volumes of 50 kt (2019: 62 kt), a 19% reduction compared with 2019, which included sales from finished goods inventory. Net cash costs of 56 USc/lb (2019: 104 USc/lb) benefited from higher by-product prices for gold and silver and increased zinc in concentrate volumes.

Balance sheet

Net debt decreased to $2,601 million (2019: $2,759 million) due to strong operating cash flows in the second half and lower than guided capital expenditure over the full year of $584 million (2019: $860 million). Some projects that were expected to be incurred in 2020 have been deferred into 2021 because of Covid-19.

The Group made a total of $366 million of scheduled debt repayments and made drawings of $950 million from new facilities during the year, resulting in borrowings of $3,900 million at 31 December 2020 (31 December 2019: $3,300 million). An amended and extended facility was agreed with the Group's existing syndicate of PXF lenders in January 2020 for $1,000 million (a net increase in the facility size of $700 million) and $229 million was drawn against the $600 million DBK-Aktogay expansion facility during the year. Gross liquid funds increased to $1,299 million at 31 December 2020 (31 December 2019: $541 million).

Financial guidance

Gross cash cost guidance for Aktogay in 2021 is set at 120-140 USc/lb, as copper production is guided to reduce to 115-125 kt from the 131 kt produced in 2020.

At Bozshakol, copper production volumes are forecast to be broadly in line with 2020 and gross cash cost guidance is set at 130-150 USc/lb, in line with the range given at the beginning of 2020.

At the East Region and Bozymchak, 2021 gross cash costs are expected to be between 260-280 USc/lb (2020: 244 USc/lb), incorporating local inflation as well as a full year of production from the higher cost Bozymchak operations.

Sustaining capital expenditure at Aktogay and Bozshakol is expected to be $80 million and $70 million, respectively, whilst $50 million of expenditure is anticipated in the East Region and Bozymchak in 2021.

Expansionary capital expenditure is guided at $175 million at Baimskaya, $250 million for the Aktogay expansion project, $70 million in the East Region and Bozymchak and $10 million on other items including Koksay, amounting to total expansionary capital expenditure of $505 million for 2021. Additional capital expenditure may be approved for Baimskaya following the completion of the Bankable Feasibility Study.

Outlook

In a challenging year, our low cost copper mining operations have proved resilient, enabling KAZ Minerals to report strong production and financial results. The Aktogay expansion project remains on track to commence production by the end of 2021 and will generate near-term production growth. Baimskaya is expected to deliver longer-dated growth and we are currently focused on completing the Bankable Feasibility Study in the first half of this year.

OPERATING REVIEW

The Group's operations in 2020 comprised the Aktogay and Bozshakol open pit copper mines in the East Region and Pavlodar region of Kazakhstan, three underground mines in the East Region of Kazakhstan, the Bozymchak open pit copper-gold mine in Kyrgyzstan and their associated concentrators.

Covid-19 update

The Covid-19 pandemic presented major challenges to the industry during the year, causing disruption to mining companies worldwide. The Group took pre-emptive steps to protect its sites from the virus, prioritising the safety, health and wellbeing of its employees and contractors. These actions ensured that there was no major impact on the Group's operations during 2020. The Group's comprehensive measures, including testing and isolation of staff, remain in place to mitigate the risk of disruption to operations.

Group production summary

kt (unless otherwise stated)	**2020**	2019
Copper production	**305.7**	311.4
Aktogay	**131.2**	145.7
Bozshakol	**122.0**	110.2
East Region and Bozymchak	**52.5**	55.5
Gold production (koz)	**196.3**	201.5
Silver production (koz)	**3,374**	3,382
Zinc in concentrate	**49.7**	38.3

AKTOGAY

Aktogay is a large scale, open pit mine with a remaining mine life of around 25 years (including the expansion project) at an average copper grade of 0.27% (oxide) and 0.33% (sulphide). Aktogay is competitively positioned on the global cost curve and is forecast to produce an average of 100 kt of copper per year from sulphide ore until 2021, increasing to 170 kt per year from 2022 to 2027 after the second concentrator commences operations.

Production summary

kt (unless otherwise stated)	**2020**	2019
Oxide		
Ore extraction	**10,458**	19,403
Copper grade (%)	**0.28**	0.32
Copper cathode production	**21.3**	22.7
Sulphide		
Ore extraction	**30,788**	35,731
Ore processed	**24,138**	25,230
Average copper grade processed (%)	**0.56**	0.58
Recovery rate (%)	**85**	88
Copper in concentrate	**115.1**	128.8
Copper production	**109.9**	123.0
Total copper production	**131.2**	145.7
Silver production (koz)	**479**	555

Measures taken to control Covid-19 risks at Aktogay during 2020 included implementing a strict site lockdown early in the pandemic, enhanced hygiene procedures, the adoption of revised shift patterns to reduce the number of staff rotations and a testing and isolation process for all new arrivals. A dedicated PCR testing facility was established on site in July to support operations and the expansion project. Risks arising from Covid-19, including restrictions on the movement of people and goods, continue to be present in 2021.

Total ore extraction in 2020 decreased by 25% to 41,246 kt (2019: 55,134 kt) mainly due to a suspension in oxide ore mining in the second and third quarters, as previously mined material was irrigated ahead of the transition in the second half of the year to a new heap leach pad. Sulphide ore extraction of 30,788 kt was a 14% reduction compared with the prior year (2019: 35,731 kt) but continued to exceed the plant processing capacity of 25 Mtpa as mine development works and stockpiling were undertaken ahead of the commissioning of the Aktogay expansion project.

Sulphide ore processing volumes reduced by 4% to 24,138 kt in 2020 mainly due to the timing of maintenance at the plant. A mill relining was deferred from December 2019 into January 2020 in addition to its scheduled two relinings during the year. The average copper grade processed in 2020 reduced, as expected, to 0.56% (2019: 0.58%), but remained at elevated levels compared with the copper resource grade of 0.33%. The reduced processing volumes and grade led to full year copper production of 109.9 kt from sulphide material, 11% lower than the prior year (2019: 123.0 kt) but at the upper end of 2020 guidance.

The majority of copper production was dispatched in the form of concentrate to customers in China, with 35.5 kt of copper in concentrate sent for toll processing at the Balkhash smelter in Kazakhstan where spare capacity was available on attractive terms.

Copper cathode production from oxide material was 21.3 kt in 2020, a 6% decrease from 2019 primarily due to a reduction in the copper grade from 0.32% in 2019 to 0.28% in 2020. Annual output remained above the long-term guidance level of around 20 ktpa until 2024.

Due to Covid-19 restrictions in 2020, Aktogay faced difficulties bringing contractors to site and had to perform a number of activities internally. There were also staff shortages during the site lockdown in the first half of the year. Despite this, Aktogay achieved total copper production of 131.2 kt in 2020, ahead of the full year guidance of 120-130 kt due to the dedication of staff, many of whom agreed to remain on site for extended periods, supported by higher than expected grades.

Sulphide processing grades are expected to reduce towards the life of mine grade over the first ten years of operation. Copper production for 2021 is guided at 115-125 kt, including approximately 20 kt from oxide ore. The Aktogay expansion project remains on track to commence production in late 2021, as previously guided, and should record its initial output in the year. In addition, Aktogay is expected to produce around 400 koz of silver in 2021.

Financial summary

$ million (unless otherwise stated)	**2020**	2019
Revenues	**806**	863
Copper sales (kt)	**130**	148
EBITDA[1]	**476**	564
Operating profit	**309**	381
Gross cash costs[1] (USc/lb)	**121**	102
Net cash costs[1] (USc/lb)	**116**	98
Capital expenditure	**297**	553
Sustaining	**46**	44
Expansionary	**251**	509

1 APMs are used to assess the performance of the Group and are not defined or specified under IFRS. For further information on APMs, including justification for their use, please refer to the APMs section on page 58.

Revenues

Revenues fell by 7% to $806 million in 2020 primarily as a result of production driven lower sales volumes. An 18 kt reduction in copper sales negatively impacted revenues by $108 million, partially offset by a $49 million benefit from higher realised copper prices, with the average LME copper price increasing by 3% from $6,000/t in 2019 to $6,198/t in 2020. Aktogay also recorded $16 million of by-product revenues primarily from commercially payable quantities of silver.

EBITDA

EBITDA at Aktogay reduced by $88 million in 2020 to $476 million, reflecting the fall in revenues combined with an increase in cash operating costs from $299 million in 2019 to $330 million in 2020. The increase in cash operating costs is the result of additional expenses associated with Covid-19, costs associated with operational readiness at the Aktogay expansion project and general inflationary increases for salaries, power and consumables, partially offset by a weaker KZT/$ exchange rate and efficiencies in the consumption of fuel. The EBITDA margin continues to be highly competitive at 59%.

Expenses associated with Covid-19 totalled approximately $20 million in 2020 and related mainly to overtime payments made to employees and contractors working extended shifts, the purchase of personal protective equipment and the testing and isolation of employees and contractors. It is currently expected that the Group will continue to incur costs associated with Covid-19 at similar levels for at least the first half of 2021.

The gross cash cost is expressed on a unit of copper sales basis, after adjustment for the copper payable and TC/RCs. Gross cash costs at Aktogay were 121 USc/lb in 2020, within the guidance range of 110-130 USc/lb. Gross cash costs increased compared with 2019 primarily due to lower production and sales, as expected, as well as the increase in costs, which included Covid-19 measures. In addition, 2019 cash costs benefited from the deferral of scheduled mill maintenance from December 2019 to January 2020, which had the effect of increasing 2020 costs and reducing throughput. This was partially offset by the favourable impact of a weaker tenge. Gross cash costs exclude $10 million of cash operating costs, mainly relating to social investment costs that are not considered directly attributable to mining and processing at Aktogay and benefit the wider Group. Net cash costs, after by-product revenues, were 116 USc/lb.

Gross cash costs are forecast to be in the range of 120-140 USc/lb in 2021, a modest increase compared with 2020, reflecting an expected reduction in copper output owing to lower grades as well as the impact of inflation.

Operating profit

Operating profit decreased by $72 million to $309 million in 2020 reflecting lower EBITDA, partially offset by a reduction in MET following the reduction in volumes of both oxide and sulphide ore extracted in 2020.

Capital expenditure

Sustaining capital expenditure in 2020 was $46 million, lower than the market guidance of $60 million as certain projects were impacted by Covid-19 and delayed into 2021. During 2020, works were primarily focused on the maintenance and overhaul of mining equipment, repairs at the sulphide plant and the expansion of the tailings storage facility. In 2021, sustaining capital expenditure of around $80 million is expected, which includes expenditure of approximately $15 million on projects deferred from 2020 and continued expansion of the tailings storage facility to increase capacity as the second sulphide concentrator is brought online.

Expansionary capital expenditure of $251 million was incurred in the year and primarily relates to the Aktogay expansion project, where $244 million was incurred, below guidance of around $300 million with around $50 million of expenditure deferred into the first quarter of 2021 due to the timing of payments. In the first half of 2020 progress at the project was negatively affected by Covid-19 which disrupted supply chains and the ability of contractors to mobilise to site. Works progressed according to plan in the second half of the year as Covid-19 related restrictions were eased and the Group's testing and isolation measures enabled shift changes to take place safely. Approximately $150 million was incurred on construction activities, including completion of the crusher, conveyor, ore reclaim and flotation sections of the concentrator, and the installation of the gearless mill drives at the SAG mill and first ball mill. Piping and electrical installation works are ongoing. A further $80 million was incurred on the procurement of long lead items for the new plant and the expansion of the mining fleet.

The project remains on track to commence production by the end of 2021. However, prolonged or more severe restrictions arising from Covid-19 could add risk to the project schedule. The total project budget remains unchanged at $1.2 billion with approximately $300 million of expenditure remaining. During 2021 expenditure of $250 million is expected and $50 million of retention payments are expected to be deferred into 2022.

Expansionary capital expenditure at Aktogay also included $7 million at the first Aktogay project in relation to the dump leach expansion.

BOZSHAKOL

Bozshakol is a first quartile asset on the global cost curve with an annual ore processing capacity of 30 million tonnes and a remaining mine life of around 40 years at an average copper grade of 0.35%. The mine and processing facilities commenced output in 2016 and are expected to produce an average of 100 kt of copper and 120 koz of gold in concentrate per year over the first 10 years of operations.

Production summary

kt (unless otherwise stated)	**2020**	2019
Ore extraction	**32,090**	35,693
Ore processed	**31,618**	29,470
Average copper grade processed (%)	**0.51**	0.48
Copper recovery rate (%)	**80**	81
Copper in concentrate	**127.8**	115.4
Copper production	**122.0**	110.2
Average gold grade processed (g/t)	**0.26**	0.27
Gold recovery rate (%)	**60**	60
Gold in concentrate (koz)	**162.2**	154.9
Gold production (koz)	**151.7**	144.8
Silver production (koz)	**949**	803

Measures to combat Covid-19 have been put in place at Bozshakol, similar to those taken at Aktogay, including a strict period of lockdown implemented early in the pandemic, subsequent revised shift patterns to reduce the number of staff rotations required and the testing and isolation of new arrivals to site. In the first half of 2020, the site experienced a temporary shortage of mining staff in particular as a result of testing and isolation procedures. Staffing at the site has since normalised but Covid-19 remains a risk for 2021, particularly in the event of further restrictions to the movement of people and goods.

Ore extracted at Bozshakol decreased by 10% to 32,090 kt (2019: 35,693 kt) as in 2019 5.9 Mt of clay ore was stockpiled to gain access to sulphide ore areas, whereas in 2020 the volumes of ore extracted were broadly in line with processing volumes.

Ore processing volumes increased to 31,618 kt (2019: 29,470 kt) mainly due to additional volumes at the clay plant, which was closed for around three months in the first half of 2019 during upgrade works to the process water and reclaim systems. As a result, the clay concentrator contributed copper in concentrate production of 21.4 kt in the year (2019: 13.6 kt).

Improving the availability of the sulphide and clay plants was a focus of Bozshakol management in 2020 with a number of measures successfully implemented on asset reliability, despite the challenges Covid-19 posed to the availability of staff and contractors. These measures resulted in ore processed volumes in 2020 exceeding the combined plants' design ore throughput of c.30 Mtpa. The average copper grade processed increased to 0.51% (2019: 0.48%) while the average recovery rate reduced slightly from 81% in 2019 to 80% in 2020, reflecting the greater volume of clay ore processed.

Total copper production increased to 122.0 kt (2019: 110.2 kt) as a result of higher throughput and processed grades, above market guidance of 110-120 kt.

The majority of copper production was dispatched in the form of concentrate to customers in China, with 18.6 kt of copper in concentrate sent for toll processing at the Balkhash smelter in Kazakhstan, where spare capacity was available on attractive terms.

Gold production of 151.7 koz was 5% above that achieved in 2019, as the increased throughput offset the lower gold grades processed of 0.26 g/t (2019: 0.27 g/t) and lower gold recovery rates experienced in the fourth quarter of 2020. Gold production exceeded the 2020 market guidance of 140-150 koz. Silver production also increased from 803 koz in 2019 to 949 koz in 2020 and was ahead of market guidance of approximately 700 koz.

In 2021, copper production is expected to be 110-120 kt, gold volumes are guided at 120-130 koz and silver output is forecast at approximately 800 koz, as grades reduce towards the life of mine average.

Financial summary

$ million (unless otherwise stated)	**2020**	2019
Revenues	**1,032**	851
Copper	**729**	601
Gold	**281**	234
Silver	**20**	13
Other	**2**	3
Sales volumes		
Copper sales (kt)	**121**	107
Gold sales (koz)	**155**	165
Silver sales (koz)	**950**	772
EBITDA[1]	**742**	585
Operating profit	**583**	427
Gross cash costs[1] (USc/lb)	**126**	137
Net cash costs[1] (USc/lb)	**12**	31
Capital expenditure	**40**	92
Sustaining	**40**	55
Expansionary	**-**	37

1 APMs are used to assess the performance of the Group and are not defined or specified under IFRS. For further information on APMs, including justification for their use, please refer to the APMs section on page 58.

Revenues

Revenues at Bozshakol increased by 21% to $1,032 million in 2020, benefiting from higher realised prices for all metals and an increase in copper sales volumes. Copper revenues of $729 million increased by $128 million versus 2019, with a 14 kt rise in sales volumes contributing $84 million of additional revenue and higher realised prices providing a $44 million benefit.

Gold revenues increased by $47 million to $281 million despite a 10 koz reduction in sales volumes. Gold revenues in the prior year benefited from the sale of 25.6 koz of gold bar inventory accumulated at the end of 2018, with gold production in 2020 above that achieved in 2019. An increase in market prices for gold more than offset the impact of reduced sales volumes, with the LBMA average price for gold increasing by 27% from $1,393/oz in 2019 to $1,770/oz in 2020.

EBITDA

Bozshakol generated EBITDA of $742 million in the year, a $157 million increase from 2019, supported by higher copper sales volumes, favourable commodity prices and a reduction in gross cash costs per unit of copper sold. The mine generated an EBITDA margin of 72% (2019: 69%).

Cash operating costs increased to $290 million from $266 million in the prior year due to higher production as well as additional expenditure associated with Covid-19 of $18 million and certain tariff inflation. Similar to Aktogay, Bozshakol incurred Covid-19 costs for safety equipment, overtime payments to employees and contractors and testing and isolation facilities. These costs are currently expected to continue at a similar level for at least the first half of 2021.

Bozshakol recorded a gross cash cost of 126 USc/lb which was a reduction from the 137 USc/lb achieved in 2019 and at the lower end of market guidance of 120-140 USc/lb. This strong performance was driven by an increase in copper sales and the economies of scale associated with operating both plants at full capacity, combined with a weaker KZT/$ exchange rate. The 2019 gross cash cost included charges associated with the sale of 25.6 koz of gold bar inventory, which increased costs by around 5 USc/lb. $5 million of social investment costs within Bozshakol's cash operating costs have been excluded from the gross cash costs as the expenditure is not considered directly attributable to mining and processing at Bozshakol and benefits the wider Group.

Net cash costs reduced to 12 USc/lb in 2020, from 31 USc/lb in 2019, reflecting the increased contribution of by-product revenues, in particular gold.

Gross cash costs in 2021 are expected to increase to 130-150 USc/lb, reflecting the forecast reduction in copper grades and output.

Operating profit

Operating profit increased by $156 million to $583 million during 2020, in line with the increase in EBITDA.

Capital expenditure

Sustaining capital expenditure of $40 million in 2020 was below the guidance of $60 million, due to the deferral of certain works into 2021, impacted by Covid-19 restrictions. Expenditure during the year was focused on the purchase and overhaul of mining equipment and continued construction work to increase the storage capacity of the tailings facilities. In 2021, sustaining capital expenditure of $70 million is expected, reflecting the increased maintenance works required for the maturing mine and the deferral of projects from 2020.

No expansionary capital expenditure was incurred during 2020. Expenditure in 2019 mainly related to final retention payments made to contractors for works performed in prior years.

EAST REGION AND BOZYMCHAK

The Group owns and operates three polymetallic underground mines and associated concentrators in the East Region of Kazakhstan and Bozymchak, a copper-gold open pit mine in Kyrgyzstan.

Production summary

Copper

kt (unless otherwise stated)	**2020**	2019
Ore extraction	**3,753**	3,879
Ore processed	**3,466**	3,791
Average copper grade processed (%)	**1.78**	1.71
Average recovery rate (%)	**90**	90
Copper in concentrate	**55.5**	58.7
Copper production	**52.5**	55.5

Measures have been taken to protect the East Region and Bozymchak sites from the impact of Covid-19, which include restrictions over access to the sites, enhanced hygiene procedures and the use of testing.

At East Region and Bozymchak, ore extraction of 3,753 kt (2019: 3,879 kt) was higher than ore processed of 3,466 kt, with a 9% fall in processed volumes partially due to the suspension of the Bozymchak mine from 7 October to 26 December 2020 to ensure the safety of employees during a period of political instability in Kyrgyzstan. Ore throughput was also lower at the Nikolayevsky concentrator due to the commissioning of the new in-pit tailings facility in November 2020, during which time processing of ore from the Irtyshsky mine was temporarily halted.

The impact of lower throughput was partially offset by the processing of higher grade material with an average grade in 2020 of 1.78% (2019: 1.71%). Grades from Orlovsky increased compared with the prior year and in 2020 a reduced proportion of material was processed at Bozymchak, where copper grades are lower.

Copper production in the East Region and Bozymchak of 52.5 kt was above market guidance of around 50 kt but a 5% reduction from 2019, reflecting the lower processed volumes.

Copper production from East Region and Bozymchak is expected to be approximately 50 kt in 2021, consistent with 2020.

By-products

koz (unless otherwise stated)	**2020**	2019
Gold bearing ore processed (kt)	**3,466**	3,791
Gold grade processed (g/t)	**0.73**	0.70
Gold in concentrate	**46.9**	57.1
Gold production	**44.0**	53.7
Silver bearing ore processed (kt)	**3,466**	3,791
Silver grade processed (g/t)	**33.6**	29.2
Silver in concentrate	**2,138**	2,223
Silver production	**1,946**	2,024
Zinc bearing ore processed (kt)	**2,658**	2,767
Zinc grade processed (%)	**2.67**	2.06
Zinc in concentrate (kt)	**49.7**	38.3

Gold production reduced by 18% in 2020 to 44.0 koz (2019: 53.7 koz) due to lower output from Bozymchak where operations were suspended in the fourth quarter. In 2019, Bozymchak contributed 40.8 koz of gold production, compared with 30.5 koz in 2020.

Silver production also reduced in 2020 to 1,946 koz (2019: 2,024 koz) due to lower output from Bozymchak, with the East Region mines' contribution of 1,746 koz remaining in line with production of 1,761 koz in 2019.

Zinc in concentrate production at the East Region increased by 30% in 2020 to 49.7 kt, due to higher grades at all mines which averaged 2.67% (2019: 2.06%) and more than offset the negative impact of lower throughput.

East Region and Bozymchak is forecast to produce 40-50 koz of gold and approximately 1,600 koz of silver in 2021 as higher throughput at Bozymchak is partially offset by lower grades. Lower zinc grades are expected in 2021, with zinc in concentrate production forecast to be around 40 kt.

Financial summary

$ million (unless otherwise stated)	**2020**	2019
Revenues	**517**	552
Copper	**311**	374
Gold	**87**	80
Silver	**43**	36
Zinc	**64**	58
Other	**12**	4
Sales volumes		
Copper sales (kt)	**49**	62
Gold sales (koz)	**49**	57
Silver sales (koz)	**2,107**	2,211
Zinc sales (kt)	**50**	38
EBITDA[1]	**239**	230
Operating profit	**152**	140
Gross cash costs[1] (USc/lb)	**244**	234
Net cash costs[1] (USc/lb)	**56**	104
Capital expenditure	**82**	98
Sustaining	**36**	42
Expansionary	**46**	56

1 APMs are used to assess the performance of the Group and are not defined or specified under IFRS. For further information on APMs, including justification for their use, please refer to the APMs section on page 58.

Revenues

Revenues at East Region and Bozymchak of $517 million decreased by $35 million in 2020 following lower sales of all metals other than zinc, which more than offset the benefit of higher realised prices for copper, gold and silver. Copper sales volumes fell by 13 kt from 2019, which benefited from the additional sale of finished goods inventory. Sales of inventory from Bozymchak were able to continue throughout the year, mitigating the impact on revenues of the site's shutdown in the fourth quarter. Revenues from gold and silver increased compared with the prior period, as the 27% rise in average LBMA prices for both metals more than offset the lower sales volumes. Zinc revenues also rose as the increased sales of zinc in concentrate more than offset the 11% reduction in the average LME zinc price in 2020 compared with 2019.

EBITDA

EBITDA in 2020 increased by $9 million to $239 million (2019: $230 million) as the $35 million reduction in revenues was offset by $44 million lower cash operating costs. Management took action to control costs at East Region and Bozymchak, including the closure of the Belousovsky concentrator in the second half of 2019, which benefited 2020. Costs at the East Region also have a higher exposure to the tenge than the Group's other sites and were aided by movements in the KZT/$ exchange rate, which traded at an average of 413 KZT/$ in 2020, compared with 383 KZT/$ in 2019. At Bozymchak, lower operating costs were incurred during the site's suspension in the fourth quarter of 2020. The Kyrgyz som was also weaker compared to the US dollar in 2020 than 2019, which reduced costs in US dollar terms.

During 2020, approximately $2 million of additional costs were incurred related to Covid-19, primarily in respect of overtime paid to staff and the purchase of personal protective equipment and testing kits.

Gross cash costs at East Region and Bozymchak increased from 234 USc/lb in 2019 to 244 USc/lb in 2020 but were below market guidance of 250-270 USc/lb. The increase in gross cash costs reflects a 21% reduction in copper sales volumes compared with 2019, which additionally benefited from the sale of finished goods inventory. Net cash costs reduced to 56 USc/lb (2019: 104 USc/lb) as the increased contribution of by-product revenues, owing to strong gold and silver prices as well as increased zinc volumes, more than offset the rise in gross cash costs.

Gross cash costs in 2021 are expected to increase to 260-280 USc/lb, incorporating local inflation as well as a full year of production from the higher cost Bozymchak operations.

Operating profit

Operating profit of $152 million was $12 million higher than the prior year, reflecting the increase in EBITDA.

Capital expenditure

Sustaining capital expenditure of $36 million was a reduction from 2019 and below 2020 guidance of $50 million as a number of projects were delayed due to Covid-19 and the temporary suspension of operations at Bozymchak. Expenditure in the year related to mine development work at the East Region underground mines, the purchase and overhaul of equipment and the expansion of tailings facilities. Sustaining capital expenditure in 2021 is guided at $50 million, an increase from the prior year to account for deferred projects.

Expansionary capital expenditure of $46 million in 2020 was below guidance of $75 million as certain works at the Artemyevsky extension and the Bozymchak underground mine were deferred into 2021. Expenditure incurred in 2020 was focused at Artemyevsky and primarily related to underground construction and capital mining work. There was additional expenditure incurred on the construction of a new in-pit tailings facility close to the Nikolayevsky concentrator which will improve safety and reduce the environmental impacts of tailings storage in the area. Capital mining work continued at the Bozymchak underground phase although progress in 2020 was hindered by Covid-19 restrictions and the temporary closure of the site during the fourth quarter.

Approximately $70 million of expansionary capital expenditure is expected to be incurred in 2021. As previously guided, approximately $60 million per annum is expected at the Artemyevsky development until 2023. Activities in 2021 will include continued capital mining and construction works and shaft sinking. Approximately $10 million of expansionary capital expenditure is expected at Bozymchak in 2021, where the underground phase is expected to be developed over the period to 2024.

Baimskaya

The Peschanka deposit within the Baimskaya licence area in Russia has JORC resources of 9.9 Mt of copper at an average grade of 0.39% and 16.6 Moz of gold at an average grade of 0.21 g/t. This includes an increase to inferred resources following work undertaken by an external consultant and incorporates additional exploration drilling results. There has been no significant change to measured and indicated resources. The project is located in a region identified by the Russian Government as strategically important for economic development and is expected to benefit from the construction of some state-funded power and transport infrastructure and the provision of tax incentives.

In November 2020, a multi-party Complex Development Plan (“CDP”) for new infrastructure in the Chukotka region was submitted by the Ministry for the Development of the Russian Far East and Arctic to the Prime Minister of the Russian Federation. Under the CDP, the Group will take responsibility for a portion of the capital costs for infrastructure to be used for the Baimskaya copper project. Together with a revised cost for the tailings storage facility and the impact of an approximate one year delay to the project schedule, the capital construction budget for the Baimskaya copper project is now estimated to be close to $8 billion. A summary of the key project parameters was published in November 2020.

The Bankable Feasibility Study is expected to complete later in the first half of 2021, however this is dependent on the finalisation of the infrastructure plan for the project. Discussions with the government on infrastructure are ongoing and the project is subject to further review, accordingly the project cost and schedule remain subject to change. Future agreements, expected to include significant take or pay contracts, will be required to secure the construction of the infrastructure.

The Baimskaya copper project is expected to commence production by the end of 2027 and have an annual ore processing capacity of 70 Mtpa. The Bankable Feasibility Study is being prepared with an initial mine life of approximately 20 years based on JORC measured and indicated resources. However, recent drilling indicates potential for the mine life to be extended by around 5 years. Life of mine copper and gold processing grades are estimated at 0.47% and 0.27g/t respectively. The project will deliver elevated production and grades in the first five years and accordingly net cash costs are lower during this period.

During 2020, the Group continued to progress the Bankable Feasibility Study, although in the first half of the year activity was affected by measures taken to control the spread of Covid-19 in the region, with teams in Moscow and Vancouver required to work from home. Detailed engineering and pioneer works at the site have also continued. A total of $159 million of capital expenditure was incurred during 2020, compared with market guidance of $190 million.

In 2021, expenditure of $175 million is forecast, primarily to fund the finalisation of the Bankable Feasibility Study during the first half of 2021 and to continue detailed engineering and pioneer works to maintain the project schedule.

An EBITDA loss of $9 million in 2020 was recorded in the Mining Projects segment which includes the commencement of a social investment programme in Russia together with other costs.

Other projects

The Group is continuing to progress a feasibility study at the Koksay project together with NFC. The feasibility study will determine the detailed design for mining and processing operations, and the associated capital budget, before being assessed by the Board to determine how and when to proceed with the project. Capital expenditure of $4 million was incurred on study work and drilling during 2020 with progress limited by Covid-19 restrictions. Work on the feasibility study will continue in 2021 with $10 million of capital expenditure expected to be incurred.

FINANCIAL REVIEW

Basis of preparation

The financial information has been prepared in accordance with IFRSs adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the EU and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, using accounting policies consistent with those adopted in the condensed consolidated financial statements for the year ended 31 December 2020. Further details are provided in the notes to the condensed consolidated financial statements on page 37.

There has been no significant impact to the condensed consolidated financial statements of the Group at 31 December 2020 as a result of the Recommended Offer, which was initially announced on 28 October 2020. In the event of the Recommended Offer becoming wholly unconditional it would be expected to complete in the first half of 2021.

Income statement

An analysis of the consolidated income statement is shown below:

$ million (unless otherwise stated)	2020	2019
Revenues	**2,355**	2,266
Cash operating costs	**(924)**	(911)
EBITDA[1]	**1,431**	1,355
Less: MET and royalties	**(178)**	(196)
Less: depreciation, depletion and amortisation	**(237)**	(236)
Less: special items	**(11)**	–
Operating profit	**1,005**	923
Net finance costs	**(201)**	(197)
Profit before tax	**804**	726
Income tax expense	**(165)**	(155)
Profit for the year	**639**	571
Non-controlling interests	**–**	–
Profit attributable to equity holders of the Company	**639**	571
Earnings per share attributable to equity holders of the Company		
Ordinary EPS – basic ($)	**1.35**	1.21
Ordinary EPS – diluted ($)	**1.29**	1.17
EPS based on Underlying Profit[1] – basic ($)	**1.38**	1.21
EPS based on Underlying Profit[1] – diluted ($)	**1.32**	1.17

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Revenues

Revenues increased by 4% to $2,355 million during 2020 as a result of higher commodity prices which more than offset lower sales volumes. There was a 17 kt year-on-year reduction in copper sales volumes which negatively impacted revenues by $103 million. This was driven by lower production and a build-up of copper finished goods inventory of 5 kt as production exceeded sales volumes in 2020 due to year end shipment delays at the Kazakhstan-China border, whilst prior year copper sales volumes included the release of inventory. Gold sales volumes of 205 koz were also below 2019 sales volumes of 225 koz, which benefited from the sale of 25.6 koz of gold bar inventory. The reduction in gold sales was partly offset by the positive impact of higher zinc sales, resulting in a net reduction to revenues from by-product volumes of $11 million.

Copper prices traded sharply lower in the first six months of the year, falling below $5,000/t in March 2020, before recovering in the second half and finishing the year strongly at around $7,750/t. The average LME price in the year was $6,198/t, a 3% increase from the average price of $6,000/t in 2019. With copper sales weighted slightly to the second half of the year, favourable copper prices contributed an additional $109 million to revenues. The average LBMA price for gold rose to $1,770/oz from $1,393/oz in the prior year, which along with improved prices for silver, meant favourable by-product prices increased revenue by $94 million.

$ million	
Revenues - year ended 31 December 2019	2,266
Copper volumes[1]	**(103)**
By-product volumes[1]	**(11)**
Copper prices[2]	**109**
By-product prices[2]	**94**
Revenues - year ended 31 December 2020	**2,355**

1 Change in sales volumes at current year realised prices.
2 Change in realised prices applied to prior year sales volumes.

Further information on revenues by operating segment can be found in the Operating review. Additional information on revenues and related credit risk management policies can be found in note 4(b) to the condensed consolidated financial statements.

Operating profit and EBITDA

Operating profit for 2020 was $1,005 million, 9% above the prior year, supported by higher commodity prices. The Group's operating profit margin, measured as operating profit divided by revenues, increased to 43% from 41% in 2019 as the benefit of higher prices was partially offset by increases in operating costs.

EBITDA of $1,431 million was 6% above the prior year, with an improved EBITDA margin of 61% (2019: 60%). EBITDA benefited from favourable commodity prices, which contributed an additional $203 million, partially offset by lower sales volumes for copper and by-products which negatively impacted EBITDA by $32 million.

There was a modest increase in cash operating costs from $911 million in the prior year to $924 million. The Group incurred additional costs of around $40 million in respect of measures taken to protect sites from Covid-19, including enhanced hygiene procedures and health screening, as well as additional salary costs associated with revised shift patterns to reduce the number of staff rotations. The Group also experienced cost increases in reagents and consumables, which were partially offset by the benefit to operating costs of the weakening of local currencies in Kazakhstan and Kyrgyzstan. The tenge traded at an average of 413 KZT/$ compared with 383 KZT/$ in 2019. Social expenditure costs increased by $8 million compared with the prior year and included support to vulnerable communities affected by Covid-19 in the Group's countries of operation and the further development of our social investment programme in Russia.

$ million	
EBITDA[1] - year ended 31 December 2019	1,355
Copper volumes[2]	**(21)**
By-product volumes[2]	**(11)**
Cost impact[3]	**(95)**
Copper prices[4]	**109**
By-product prices[4]	**94**
EBITDA[1] - year ended 31 December 2020	**1,431**

1 APMs are used to assess the performance of the Group and are not defined or specified under IFRS. For further information on APMs, including justification for their use, please refer to the APMs section on page 58.
2 Change in sales volumes at current year margin.
3 Change in operating costs applied to prior year sales volumes plus change in corporate and project costs.
4 Change in realised prices applied to prior year sales volumes.

Please refer to the Operating review for a detailed analysis of EBITDA by operating segment.

Items excluded from EBITDA

The MET and royalties charge in the income statement was $178 million in 2020, below the $196 million recorded in 2019 as a greater proportion of the MET charge has been included within inventories on the balance sheet, as copper production exceeded sales. The total MET and royalties incurred was $207 million (2019: $214 million), which additionally includes MET in unsold inventories on the balance sheet.

Depreciation, depletion and amortisation in 2020 of $237 million was consistent with the prior year (2019: $236 million).

Special items are non-recurring or variable in nature and do not impact the underlying trading performance of the Group. During 2020, legal and professional fees of $11 million resulting from the Recommended Offer were considered as special items and excluded from EBITDA (please refer to the APMs section on page 58). There were no special items in 2019.

Net finance costs

Net finance costs include:

$ million	2020	2019
Total interest incurred on borrowings	**(196)**	(226)
Less: interest capitalised	**55**	37
Interest expense on borrowings	**(141)**	(189)
Other finance costs	**(5)**	(6)
Finance costs	**(146)**	(195)
Net foreign exchange loss	**(69)**	(20)
Finance income	**14**	18
Net finance costs	**(201)**	(197)

Total interest incurred of $196 million was below the $226 million incurred in 2019 primarily due to lower US dollar LIBOR rates, which averaged 0.93% on borrowings in 2020 compared to 2.49% in the prior year. This was partially offset by the increased average level of debt during the year, following additional drawings made under the PXF, CAT and DBK-Aktogay expansion facilities (see movements in borrowings section below).

Capitalised interest of $55 million in 2020 related to financing costs incurred on the DBK-Aktogay expansion facility and the use of the Group's general borrowings to fund the Aktogay expansion and Baimskaya capital projects and other qualifying assets (see note 7 on page 48).

Net foreign exchange losses of $69 million (2019: $20 million) arose mainly from the depreciation of the tenge at 31 December 2020 compared with 31 December 2019. This resulted in a non-cash foreign exchange loss on the retranslation of US dollar denominated borrowings in subsidiaries with a tenge functional currency, which was largely offset within movements in equity.

Taxation

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

$ million (unless otherwise stated)	2020	2019
Profit before tax	**804**	726
Add: MET and royalties	**178**	196
Add: special items	**11**	–
Adjusted profit before tax	**993**	922
Income tax expense	**165**	155
Add: MET and royalties	**178**	196
Adjusted tax expense	**343**	351
Effective tax rate (%)	**21**	21
All-in effective tax rate[1] (%)	**35**	38

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

The effective tax rate of 21% in 2020 was in line with the prior year. As MET is determined independently of the profitability of operations, in periods of higher profitability the all-in effective tax rate decreases as the impact of MET and royalties is lower. The all-in effective tax rate decreased to 35% versus the prior year due to higher profitability and a lower MET and royalties charge in the income statement. Conversely, during periods of lower profitability, the MET and royalties impact on the all-in effective tax rate is elevated.

Profit attributable to equity holders of the Company and Underlying Profit

A reconciliation of profit attributable to equity holders of the Company and Underlying Profit to EPS and EPS based on Underlying Profit is set out below:

$ million (unless otherwise stated)	**2020**	2019
Profit attributable to equity holders of the Company	**639**	571
Special items within operating profit, net of tax – note 6	**11**	–
Underlying Profit[1]	**650**	571
Weighted average number of shares in issue (million) – basic	**472**	470
Potential dilutive ordinary shares, weighted for the period outstanding (million)	**21**	20
Weighted average number of shares in issue (million) – diluted	**493**	490
Ordinary EPS – basic ($)	**1.35**	1.21
Ordinary EPS – diluted ($)	**1.29**	1.17
EPS based on Underlying Profit[1] – basic ($)	**1.38**	1.21
EPS based on Underlying Profit[1] – diluted ($)	**1.32**	1.17

1 APMs are used to assess the performance of the Group and are not defined or specified under IFRS. For further information on APMs, including justification for their use, please refer to the APMs section on page 58.

The Group's profit attributable to equity holders of the Company was $639 million in 2020 compared with $571 million in the prior year, benefiting from the increase in operating profit and lower finance costs, partially offset by non-cash foreign exchange losses in subsidiaries with a tenge functional currency. Underlying Profit of $650 million was higher than the $571 million recorded in the prior year, following the increase in profit attributable to equity holders of the Company, excluding special items.

EPS and EPS based on Underlying Profit

Basic EPS of $1.35 increased from $1.21 in 2019 mainly due to the increase in net profit. Diluted EPS of $1.29 and diluted EPS based on Underlying Profit of $1.32 take into account the ordinary shares that may be issued to settle the Deferred Consideration arising on the acquisition of the Baimskaya copper project (see note 9 on page 50). In 2019, the resulting potential ordinary shares were weighted over the period they were outstanding, from acquisition on 22 January 2019 to 31 December 2019.

Dividends

KAZ Minerals PLC, the parent company of the Group, is a non-trading investment holding company and derives its profits from dividends paid by subsidiary companies.

The Group's dividend policy, established at the time of Listing, is for the Board to consider the cash generation and financing requirements of the business before recommending a suitable dividend. This maintains flexibility, which is appropriate given the underlying cyclicality of a commodity business and the Group's growth ambitions.

Under the terms of the Recommended Offer, Nova Resources reserves the right to reduce the consideration payable up to the amount of any dividend that is declared, made or paid or becomes payable during the Offer Period. The Board has therefore not recommended a final dividend for 2020. The Board will assess the Group's circumstances with respect to the Recommended Offer, in addition to its financial position, cash flows and growth requirements in determining future dividend payments.

The final dividend of $38 million in respect of the year ended 31 December 2019 was paid on 22 May 2020. In addition, the interim dividend of $19 million in respect of the year ended 31 December 2020 was paid to shareholders on 23 October 2020.

The distributable reserves of KAZ Minerals PLC at 31 December 2020 were $1,408 million.

Cash flows and movement in net debt

The summary of cash flows below is prepared on a basis consistent with internal management reporting.

$ million	2020	2019
EBITDA[1]	**1,431**	1,355
Special items – note 6	**(11)**	–
Change in working capital	**(161)**	(282)
Interest paid	**(208)**	(230)
MET and royalties paid	**(120)**	(206)
Income tax paid	**(123)**	(92)
Foreign exchange and other movements	**7**	8
Sustaining capital expenditure	**(124)**	(142)
Free Cash Flow[1]	**691**	411
Expansionary and new project capital expenditure	**(460)**	(718)
Acquisition of Baimskaya copper project, net of cash acquired	**–**	(435)
Net VAT paid associated with major growth projects	**(8)**	(41)
Interest received	**10**	20
Dividends paid	**(57)**	(47)
Other investments	**–**	45
Other movements	**(4)**	(3)
Cash flow movement in net debt	**172**	(768)
Net debt[1] at the beginning of the year	**(2,759)**	(1,986)
Other non-cash movements	**(14)**	(5)
Net debt[1] at the end of the year	**(2,601)**	(2,759)
Represented by:		
Cash and cash equivalents and current investments	**1,299**	541
Borrowings	**(3,900)**	(3,300)
Net debt[1] at the end of the year	**(2,601)**	(2,759)

1 APMs are used to assess the performance of the Group and are not defined or specified under IFRS. For further information on APMs, including justification for their use, please refer to the APMs section on page 58.

Summary

Net debt decreased to $2,601 million at 31 December 2020 from $2,759 million at 31 December 2019 as Free Cash Flow from operations was partially offset by investments in the Group's growth projects. Free Cash Flow increased by 68% to $691 million as EBITDA benefited from higher commodity prices and was supported by lower working capital outflows (see working capital section below). Other non-cash movements in net debt mainly include amortisation of fees on borrowings and foreign exchange losses on the CDB-Aktogay CNY facility.

Expansionary capital expenditure of $460 million was below the $718 million incurred in the prior year, which included $56 million of final retention payments in respect of the original Aktogay and Bozshakol projects. Expenditure on the Aktogay expansion project in the current year was impacted by restrictions and measures taken to control the spread of Covid-19. Further detail in respect of capital expenditure is included within the Operating review.

Working capital

The summary of movements in working capital is outlined below:

$ million	2020	2019
Change in inventories[1]	**(100)**	(128)
Change in prepayments and other current assets[2]	**(128)**	(72)
Change in trade and other receivables	**23**	(51)
Change in trade and other payables and provisions[3]	**44**	(31)
Movement in working capital	**(161)**	(282)

1 The $127 million increase in inventory shown in the IFRS based cash flow statement (see note 15(a)) includes MET and depreciation, which are excluded from the cash flow above as MET paid is reflected separately and EBITDA is stated before depreciation and amortisation.
2 The $136 million increase in prepayments and other current assets shown in the IFRS based cash flow statement (see note 15(a)) includes net VAT paid on the major growth projects. The cash flow above contains net VAT paid associated with major growth projects as a separate line item.
3 The difference to trade and other payables shown in the IFRS based cash flow statement (see note 15(a)) is the change in MET and royalties payable during 2020. The cash flow above contains MET and royalties paid as a separate line item.

The cash impact of inventory changes in 2020 was $100 million (2019: $128 million), partly due to a $56 million increase in raw materials resulting from measures taken to stockpile critical spares and consumables to mitigate operational risk arising from Covid-19. Finished goods inventory at the end of the year also increased by $24 million following transportation restrictions during December at the Kazakhstan-China border as a result of Covid-19. In addition, there was an increase in work-in-progress of $13 million relating to a build-up of concentrate prior to dispatches to the smelter.

The cash outflow associated with prepayments and other current assets of $128 million (2019: $72 million) was mainly due to net VAT paid of $112 million and an increase in prepayments for goods and services of $16 million. VAT receivable was recovered in 2020 through a combination of offset and refund, with $136 million recovered through offset with income tax and MET, which resulted in cash payments for these items being below the income statement charge. There was also an $8 million net increase in VAT receivable relating to major growth projects (2019: $41 million), which is shown separately in the table above and excluded from Free Cash Flow (see APMs section on page 58).

Trade and other receivables decreased by $23 million (2019: increased by $51 million), reflecting the timing of sales and cash receipts from trade receivables, which reduced to $155 million at 31 December 2020 from $176 million at 31 December 2019. Additionally, provisionally priced trade receivables are marked to market at the year end based on the appropriate forward metal price, which increased trade receivables by $16 million at 31 December 2020 compared to $12 million at the prior year end. Further details relating to the nature of the Group's customers are given in note 4(b) to the condensed consolidated financial statements.

Trade and other payables and provisions increased by $44 million (2019: decreased by $31 million), which mainly reflects the timing of payments and customer receipts in advance of product deliveries compared to 31 December 2019.

Interest cash flows

Interest paid was $208 million compared with $230 million in the prior year. Interest paid was higher than total interest incurred on borrowings during the year of $196 million due to the timing of payments, which includes amortisation of arrangement fees of $10 million and led to a reduction in interest payable from $61 million at 31 December 2019 to $40 million at 31 December 2020.

Income taxes and MET

Income tax payments of $123 million (2019: $92 million) were below the income statement charge of $165 million (2019: $155 million), primarily as $41 million of income tax due was offset against VAT refunds. The Group's net income tax payable was $9 million at both 31 December 2020 and 2019.

MET and royalties payments of $120 million were below the total MET and royalties incurred of $207 million and the prior year (2019: $206 million) as $95 million of MET payments due were offset against VAT refunds in 2020. This led to a reduction in MET and royalties payable from $56 million at 31 December 2019 to $45 million at 31 December 2020 at the closing exchange rate.

Capital expenditure

Sustaining capital expenditure decreased to $124 million in 2020 from $142 million in the prior year with certain projects and maintenance deferred into 2021 as a result of restrictions and measures taken to control the spread of Covid-19.

Expansionary and new project expenditure of $460 million in 2020 primarily relates to Aktogay ($251 million), mainly for the expansion project, as well as the feasibility study and pioneer works at Baimskaya ($159 million). In addition, capital investments were made at East Region and Bozymchak of $46 million, in respect of the Artemyevsky mine extension and the development of the underground phase at Bozymchak. Please refer to the Operating review for an analysis of the Group's capital expenditure by operating segment.

Acquisition of the Baimskaya copper project

On 22 January 2019, the Group announced the Initial Completion of the acquisition of the Baimskaya copper project in the Chukotka region of Russia. The consideration due at Initial Completion was $675 million made up of $436 million in cash and 22.3 million new KAZ Minerals shares valued at $239 million, which were allotted to the Vendor. The Initial Cash Consideration of $436 million was settled during 2019, partly offset by $1 million of cash and cash equivalents on acquisition.

Other investments

In 2019, other investing cash flows relate to the receipt of the remaining $45 million consideration in respect of NFC's equity investment in Koksay for $70 million, as announced in June 2018 and completed in July 2019.

Movements in equity

Equity attributable to owners of the Company at 31 December 2020 was $2,366 million (2019: $2,115 million), an increase of $251 million as profit for the year of $639 million was partially offset by a $335 million decrease in the US dollar value of the Group's foreign currency operations, following a 10% reduction in the value of the tenge between 31 December 2019 and 31 December 2020, and dividends paid of $57 million during 2020.

The Group's mining assets are largely held within Kazakhstan-based entities which maintain the tenge as their functional currency. At the year end, non-monetary net assets are consolidated and reported in US dollars at the closing exchange rate, with the change in value arising from movements in the tenge exchange rate reflected in equity and not through the income statement. The weaker tenge should have a positive effect on their underlying economic performance as it reduces local operating costs, whilst revenues are largely US dollar based. The Group's external liabilities, principally bank debt, are mainly US dollar denominated and not affected by movements in the KZT/$ exchange rate.

Movements in borrowings

On 28 January 2020, the Group completed an amendment and extension of the PXF facility which included an increase in facility commitments to $1.0 billion, an extension of the loan tenor and a reduction in the facility margin. The amendment represented a net increase of $700 million above the $300 million outstanding under the previous facility and the maturity profile was extended by 3.5 years, from June 2021 until December 2024 with two annual extension options which, if exercised, would extend final maturity of the facility to December 2025 or December 2026 respectively. The amended facility accrues interest at a variable margin of between 2.25% and 3.50% above US$ LIBOR (previously between 3.00% and 4.50% above US$ LIBOR), dependent on the ratio of net debt to EBITDA which will be tested semi-annually. Monthly repayments commenced in January 2021, with a final balloon repayment of one-third of the facility amount ($333 million) due in December 2024, which will be amortised during 2025 and 2026 if the extension options are exercised.

At 31 December 2020, borrowings (net of unamortised fees) were $3,900 million, an increase of $600 million from 31 December 2019 as a result of the movements set out in the table below:

$ million	At 1 January 2020	**Drawings[1]**	**Repayments**	**Other movements[2]**	**At 31 December 2020**
CDB-Bozshakol and Bozymchak	1,165	**–**	**(183)**	**3**	**985**
CDB-Aktogay CNY facility	97	**–**	**(11)**	**6**	**92**
CDB-Aktogay USD facility	1,117	**–**	**(107)**	**1**	**1,011**
PXF facility	300	**702**	**(17)**	**4**	**989**
DBK-Aktogay facility	234	**–**	**(43)**	**–**	**191**
DBK-Aktogay expansion facility	315	**229**	**–**	**1**	**545**
CAT facility	72	**19**	**(5)**	**1**	**87**
	3,300	**950**	**(366)**	**16**	**3,900**

$ million	At 1 January 2019	Drawings[1]	Repayments	Other movements[2]	At 31 December 2019
CDB-Bozshakol and Bozymchak	1,345	–	(183)	3	1,165
CDB-Aktogay CNY facility	110	–	(12)	(1)	97
CDB-Aktogay USD facility	1,221	–	(107)	3	1,117
PXF facility	500	–	(200)	–	300
DBK-Aktogay facility	277	–	(43)	–	234
DBK-Aktogay expansion facility	–	315	–	–	315
CAT facility	–	72	–	–	72
	3,453	387	(545)	5	3,300

1 Drawings are shown net of arrangement fees, which are netted off against borrowings in accordance with IFRS 9.

2 Other movements include non-cash amortisation of fees on borrowings and foreign exchange losses (2019: foreign exchange gains) on the CDB-Aktogay CNY facility.

Further details of the terms of the Group's borrowings are included in note 14 of the condensed consolidated financial statements.

Going concern

The Group manages liquidity risk by maintaining adequate committed borrowing facilities and working capital funds. The Board monitors the net debt level and liquidity position of the Group taking into consideration the expected outlook of the Group's financial position, cash flows, future capital expenditure and debt service requirements.

The Board is satisfied that the Group's forecasts, taking into account reasonably possible downside scenarios, show that the Group has adequate liquidity to continue in operational existence for the period to 31 March 2022. Accordingly, it is appropriate to adopt the going concern basis of accounting in the preparation of these condensed consolidated financial statements.

Further details regarding the Group's going concern assessment, including the possible impacts of Covid-19, are included in note 2(a) of the condensed consolidated financial statements.

PRINCIPAL RISKS

The Group's principal risks are set out below, together with mitigating actions. These risks represent those considered material to the current Board's strategy, and this section does not consider risks which may arise as a result of the Recommended Offer by Nova Resources. There may be other risks, unknown or currently considered immaterial, which could become material, including in the event that the Recommended Offer becomes wholly unconditional. The risks set out below are not in order of likelihood of occurrence or materiality and should be viewed, as with any forward-looking statements in this document, with regard to the cautionary statement on page 3.

SUSTAINABILITY RISKS

Safety and health

Impact

Mining is a hazardous industry. Safety and health incidents could result in harm to people, as well as production disruption, financial loss and reputational damage. The Group is in a period of construction activity, increasing potential safety and health exposures. The ongoing Covid-19 pandemic presents a risk to the safety and health of our employees and contractors.

Mitigation

The Group's goal is for zero fatalities and to seek to minimise safety and health incidents. Policies and procedures are designed to identify and monitor risks and provide a clear framework for conducting business. This is supported by regular training and awareness campaigns for employees and contractors. The Group has implemented comprehensive measures to protect its sites from the impact of Covid-19, including restricted access to sites, health screening and the reorganisation of shifts. The HSS Committee reviews and monitors associated risks across the Group.

Community and labour relations

Impact

The Group operates in areas where it is a major employer, where employees are represented by labour unions and where it may provide support to the local community. This may impose restrictions on the Group's flexibility in taking certain operating decisions. Failure to identify and manage the concerns and expectations of the labour force and local communities including indigenous peoples could affect the Group's reputation and social licence to operate and could result in production disruptions and increases in operating costs and could impact project capital costs and schedule. Wage negotiations could be impacted by higher commodity prices, higher domestic inflation or the continued weakness of the tenge.

Mitigation

The Group engages with community representatives, unions and employees and aims to address concerns raised by different stakeholders. Through responsible behaviour, acting transparently, promoting dialogue and fulfilling its commitments, the Group minimises potentially negative impacts. Aktogay and Bozshakol are in remote locations where the community relations risk is reduced. The Group has a maturing asset base in the East Region of Kazakhstan and seeks to manage any reduction in workforce responsibly. In Chukotka, the Group has held meetings with community representatives and conducted a number of public hearings to understand local issues.

Employees

Impact

The Group is dependent on its ability to attract and retain highly skilled personnel. Failure to do so could have a negative impact on operations or the successful implementation of growth projects and result in higher operating costs to recruit required staff. The remote location of some operations increases this challenge. The Group has entered a period of increased recruitment to staff the operational phase of the Aktogay expansion project, and relating to the potential development of Baimskaya.

Mitigation

The Group actively monitors the labour market to remain competitive in the hiring of staff and provides remuneration structures and development opportunities to attract and retain key employees. Key positions are identified at all locations, and training and succession plans developed. A leadership development programme is in place to provide a talent pipeline of national workers for key positions and aid retention. International workers with appropriate expertise assist during the initial phase of operations.

Environmental

Impact

Mining operations involve the use of toxic substances and require the storage of large volumes of waste materials in tailings dams, which could result in spillages, loss of life and significant environmental damage. The Group is subject to environmental laws and regulations which are continually developing, including those to tackle climate change. Failure to comply with applicable laws could lead to the suspension of operating licences, the imposition of financial penalties or costly compliance costs and reputational damage. Environmental practices face additional scrutiny as societal expectations around responsible investing evolve. This could impact the Group's operations or access to capital.

Mitigation

Policies and procedures are in place to set out required operating standards and to monitor environmental impacts. The Group liaises with relevant governmental bodies on environmental matters, including legislation changes. During 2020, the Group discontinued the use of the above-ground Nikolayevsky tailings dam in the East Region, transitioning to in-pit storage. In-pit deposition is considered best practice for long-term management of tailings due to the greater inherent physical stability of a pit compared to above-ground storage. The commissioning of the Aktogay expansion project and the development of Baimskaya will reduce the Group's CO_2 emissions intensity.

OPERATIONAL RISKS

Business interruption

Impact

Operations are subject to a number of risks not wholly within the Group's control, including: geological and technological challenges; weather, pandemic disease or other natural phenomena; damage to or failure of equipment and infrastructure; information technology and cyber risks; loss or interruption to key inputs such as electricity and water; and the availability of key supplies and services, including the Balkhash smelter. Any disruption could impact production, may require the Group to incur unplanned expenditure and negatively impact cash flows.

Mitigation

In-house and third-party specialists are used to identify and manage operational risks and to recommend improvements. Equipment and facilities are maintained appropriately and regularly inspected. Property damage and business interruption insurance programmes provide some protection from major incidents. During 2020, the Group implemented a range of preventative measures to minimise the risk of adverse impact to the Group's operations from Covid-19. Should a significant outage occur at the Balkhash smelter the Group believes it could sell concentrate directly to other customers.

New projects and commissioning

Impact

Projects may fail to achieve the desired economic returns due to an inability to recover mineral resources, design or construction deficiencies, a failure to achieve expected operating parameters or because of capital or operating costs being higher than expected. Failure to manage new projects effectively or a lack of available financing may prevent or delay completion of projects. There are various project risks associated with the successful development of the Baimskaya copper project, including its remote location, the delivery of government support for infrastructure, obtaining certain tax incentives, dependency on key personnel and the local weather conditions. During 2020, it was agreed with the Russian Government that the Group would fund a portion of the capital costs for infrastructure required to deliver Baimskaya which has resulted in an increase to the project budget.

Mitigation

New projects are subject to rigorous assessment prior to approval including feasibility or technical studies and capital appraisal. Specialists are utilised throughout the life cycle of projects. Project management and capital expenditure planning and monitoring procedures are in place to review performance against milestones and budgets. This includes the Projects Assurance Committee which reports to the Board. In respect of the Baimskaya copper project, a full Bankable Feasibility Study is being completed to determine the detailed design of the mine and the associated capital cost. Further details of the major growth projects are included in the Operating review.

Reserves and resources

Impact

The Group's mineral reserves are in part based on an estimation method established by the former Soviet Union. There are numerous uncertainties inherent in estimating mineral reserves, which if changed, could require the need to restate mineral reserves and impact the economic viability of affected operations and development projects.

Mitigation

The Group's mineral reserves and mineral resources are published annually in accordance with the criteria of the KAZRC and JORC Codes and reviewed by a Competent Person. This includes mine site visits where considered appropriate and the conversion from the former Soviet Union estimation to that prescribed by the JORC Code. Drilling and exploration programmes are conducted to enhance the understanding of geological information.

Political

Impact

The Group could be affected by political instability or social and economic changes in the countries in which it operates. This could include a change in government, the granting and renewal of permits and changes to foreign trade or legislation that could affect the business environment and negatively impact the Group's business, financial performance and licence to operate. Operations at Bozymchak were suspended temporarily in the fourth quarter of 2020 following a period of political instability in Kyrgyzstan. In January 2021, the new President of Kyrgyzstan signed a decree of reform for the mining industry including restrictions on foreign ownership of future projects. Further international sanctions on Russia could impact the development of Baimskaya, as well as the supply of certain goods and services to the Group's existing operations.

Mitigation

A proactive dialogue is maintained with KAZ Minerals' host governments and key stakeholders across a range of issues. Developments are monitored closely and lobbying is conducted where appropriate. Kazakhstan remains one of the most politically stable and economically developed countries in Central Asia. In January 2020, Dmitry Medvedev resigned as Prime Minister of the Russian Federation and was replaced by Mikhail Mishustin. The Russian Government remains supportive of the Baimskaya project and in November 2020 the Ministry for the Development of the Russian Far East and Arctic submitted a multi-party Complex Development Plan for approval by the Prime Minister. The Baimskaya acquisition was structured with Deferred Consideration to incentivise the Vendor, as a local partner, to assist in the delivery of the project.

Legal and regulatory compliance

Impact

The Group is subject to various legal and regulatory requirements across all of its jurisdictions including subsoil usage rights in Kazakhstan, Kyrgyzstan and Russia and UK governance rules including related party transactions and anti-bribery and corruption. Legislation and taxation may be subject to change and uncertainty of interpretation, application and enforcement. Non-compliance with legislation could result in regulatory challenges, fines, litigation and ultimately the loss of operating licences. Substantial payments of tax could arise for the Group, or tax receivable balances may not be recovered as expected.

Mitigation

Management engages with the relevant regulatory authorities and seeks appropriate advice to ensure compliance with all relevant legislation and subsoil use contracts. A specialist department is tasked with monitoring compliance with the terms of subsoil use contracts in Kazakhstan. Management works closely with the tax authorities in the review of proposed amendments to legislation. Further details of the Group's tax strategy and risk management are set out in the Financial review. Appropriate monitoring and disclosure procedures are in place for related party transactions. Social investments are made in accordance with a Board approved policy and are overseen by the Group's Social Investment Committee. The Group's corporate policies are applied in Russia where a dedicated team is managing legal and regulatory compliance.

FINANCIAL RISKS

Commodity price

Impact

The Group's results are heavily dependent on the commodity price for copper and to a lesser extent, the prices of gold, silver and zinc. Commodity prices can fluctuate significantly and are dependent on several factors, including global supply and demand and investor sentiment. In the first half of 2020, the copper price was adversely affected by the economic impact of the Covid-19 pandemic. The copper price increased significantly during the second half of 2020, following the reporting of positive economic data in China and the roll-out of stimulus packages by governments worldwide. China is the largest consumer of copper globally, and a reduction in China's economic growth, for example as a result of another outbreak of Covid-19 or worsening trade relations with the USA, could have a material adverse impact on the copper price.

Mitigation

The Group regularly reviews its sensitivity to fluctuations in commodity prices. The Group is not currently and does not normally hedge commodity prices but may enter into a hedge programme where the Board determines it is appropriate to provide greater certainty over future cash flows.

Foreign exchange and inflation

Impact

Fluctuations in rates of exchange or inflation in the jurisdictions to which the Group is exposed could result in future increased costs. As the functional currency of the Group's operating entities is their local currency, fluctuations in exchange rates can give rise to exchange gains and losses in the income statement and volatility in the level of net assets recorded on the Group's balance sheet.

Mitigation

Where possible the Group conducts its business and maintains its financial assets and liabilities in US dollars. The Group generally does not hedge its exposure to foreign currency risk in respect of operating expenses.

Exposure to China

Impact

Sales are made to a limited number of customers in China, particularly in respect of copper concentrate output. Treatment and refining charges are dependent upon Chinese smelting capacity and the level of copper concentrate supply in the region. China is an important source of financing to the Group with long-term debt facilities of $2.1 billion at 31 December 2020. In addition, the Group uses contractors, services and materials from China. Whilst the Chinese economy has rebounded strongly from the initial negative impact of the Covid-19 pandemic, any future restrictions on the movement of goods, people and services could impact the Group's operations and projects, the availability of Chinese credit and its demand for commodities.

Mitigation

Aktogay and Bozshakol produce a copper concentrate that is attractive to Chinese smelters, being 'clean' and high in sulphur content. The Group has established good relationships with strategic customers in China. The Group maintains relationships with a number of international lending banks, has facilities in place with the PXF syndicate, DBK and CAT Financial, and has the flexibility to consider other sources of capital if required.

Acquisitions and divestments

Impact

The Group may acquire or dispose of assets and businesses which fail to achieve the expected benefit or value to the Group. Changing market conditions, incorrect assumptions or deficiencies in due diligence could result in the wrong decisions being made and in acquisitions or disposals failing to deliver expected benefits. The Restructuring was effected under the laws and regulations of Kazakhstan which are subject to change and open to interpretation, including the legal and tax aspects of the Restructuring, which could give rise to liabilities for KAZ Minerals. Nova Resources and the Independent Committee of KAZ Minerals have announced the terms of the Recommended Offer.

Mitigation

A rigorous assessment process is undertaken to assess all potential acquisitions and divestments by specialist staff, supported by external advisers where appropriate. Due diligence processes are undertaken and material transactions are subject to Board review and approval, including ensuring a transaction is aligned with the Group's strategy, consideration of the key assumptions being applied and the risks identified. In respect of the Recommended Offer, members of the Board who are independent of it have formed the Independent Committee, which is being advised by Linklaters, Citigroup and UBS. The Independent Committee has full access to management and information relating to the Group and its ongoing performance.

Liquidity

Impact

The Group is exposed to liquidity risk if it is unable to meet payment obligations as they fall due or is unable to access acceptable sources of finance. Non-compliance with financial covenants could result in borrowing facilities becoming uncommitted and repayable. Baimskaya is a large-scale project, the development of which will require additional financing which will increase the debt levels of the Group. Failure to manage liquidity risk could have a material impact on the Group's cash flows, earnings and financial position.

Mitigation

Forecast cash flows are closely monitored and the financing strategy is set by the Board. At 31 December 2020, the Group has significant available liquidity of $1.3 billion. The Group's existing operations are highly cash generative. The Group has a successful track record of raising finance for major projects. In respect of Baimskaya, in parallel with the feasibility study, the Group is continuing discussions with banks on financing the construction phase and is evaluating the potential for partnering. Further details regarding going concern are included in note 2(a) to the financial statements.

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

Year ended 31 December 2020

$ million (unless otherwise stated)	Notes	2020	2019
Revenues	4(b)	**2,355**	2,266
Cost of sales		**(1,101)**	(1,124)
Gross profit		**1,254**	1,142
Selling and distribution expenses		**(94)**	(91)
Administrative expenses		**(152)**	(132)
Net other operating income		**–**	9
Impairment losses	5	**(3)**	(5)
Operating profit		**1,005**	923
Analysed as:			
Operating profit (excluding special items)		**1,016**	923
Special items	6	**(11)**	–
Finance income	7	**14**	18
Finance costs	7	**(146)**	(195)
Net foreign exchange loss		**(69)**	(20)
Profit before tax		**804**	726
Income tax expense	8	**(165)**	(155)
Profit for the year		**639**	571
Analysed as:			
Underlying Profit	9	**650**	571
Special items	6	**(11)**	–
Attributable to:			
Equity holders of the Company	9	**639**	571
Non-controlling interests	13	**–**	–
		639	571
Other comprehensive (expense)/income for the year after tax:			
Items that may be reclassified subsequently to the income statement:			
Exchange differences on retranslation of foreign operations		**(336)**	64
Items that will never be reclassified to the income statement:			
Actuarial gains/(losses) on employee benefits, net of tax		**1**	(1)
Other comprehensive (expense)/income for the year		**(335)**	63
Total comprehensive income for the year		**304**	634
Attributable to:			
Equity holders of the Company		**305**	635
Non-controlling interests		**(1)**	(1)
		304	634
Earnings per share attributable to equity holders of the Company			
Ordinary EPS – basic ($)	9	**1.35**	1.21
Ordinary EPS – diluted ($)	9	**1.29**	1.17
EPS based on Underlying Profit – basic ($)	9	**1.38**	1.21
EPS based on Underlying Profit – diluted ($)	9	**1.32**	1.17

CONSOLIDATED BALANCE SHEET

At 31 December 2020

$ million	Notes	2020	2019
Assets			
Non-current assets			
Intangible assets		**5**	5
Property, plant and equipment		**2,778**	2,756
Mining assets		**1,559**	1,457
Other non-current assets	11	**257**	338
Deferred tax asset		**40**	40
		4,639	4,596
Current assets			
Inventories		**614**	553
Prepayments and other current assets		**174**	193
Income taxes prepaid		**8**	7
Trade and other receivables		**155**	176
Current investments	15(c)	**425**	–
Cash and cash equivalents	15(b)	**874**	541
		2,250	1,470
Total assets		**6,889**	6,066
Equity and liabilities			
Equity			
Share capital	12(a)	**177**	177
Share premium		**2,883**	2,883
Capital reserves	12(b)	**(2,493)**	(2,158)
Retained earnings		**1,799**	1,213
Attributable to equity holders of the Company		**2,366**	2,115
Non-controlling interests	13	**58**	59
Total equity		**2,424**	2,174
Non-current liabilities			
Borrowings	14	**3,372**	2,755
Deferred tax liability		**107**	110
Employee benefits		**8**	15
Provision for closure and site restoration		**107**	74
Other non-current liabilities		**13**	12
		3,607	2,966
Current liabilities			
Trade and other payables		**307**	360
Borrowings	14	**528**	545
Income taxes payable		**17**	16
Employee benefits		**2**	2
Other current liabilities		**4**	3
		858	926
Total liabilities		**4,465**	3,892
Total equity and liabilities		**6,889**	6,066

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

$ million	Notes	2020	2019
Operating activities			
Cash receipts from customers		**2,386**	2,181
Cash payments to employees, suppliers and taxes other than income tax		**(1,248)**	(1,347)
Cash flows from operations before interest and income taxes paid	15(a)	**1,138**	834
Interest paid		**(208)**	(230)
Income taxes paid		**(123)**	(92)
Net cash flows from operating activities		**807**	512
Investing activities			
Interest received		**10**	20
Purchase of intangible assets		**(2)**	(1)
Purchase of property, plant and equipment		**(427)**	(737)
Investments in mining assets		**(155)**	(122)
Net (additions to)/redemption of current investments	15(c)	**(425)**	250
Acquisition of Baimskaya copper project, net of cash acquired		**–**	(435)
Other investing activities		**(2)**	(2)
Net cash flows used in investing activities		**(1,001)**	(1,027)
Financing activities			
Proceeds from borrowings	15(c)	**950**	387
Repayment of borrowings	15(c)	**(366)**	(545)
Dividends paid by the Company	10	**(57)**	(47)
Advance consideration for investment in Koksay	13	**–**	45
Other financing activities		**(2)**	(1)
Net cash flows from/(used in) financing activities		**525**	(161)
Net increase/(decrease) in cash and cash equivalents	15(c)	**331**	(676)
Cash and cash equivalents at the beginning of the year		**541**	1,219
Effect of exchange rate changes on cash and cash equivalents	15(c)	**2**	(2)
Cash and cash equivalents at the end of the year	15(b)	**874**	541

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

		Attributable to equity holders of the Company						
$ million	Notes	Share capital	Share premium	Capital reserves[1]	Retained earnings	Total	Non-controlling interests	Total equity
At 1 January 2019		171	2,650	(2,457)	686	1,050	4	1,054
Profit for the year		–	–	–	571	571	–	571
Exchange differences on retranslation of foreign operations	12(b)	–	–	65	–	65	(1)	64
Actuarial loss on employee benefits, net of tax		–	–	–	(1)	(1)	–	(1)
Total comprehensive income/(expense) for the year		–	–	65	570	635	(1)	634
Dividends	10(a)	–	–	–	(47)	(47)	(3)	(50)
Shares issued and Deferred Consideration arising from acquisition of the Baimskaya copper project	12(b)	6	233	225	–	464	–	464
Part disposal of subsidiary	13	–	–	9	2	11	59	70
Share-based payments, net of taxes		–	–	–	2	2	–	2
At 31 December 2019		177	2,883	(2,158)	1,213	2,115	59	2,174
Profit for the year		**–**	**–**	**–**	**639**	**639**	**–**	**639**
Exchange differences on retranslation of foreign operations	12(b)	**–**	**–**	**(335)**	**–**	**(335)**	**(1)**	**(336)**
Actuarial gain on employee benefits, net of tax		**–**	**–**	**–**	**1**	**1**	**–**	**1**
Total comprehensive income/(expense) for the year		**–**	**–**	**(335)**	**640**	**305**	**(1)**	**304**
Dividends	10	**–**	**–**	**–**	**(57)**	**(57)**	**–**	**(57)**
Share-based payments, net of taxes		**–**	**–**	**–**	**3**	**3**	**–**	**3**
At 31 December 2020		**177**	**2,883**	**(2,493)**	**1,799**	**2,366**	**58**	**2,424**

1 See note 12(b) for an analysis of 'Capital reserves'.

1. Corporate information

KAZ Minerals PLC (the 'Company') is a public limited company incorporated in England and Wales. The Company's registered office is 6th Floor, Cardinal Place, 100 Victoria Street, London SW1E 5JL, United Kingdom. The Group comprises the Company and its consolidated divisions as set out below.

The Group operates in the natural resources industry through five divisions, the principal activities of which during 2020 were:

Operating division	Principal activity	Primary countries of operations
Aktogay	Mining and processing of copper and other metals	Kazakhstan
Bozshakol	Mining and processing of copper and other metals	Kazakhstan
East Region[1]	Mining and processing of copper and other metals	Kazakhstan
Bozymchak[1]	Mining and processing of copper and other metals	Kyrgyzstan
Mining Projects	Development of greenfield metal deposits	Kazakhstan and Russia

1 East Region and Bozymchak are separate divisions but have been combined for segmental reporting purposes.

2. Basis of preparation

The condensed consolidated financial statements for the year ended 31 December 2020 do not constitute statutory accounts as defined in Sections 435(1) and (2) of the Companies Act 2006. Statutory accounts for the year ended 31 December 2019 have been delivered to the Registrar of Companies and those for 2020 will be delivered following the Company's Annual General Meeting convened for Thursday 29 April 2021.

KAZ Minerals has completed its preparation of the Group's 2020 Annual Report and Accounts. Due to delays in the audit process the audit is not yet finalised. The Group's auditor, KPMG, has confirmed that they are not aware of any matters that may give rise to a modification to their audit report. Based on the latest advice from KPMG, the Group expects the 2020 full financial statements to be signed by the Directors on 1 March 2021.

The financial information for 2019 is derived from the statutory accounts for 2019. The auditor has reported on the 2019 accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

There has been no significant impact to the condensed consolidated financial statements of the Group at 31 December 2020 as a result of the Recommended Offer, which was initially announced on 28 October 2020. In the event of the Recommended Offer becoming wholly unconditional it would be expected to complete in the first half of 2021.

(a) Going concern

The Group manages liquidity risk by maintaining adequate committed borrowing facilities and working capital funds. The Board monitors the net debt level and liquidity position of the Group taking into consideration the expected outlook of the Group's financial position, cash flows, future capital expenditure and debt service requirements.

At 31 December 2020, the Group's net debt was $2,601 million with gross debt of $3,900 million and gross liquid funds of $1,299 million. The gross debt facilities, net of unamortised debt costs, consist of:

- $985 million under the CDB-Bozshakol and Bozymchak facilities, which amortise over the period to 2025;
- $1,103 million under the CDB-Aktogay US dollar and CNY facilities, which amortise over the period to 2029;
- $989 million under the PXF facility which amortises over the period from January 2021 to December 2024;
- $191 million under the DBK-Aktogay facility, which amortises over the period to June 2025;
- $545 million under the DBK-Aktogay expansion facility, which amortises over the period from 2022 to 2034. The remaining $51 million of the committed facility has an availability period for drawing until April 2022; and
- $87 million of the CAT facility, which amortises over the period to December 2025. The remaining $11 million of the committed facility has an availability period for drawing until December 2021.

The Board has considered the Group's cash flow forecasts for the period to 31 March 2022, including the outlook for commodity prices, production levels from the Group's operations, the principal repayments due under the Group's debt facilities and its future capital requirements including the Aktogay expansion project and initial study and pioneer works at the Baimskaya copper project. The going concern assessment does not take into account any effects of a change in ownership or strategy which could result from the Recommended Offer. See note 19 to the condensed consolidated financial statements.

The emergence of the Covid-19 pandemic during the first half of 2020 significantly impacted global markets and presented major challenges for the mining industry. The Group has taken a number of measures to mitigate the associated risks and Covid-19 has not resulted in any material disruption to the Group's output or sales to customers to date. Macroeconomic sentiment improved in the second half of 2020, resulting in increased actual and forecast market prices for copper. Nonetheless, there continues to be a risk that a worsening situation in respect of Covid-19 could negatively impact the Group through disruption to its operations and/or lower prices for its products.

In assessing going concern the Board has considered reasonably possible downside scenarios which could negatively affect the liquidity of the Group, incorporating sustained lower than expected commodity prices and lower than expected production equivalent to a one month loss of Group production and a delay to the commissioning of the Aktogay expansion. In addition, in light of the additional uncertainty and risk as a result of Covid-19, the Board has assessed a more severe production downside scenario of an equivalent two month loss of Group output over the assessment period which the Board considers to be more remote in likelihood.

Given the significant amount of liquidity available to the Group at 31 December 2020 of $1,299 million, the Group's forecasts, taking into account all assessed downside scenarios, show that the Group has adequate liquidity to continue in operational existence for the period to 31 March 2022. Accordingly, the Board is satisfied it is appropriate to adopt the going concern basis of accounting in the preparation of these condensed consolidated financial statements.

(b) Basis of accounting

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

All accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's unaudited annual consolidated financial statements for the year ended 31 December 2020.

None of the new standards or amendments to standards and interpretations applicable during the year has had a material impact on the financial position or performance of the Group. The Group has not early adopted any standard, interpretation or amendment that was issued but is not yet effective.

In preparing these condensed consolidated financial statements, the Group has adopted all the applicable extant accounting standards issued by the IASB and all the applicable extant interpretations issued by the IFRIC and as adopted by the EU.

The following accounting standards, amendments and interpretations, which had no significant impact on these financial statements, became effective in the current reporting period on adoption by the EU through the European Financial Reporting Advisory Group ('EFRAG'):

Definition of a Business

On 1 January 2020, the Group adopted '*Definition of a Business (Amendments to IFRS 3)*'. The amendment provides clearer application guidance to help companies distinguish between a business and a group of assets when applying IFRS 3 '*Business Combinations*'. The amendment also clarifies that applying the classification of a business would not be appropriate if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The application of this amendment had no impact on the amounts reported in the Group's condensed consolidated financial statements and it would not have changed the accounting for the acquisition of the Baimskaya copper project in the prior year.

Definition of Material

On 1 January 2020, the Group adopted '*Definition of Material (Amendments to IAS 1 and IAS 8)*'. The amendment revises the definition of material stating that 'information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. The application of this amendment had no impact on the amounts reported in the Group's condensed consolidated financial statements.

Interest Rate Benchmark Reform

On 1 January 2020, the Group adopted '*Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)*'. The amendment requires that for interest rate hedges affected by Interbank Offered Rate ('IBOR') reform, the interest rate benchmark is not altered when considering whether a forecast transaction is highly probable, or whether there is an economic relationship between the hedged cash flow and the hedging instrument. This would apply for a limited period until there is no longer uncertainty relating to IBOR reform. The application of this amendment had no impact on the amounts reported in the Group's condensed consolidated financial statements.

Covid-19 Related Rent Concessions

On 9 October 2020, the Group adopted *'Covid-19 Related Rent* Concessions *(Amendment to IFRS 16)'*. The amendment exempts lessees from considering individual lease contracts to determine whether rent concessions occurring as a direct consequence of Covid-19 are 'lease modifications'. A uniform accounting policy may be applied to account for the effect of those concessions in profit or loss, as if they were not modifications of the original terms. The application of this amendment had no impact on the amounts reported in the Group's consolidated financial statements.

(c) Basis of consolidation

The condensed consolidated financial statements set out the Group's financial position as at 31 December 2020 and the Group's financial performance for the year ended 31 December 2020.

Subsidiaries are those enterprises controlled by the Group. Control exists when the Group has the power, directly or indirectly, to direct those activities of an enterprise that most significantly affect the returns the Group earns from its involvement with the enterprise. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in the income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This treatment may mean that amounts previously recognised in other comprehensive income are recycled through the income statement. Joint operations are those arrangements jointly controlled by the Group and one or more parties with rights to the assets and obligations for the liabilities relating to the arrangement. Joint operations are proportionally consolidated from the date on which the Group obtains joint control and cease to be proportionally consolidated from the date on which the Group no longer has joint control.

The financial statements of subsidiaries and joint operations are prepared for the same reporting year as the Company, using consistent accounting policies. All intercompany balances and transactions, including unrealised profits arising from intragroup transactions, are eliminated in full. Unrealised losses are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

(d) Exchange rates

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

	31 December 2020		31 December 2019	
	Spot	**Average**	Spot	Average
Kazakhstan tenge	**420.71**	**412.95**	381.18	382.75
Kyrgyzstan som	**82.65**	**77.28**	69.64	69.79
UK pounds sterling	**0.73**	**0.78**	0.75	0.78
Russian rouble	**73.88**	**72.13**	61.91	64.69

During 2020, the depreciation of the tenge at the spot rate resulted in a non-cash foreign exchange loss of $336 million (2019: non-cash foreign exchange gain of $64 million) recognised directly within reserves, arising from the translation on consolidation of the Group's Kazakhstan based subsidiaries whose functional currency is the tenge.

(e) Statement of compliance

The condensed consolidated financial statements of the Company, its subsidiaries and joint operations have been prepared in accordance with IFRSs as issued by the IASB and interpretations issued by the IFRIC, adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the EU and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

(g) Comparative information

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

3. Significant accounting judgements and key sources of estimation uncertainty

In the course of preparing these condensed consolidated financial statements, the Directors make necessary judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

Judgements are based on the Directors' best knowledge of the relevant facts and circumstances having regard to prior experience, but actual results may differ from the amounts included in the condensed consolidated financial statements.

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

The following are the critical judgements, key assumptions and sources of estimation uncertainty concerning the future that arise mainly from the nature of the Group's mining operations and which the Directors believe are likely to have the greatest effect on the amounts recognised in the condensed consolidated financial statements. However, the Directors do not expect a significant risk of a material change to the Group's carrying value of the assets and liabilities affected by these factors in the next 12 months, within a reasonably possible range, with the exception of Bozymchak, as discussed below.

The qualitative disclosures regarding these sources of estimation uncertainty are presented because the Directors consider these to be relevant to the mining industry and useful in understanding the condensed consolidated financial statements of the Group. These disclosures go beyond the minimum requirements of IAS 1 '*Presentation of Financial Statements'* which only requires disclosure of estimation uncertainty where changes in estimates, within a reasonably possible range, could have a significant risk of a material effect within the next 12 months on the amounts recognised in the condensed consolidated financial statements.

Impairment of assets

Significant accounting judgements

The Directors review the carrying value of the Group's assets to determine whether there are any indicators of impairment such that the carrying values of the assets may not be recoverable. The assessment of whether an indicator of impairment or reversal thereof has arisen requires considerable judgement, taking account of factors such as future operational and financial plans, commodity prices and the competitive environment.

For exploration and evaluation assets held by the Group, namely Koksay and Baimskaya, before the technical feasibility and commercial viability of extracting a mineral resource is demonstrable, indicators of impairment can include: (a) the right to explore in a specific area has expired and is not expected to be renewed; (b) significant expenditure for further exploration or evaluation activities is not being planned; (c) exploration and evaluation of mineral resources have not led to the discovery or confirmation of commercially viable resource; or (d) that sufficient data exists to indicate that the carrying amount of the asset may not be recovered in full from development or sale.

Where such indicators exist, the carrying value of the assets of a cash generating unit ('CGU') or exploration and evaluation asset is compared with the recoverable amount of those assets, that is, the higher of its fair value less costs to sell and value in use, which is typically determined on the basis of discounted future cash flows.

The Recommended Offer, which was initially announced on 28 October 2020, was not considered an indicator of impairment noting that it values the Group significantly above the carrying value of the Group's net assets at 31 December 2020.

Whilst the Baimskaya copper project continues to benefit from strong support from the Russian government, KAZ Minerals will now take responsibility for a portion of the infrastructure capital costs in Chukotka. Together with a revised cost for the tailings storage facility and the impact of an approximate one year delay to the project schedule, the capital construction budget for the Baimskaya copper project is now estimated to be close to $8 billion. Given the changes in the infrastructure plan, the Bankable Feasibility Study is now expected to be completed in the first half of 2021, however this is dependent on the finalisation of the infrastructure plan for the project. Management have considered current financial models for the project which indicate that, whilst the above factors have had a negative economic impact on the project, the carrying value remains likely to be recovered through future development. However, management also acknowledges the risks on the Baimskaya copper project are increasing, and additional adverse changes to the project parameters, including the need for additional infrastructure costs, could further impact the recoverable amount of the asset. Discussions with the government on infrastructure are ongoing and the project is subject to further review, accordingly the project cost and schedule remain subject to change.

Production at the Group's Bozymchak CGU in Kyrgyzstan was temporarily suspended between 7 October and 26 December 2020 to ensure employee safety following a period of political instability in Kyrgyzstan. The duration of the shutdown was not considered to be an indicator of impairment as production restarted and the site is now operating as normal.

The Covid-19 pandemic has had a significant impact on the global macroeconomic environment and may continue to affect markets in the future. There was a negative impact on market prices for copper during the first half of 2020, however prices recovered to pre-pandemic levels and were trading at around $7,750/t at 31 December 2020. Management does not consider fluctuations in short-term commodity prices to be an indicator of impairment, given the relatively long life of the Group's most significant assets. Management monitors external copper price forecasts and for the purpose of assessing commodity prices for indicators of impairment, consideration was given to a range of equity analysts' long-term copper price forecasts with a median price of around $6,700/t in real terms. During 2020, there has also been a weakening of local currencies in Kazakhstan, Kyrgyzstan and Russia, which benefited costs.

The Group took measures to mitigate risks presented by Covid-19 and all of the Group's mines in Kazakhstan were able to continue operations without significant impact during 2020. As a result of additional checks at the Kazakhstan-China border, there were some minor delays to the export of some of the Group's products which resulted in a modest increase in inventory at the end of the year. Credit risk on trade receivables is limited as the majority of sales are made to Chinese customers and are subject to letters of credit received from the customer's bank, which are obtained prior to delivery and transfer of title of the goods. Furthermore, for sales made to European customers and Chinese customers without letters of credit, cash is received prior to the delivery and transfer of title of the goods.

An assessment of the key external and internal factors affecting the Group, its CGUs or exploration and evaluation assets at 31 December 2020 did not identify any indicators of impairment or reversal thereof at any of the Group's CGUs or exploration and evaluation assets.

Key sources of estimation uncertainty

The preparation of discounted future cash flows used to assess the recoverable amount of the Group's CGUs includes management estimates of commodity prices, future operating costs, economic and regulatory environments, capital expenditure requirements, long-term mine plans and other factors including the discount rate. Whilst no indicators of impairment were identified at any of the Group's CGUs, in order to provide an indication of the sensitivity of the recoverable amount of the assets, a valuation and sensitivity analysis has been performed.

Changes to commodity prices within a reasonably possible range, including a 10% reduction in the long-term copper price assumption, are not expected to significantly impact the carrying value of the Group's operating CGUs, which show positive headroom. This is a simple sensitivity on copper prices in isolation and does not consider any actions which management would take to mitigate the impact of a fall in commodity prices.

At the Group's Bozymchak CGU in Kyrgyzstan, which was previously impaired in 2018, a 20% reduction in forecast copper or gold prices over the life of the mine would not, in isolation, result in the carrying value falling below its recoverable amount. This is a reduction in the sensitivity to copper compared with 31 December 2019 due to the favourable higher gold price and the weaker som. At 31 December 2019, it was assessed that a 5% reduction in forecast copper prices in isolation could result in the carrying value exceeding its recoverable amount by $10 million.

There is a risk that a worsening of the Covid-19 pandemic and subsequent impact on the macroeconomic environment could lead to increased risk premiums used in estimating the discount rate. The Group has applied a post-tax nominal discount rate of between 11.5% and 12% in the above sensitivities which was broadly consistent with the 12% used at 31 December 2019. However, a 1% increase in the discount rate in isolation would not result in an impairment of any of the Group's operating CGUs.

Any subsequent revisions to cash flows due to changes in the factors listed above, principally commodity prices and discount rates, beyond what is considered as reasonably possible, could impact the recoverable amount of the Group's operating CGUs. The Baimskaya and Koksay projects, as exploration and evaluation assets, remain sensitive to additional adverse changes to the project parameters, which are subject to change during ongoing feasibility study work.

Non-current inventories

Significant accounting judgements

Mining activities may result in the stockpiling of ore. Ore which is not expected to be processed within 12 months of the balance sheet date and is considered to fall outside of the normal operating cycle of the operation is classified as a non-current asset. The classification of stockpiled ore between non-current and current assets is based on judgements as to the expected timing of processing and on future production plans.

Key sources of estimation uncertainty

Stockpiled ore is reported at the lower of cost or net realisable value, with net realisable value subject to estimates of further processing, delivery costs and future commodity prices. Commodity prices applied in assessing the net realisable value fall within the range of equity analyst commodity price expectations. Changes to commodity prices in the next 12 months, within a reasonably possible range, are not expected to significantly impact the carrying value of non-current inventories.

Determination of mineral reserves and useful lives of property, plant and equipment

Key sources of estimation uncertainty

Mineral reserves are estimates of the amount of product that can be economically and legally extracted from the Group's mining properties. In order to estimate reserves, assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transportation expenses, commodity demand, commodity prices and exchange rates. The Group estimates its mineral reserves and mineral resources based on information compiled and reviewed by competent persons as defined in accordance with the KAZRC and JORC Codes.

In assessing the life of a mine for accounting purposes, mineral reserves are taken into account where there is a high degree of confidence of economic extraction. Since the economic assumptions used to estimate reserves change from period to period, and as additional geological data is generated during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including the following:

- asset recoverable amounts may be affected due to changes in estimated future cash flows;
- deferral of stripping costs which are determined using a waste to ore stripping ratio;
- depreciation, depletion and amortisation charged in the income statement may change where such charges are determined by the unit of production basis, or where the useful economic lives of assets change;
- decommissioning, site restoration and environmental provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities; and
- the carrying value of deferred tax assets may change due to revisions in estimates of the likely recovery of tax benefits.

There are numerous uncertainties inherent in estimating mineral reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may ultimately result in reserves being revised. The Directors are not currently aware of any matters which would give rise to changes in mineral reserve estimates which could have a material impact on the carrying value of the Group's mining properties; property, plant and equipment; closure liabilities and deferred taxes within a reasonably possible range in the next 12 months. Revisions to mineral reserve estimates in 2020 did not result in a material change to the carrying value of these assets and liabilities.

For property, plant and equipment depreciated on a straight-line basis over its useful economic life, the appropriateness of the asset's useful economic life is reviewed at least annually and changes could affect prospective depreciation rates and asset carrying values.

Due to the nature of the Group's CGUs, which consistently operate in cold-weather conditions and with no mines being located in water stressed areas, possible risks of climate change including increasing average temperatures or increasing extremes of temperature are not expected to have a significant impact on the key financial statements assumptions within 12 months of the balance sheet date. Beyond this, long-term physical risks that could impact new mining projects are evaluated during the pre-feasibility and feasibility study, and mitigating design features will be built into the equipment, layout and intended operations of the project. The Group's Aktogay and Bozshakol mines in Kazakhstan have been designed to cope with extremes of temperature, wind and precipitation to reflect the harsh conditions in which they operate.

Decommissioning and site restoration costs

Significant accounting judgements

The Directors use judgement and experience in determining the expected timing, closure and decommissioning methods, which can vary in response to changes in the relevant legal requirements or decommissioning technologies.

Key sources of estimation uncertainty

The ultimate cost of decommissioning and rehabilitation is uncertain and cost estimates can vary in response to many factors including the emergence of new restoration techniques and costs of materials and labour. Therefore, the Group periodically reviews the closure cost estimate at each operation on a rolling basis. In 2020, an external consultant was engaged to update cost estimates in respect of East Region and Bozymchak operations. The expected timing and extent of expenditure can also change in response to revisions to mineral reserve estimates, processing levels and commodity prices. Future costs are discounted using forecast discount rates.

Taxes

Significant accounting judgements

The Directors make judgements in relation to the recognition of various taxes levied on the Group, which are both payable and recoverable. Judgement applies particularly to corporate income taxes, withholding taxes, transfer pricing, VAT and outcomes of any tax disputes which would affect the recognition of tax liabilities and deferred tax assets. Judgement over recognition also applies to taxes which are recoverable by the Group, principally VAT paid, for which the recoverability and timing of recovery is assessed. In making judgements related to taxes, the Directors believe that the tax positions the Group adopts are in line with the applicable legislation and reflect the probable outcome. The tax obligations and receivables, upon audit by the tax authorities at a future date, may differ as a result of differing interpretations. These interpretations may impact the expected timing and quantum of taxes payable and recoverable and are discussed further in note 17.

Key sources of estimation uncertainty

Estimates may be made to determine the amount of taxes recoverable, principally VAT and deferred tax assets. The recognition of deferred tax assets mainly relates to tax losses which may be utilised in the future, giving consideration to future profitability, estimates of commodity prices, interest rate and operating costs and any statute of limitation period. Changes in these estimates within a reasonably possible range in the next 12 months are not expected to significantly alter the carrying value of the Group's taxes that are recoverable.

Joint operations

Significant accounting judgements

Joint arrangements are classified as joint operations where the Group exercises joint control and the parties have the rights to the assets and obligations for the liabilities relating to the arrangement. Judgement is required in determining the nature of the joint arrangement based on the particular facts and circumstances, the legal form and purpose of the joint arrangement. Industrial Construction Group LLC ('ICG') is a joint arrangement established to undertake the engineering and construction of the additional sulphide processing facility at Aktogay. The Group holds 49% of voting rights in ICG but exercises joint control as decisions require unanimous consent. As the output of the joint arrangement is the construction of the additional processing facilities at Aktogay and thus benefits the Group, ICG is accounted for as a joint operation and is therefore proportionally consolidated.

4. Segment information

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

The Group's operating segments are:

Aktogay

The Aktogay open pit, sulphide concentrator and oxide plant located in the east of Kazakhstan and the associated international sales and marketing activities managed out of the UK. The sulphide concentrator was commissioned in the final quarter of 2016 with some concentrate toll processed at the Balkhash smelter (a related party) and the cathode output sold to third parties. The smaller oxide plant was commissioned in the fourth quarter of 2015 and produces copper cathode. The oxide plant is included in the Aktogay operating segment due to the sharing of infrastructure, its relatively small size and to reflect the Group's management structure. An expansion of the sulphide processing facilities at Aktogay was announced in December 2017, which is expected to double its sulphide ore processing capacity by the end of 2021.

Bozshakol

The Bozshakol open pit, sulphide concentrator and clay plant located in the Pavlodar region of Kazakhstan and the associated international sales and marketing activities managed out of the UK. The sulphide and clay concentrators were commissioned in the first and fourth quarters of 2016 respectively. Some concentrate from both plants is also toll processed at the Balkhash smelter with the output of copper, gold and silver sold to third parties. The clay plant is included in the Bozshakol operating segment due to the sharing of infrastructure and mining pit, its relatively small size and to reflect the Group's management structure.

East Region and Bozymchak

The East Region and Bozymchak operations are shown as one operating segment consisting of Vostoktsvetmet LLC ('East Region'), whose principal activity is the mining and processing of copper and other metals which are produced as by-products from three underground mines and the associated concentrators located in the eastern region of Kazakhstan; and KAZ Minerals Bozymchak LLC ('Bozymchak') a copper-gold open pit mine and concentrator located in western Kyrgyzstan and the associated international sales and marketing activities managed out of the UK. Bozymchak is combined with the East Region operations, given the similarity of their economic characteristics and concentrate production processes; and as their combined output is toll processed at the Balkhash smelter and subsequently sold to the Group's customers.

Mining Projects

The Group's mining projects consist of companies which are responsible for the assessment and development of greenfield metal deposits. The segment includes the Koksay deposit in Kazakhstan and the Baimskaya licence area in the Chukotka region of Russia. Both of these projects are at the feasibility study stage.

Managing and measuring operating segments

The key performance measure which the Directors use internally to assess the performance of the operating segments is EBITDA. Refer to the APMs section on page 58 for further details.

The Treasury department manages the Group's borrowings and monitors finance income and finance costs at the Group level on a net basis, rather than by operating segment.

Segmental information is also provided in respect of revenues, by destination and by product.

(a) Operating segments

(i) Income statement information

$ million	Aktogay	Bozshakol	East Region and Bozymchak	Mining Projects	Corporate Services	Total
						Year ended 31 December 2020
Revenues	**806**	**1,032**	**517**	**–**	**–**	**2,355**
EBITDA[1]	**476**	**742**	**239**	**(9)**	**(17)**	**1,431**
Special items – note 6	**–**	**–**	**–**	**–**	**(11)**	**(11)**
EBITDA (after special items)	**476**	**742**	**239**	**(9)**	**(28)**	**1,420**
Less: depreciation, depletion and amortisation[2]	**(111)**	**(86)**	**(38)**	**–**	**(2)**	**(237)**
Less: MET and royalties[2,3]	**(56)**	**(73)**	**(49)**	**–**	**–**	**(178)**
Operating profit/(loss)	**309**	**583**	**152**	**(9)**	**(30)**	**1,005**
Net finance costs and foreign exchange loss						**(201)**
Income tax expense						**(165)**
Profit for the year						**639**

$ million	Aktogay	Bozshakol	East Region and Bozymchak	Mining Projects	Corporate Services	Total
						Year ended 31 December 2019
Revenues	863	851	552	–	–	2,266
EBITDA[1]	564	585	230	(4)	(20)	1,355
Less: depreciation, depletion and amortisation[2]	(104)	(90)	(41)	–	(1)	(236)
Less: MET and royalties[2,3]	(79)	(68)	(49)	–	–	(196)
Operating profit/(loss)	381	427	140	(4)	(21)	923
Net finance costs and foreign exchange loss						(197)
Income tax expense						(155)
Profit for the year						571

1 APMs are used to assess the performance of the Group and are not defined or specified under IFRS. For further information on APMs, including justification for their use, please refer to the APMs section on page 58.
2 Depreciation, depletion and amortisation and MET and royalties exclude the costs associated with inventories on the balance sheet.
3 MET and royalties have been excluded from the key financial indicator of EBITDA. The Directors believe that MET and royalties are a substitute for a tax on profits, hence their exclusion provides an informed measure of the operational performance of the Group.

(ii) Balance sheet information

				Mining Projects			**At 31 December 2020**
$ million	Aktogay	Bozshakol	East Region and Bozymchak	Baimskaya	Koksay	Corporate Services[4]	Total
Assets							
Non-current assets[1]	**1,790**	**953**	**439**	**1,182**	**241**	**4,942**	**9,547**
Current assets excluding cash and cash equivalents and current investments[2]	**397**	**361**	**359**	**22**	**–**	**1,673**	**2,812**
Cash and cash equivalents and current investments	**139**	**252**	**20**	**1**	**59**	**828**	**1,299**
Segment assets	**2,326**	**1,566**	**818**	**1,205**	**300**	**7,443**	**13,658**
Taxes receivable							**48**
Elimination							**(6,817)**
Total assets							**6,889**
Liabilities							
Non-current liabilities	**18**	**13**	**99**	**4**	**3**	**14**	**151**
Inter-segment borrowings	**787**	**501**	**56**	**319**	**–**	**200**	**1,863**
Current liabilities[3]	**111**	**72**	**52**	**22**	**–**	**62**	**319**
Segment liabilities	**916**	**586**	**207**	**345**	**3**	**276**	**2,333**
Borrowings							**3,900**
Taxes payable							**124**
Elimination							**(1,892)**
Total liabilities							**4,465**

$ million	Aktogay	Bozshakol	East Region and Bozymchak	Mining Projects Baimskaya	Mining Projects Koksay	Corporate Services[4]	Total
							At 31 December 2019
Assets							
Non-current assets[1]	1,758	1,112	398	1,044	243	6,220	10,775
Current assets excluding cash and cash equivalents[2]	414	325	173	19	–	1,928	2,859
Cash and cash equivalents	6	6	16	1	64	448	541
Segment assets	2,178	1,443	587	1,064	307	8,596	14,175
Taxes receivable							47
Elimination							(8,156)
Total assets							6,066
Liabilities							
Non-current liabilities	18	12	64	5	3	2	104
Inter-segment borrowings	845	837	91	146	–	–	1,919
Current liabilities[3]	168	56	64	12	1	82	383
Segment liabilities	1,031	905	219	163	4	84	2,406
Borrowings							3,300
Taxes payable							126
Elimination							(1,940)
Total liabilities							3,892

1 Non-current assets includes property, plant and equipment, mining assets and intangible assets which are located in the principal country of operations of each operating segment. Aktogay, Bozshakol and Koksay (within Mining Projects) segments principally operate in Kazakhstan. The East Region and Bozymchak segment includes property, plant and equipment, mining assets and intangible assets of $350 million relating to the East Region assets located in Kazakhstan and $42 million of Bozymchak assets located in Kyrgyzstan (2019: $303 million and $52 million respectively). The Baimskaya (within Mining Projects) segment relates to assets located in Russia. Additionally, included within non-current assets is long-term stockpiled ore of $115 million at Bozshakol and $53 million at Aktogay (2019: $135 million and $42 million respectively).
2 Current assets excluding cash and cash equivalents and current investments comprise inventories, prepayments and other current assets and trade and other receivables, including intragroup non-financing receivables.
3 Current liabilities comprise trade and other payables, including intragroup non-financing related payables, and other current liabilities including provisions.
4 Corporate Services non-current assets include $4,925 million of intra-group investments while current assets include $1,863 million of inter-segment loans, which are eliminated within total assets (2019: $6,216 million and $1,919 million respectively).

(iii) Capital expenditure[1]

$ million	**Aktogay**	**Bozshakol**	**East Region and Bozymchak**	**Mining Projects Baimskaya**	**Mining Projects Koksay**	**Corporate Services**	**Total**
							Year ended 31 December 2020
Property, plant and equipment	**290**	**39**	**40**	**54**	**2**	**2**	**427**
Mining assets	**7**	**1**	**42**	**103**	**2**	**–**	**155**
Intangible assets	**–**	**–**	**–**	**2**	**–**	**–**	**2**
Capital expenditure	**297**	**40**	**82**	**159**	**4**	**2**	**584**

$ million	Aktogay[2]	Bozshakol[3]	East Region and Bozymchak	Mining Projects Baimskaya[4]	Mining Projects Koksay	Corporate Services	Total
							Year ended 31 December 2019
Property, plant and equipment	549	89	53	45	–	1	737
Mining assets	3	3	45	501	5	–	557
Intangible assets	1	–	–	–	–	–	1
Capital expenditure	553	92	98	546	5	1	1,295

1 Capital expenditure presented by operating segment reflects cash paid and is aligned with the Group's internal capital expenditure reporting. Capital expenditure includes non-current advances paid for items of property, plant and equipment and mining assets.
2 Includes $19 million for the payment of final retentions relating to the construction of the original Aktogay project.
3 Includes $37 million for the payment of final retentions relating to the construction of the sulphide and clay plants.
4 Includes $436 million paid on 22 January 2019 to acquire the asset.

(b) Information in respect of revenues

Revenues by product to third parties are as follows:

$ million	**Aktogay**	**Bozshakol**	**East Region and Bozymchak**	**Total**
				Year ended 31 December 2020
Copper cathodes	**331**	**117**	**311**	**759**
Copper in concentrate	**459**	**612**	**–**	**1,071**
Gold	**2**	**48**	**87**	**137**
Gold in concentrate	**–**	**233**	**–**	**233**
Silver	**3**	**3**	**43**	**49**
Silver in concentrate	**7**	**17**	**–**	**24**
Zinc in concentrate	**–**	**–**	**64**	**64**
Other revenues including other by-products	**4**	**2**	**12**	**18**
	806	**1,032**	**517**	**2,355**

$ million	Aktogay	Bozshakol	East Region and Bozymchak	Total
				Year ended 31 December 2019
Copper cathodes	394	60	374	828
Copper in concentrate	455	541	–	996
Gold	4	49	80	133
Gold in concentrate	–	185	–	185
Silver	3	1	36	40
Silver in concentrate	7	12	–	19
Zinc in concentrate	–	–	58	58
Other revenues including other by-products	–	3	4	7
	863	851	552	2,266

Most of the Group's sales agreements are based on provisional pricing with the final pricing usually determined by the average market price of the respective metal in the month (for gold and silver bar), the month following (for copper cathode and zinc concentrate) or the second month following (for copper concentrate including by-products) dispatch to the customer. At 31 December, the Group's provisionally priced volumes and their respective average provisional price were as follows:

	At 31 December 2020		At 31 December 2019	
	Provisionally priced volumes	**Weighted average provisional price**	Provisionally priced volumes	Weighted average provisional price
Copper cathodes	**–**	**–**	9 kt	5,919 $/t
Copper in concentrate[1]	**27 kt**	**6,700 $/t**	32 kt	5,338 $/t
Gold in concentrate[1]	**16 koz**	**1,868 $/oz**	23 koz	1,502 $/oz
Silver in concentrate[1]	**148 koz**	**24 $/oz**	184 koz	17 $/oz
Zinc in concentrate[1]	**1 kt**	**1,808 $/t**	1 kt	1,784 $/t

1 Payable metal in concentrate. Typically priced after deduction of a processing charge.

The final prices for the provisionally priced volumes shown above will be determined during the quarter after the year end. At 31 December 2020, sales contracts which had not been finally priced were marked to market to reflect the expected settlement price based on the appropriate forward metal price. This adjustment increased revenue by $16 million (2019: $12 million). There were no copper cathodes provisionally priced at 31 December 2020 due to the timing of shipments across the Kazakhstan-China border. The cumulative commodity pricing adjustments recorded during 2020 between the final price and the forward price at the expected settlement date, at the time of the sale, resulted in a $90 million (2019: $26 million) increase which is included within revenue.

Revenues by destination from sales to third parties are as follows:

$ million	**Aktogay**	**Bozshakol**	**East Region and Bozymchak**	**Total**
				Year ended 31 December 2020
China	**797**	**752**	**329**	**1,878**
Europe	**7**	**232**	**73**	**312**
Kazakhstan and Central Asia	**2**	**48**	**115**	**165**
	806	**1,032**	**517**	**2,355**

$ million	Aktogay	Bozshakol	East Region and Bozymchak	Total
				Year ended 31 December 2019
China	836	546	350	1,732
Europe	23	256	103	382
Kazakhstan and Central Asia	4	49	99	152
	863	851	552	2,266

The Group's copper concentrate sales and certain copper cathode and zinc sales have been contracted to Advaita East Trade DMCC ('Advaita'). Advaita is a member of a metals trading group with significant experience in marketing metals the Group produces into China and Europe. Sales from all the Group's segments to Advaita comprise 84% ($1,986 million) of revenues (2019: 87% or $1,971 million).

The Group's sales contract with Advaita contains a clause such that the agreement terminates in the event of a change of control. This contract may therefore be subject to renegotiation in the event the Recommended Offer becomes wholly unconditional.

5. Impairment losses

$ million	2020	2019
Impairment charges against property, plant and equipment	**3**	1
Impairment charges against mining assets	**–**	2
Impairment charges against current VAT receivable	**–**	2
	3	5

An assessment of the key external and internal factors affecting the Group and its CGUs at 31 December 2020 did not result in any impairment or reversal thereof at any of the Group's CGUs (see note 3). The impairments noted in the table above for 2020 relate to specifically identified assets that are no longer expected to be utilised and therefore have been impaired to their estimated recoverable amount.

6. Special items

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

$ million	2020	2019
Special items within operating profit		
Legal and professional fees resulting from the Recommended Offer	**11**	–
	11	–

Further information on special items is in the Financial review on page 21.

Legal and professional fees resulting from the Recommended Offer are expected to be incurred during 2021 and reported as special items.

7. Finance income and finance costs

Finance income

$ million	2020	2019
Interest income	**10**	18
Fair value gains on debt related derivative financial instruments	**4**	–
	14	18

Finance costs

$ million	2020	2019
Total interest incurred on borrowings	**196**	226
Less: amounts capitalised to the cost of qualifying assets[1]	**(55)**	(37)
Interest expense on borrowings	**141**	189
Unwinding of discount on provisions and other liabilities	**4**	5
Interest on employee obligations	**1**	1
	146	195

1 In 2020, the Group capitalised to the cost of the Aktogay expansion project $20 million (2019: $6 million) of borrowing costs from the DBK-Aktogay expansion facility at an average rate of interest of 4.87% (2019: 5.98%). The Group also capitalised $35 million (2019: $31 million) of borrowing costs to the cost of the Aktogay expansion and the Baimskaya copper project and other qualifying assets at an average rate of interest of 5.11% (2019: 6.97%) from all other borrowings outstanding during the year, which are regarded as general borrowings for Group reporting purposes. In accordance with *'Borrowing Costs Eligible for Capitalisation (Amendments to IAS 23)'*, project specific borrowings are included as general borrowings once those assets are operating as intended and therefore the associated interest will become available for capitalisation on other qualifying assets. The interest cost on borrowings capitalised to qualifying assets is deductible for tax purposes against income in the current year.

Further information relating to net finance costs is in the Financial review on page 22.

8. Income tax expense

The major components of income tax expense are:

$ million	2020	2019
Current income tax		
Corporate income tax – current period (UK)	**–**	–
Corporate income tax – current period (overseas)	**164**	117
Corporate income tax – prior periods (overseas)	**(1)**	2
	163	119
Deferred income tax		
Corporate income tax – current period temporary differences	**–**	35
Corporate income tax – prior periods temporary differences	**2**	1
	2	36
	165	155

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

$ million	2020	2019
Profit before tax	**804**	726
At UK statutory income tax rate of 19.0%	**153**	138
(Over)/under provided in prior periods – current income tax	**(1)**	2
Underprovided in prior periods – deferred income tax	**2**	1
Effect of changes in future tax rates	**(2)**	–
Effect of domestic tax rates applicable to individual Group entities	**1**	(2)
Tax effect of non-deductible items:		
Transfer pricing	**3**	2
Other non-deductible expenses	**9**	14
	165	155

Corporate income tax ('CIT') is calculated at 19.0% (2019: 19.0%) of the assessable profit for the year for the Company and its UK subsidiaries and 20.0% (2019: 20.0%) for the operating subsidiaries in Kazakhstan and Russia. In Kyrgyzstan, changes to legislation applicable from November 2017 have reduced CIT to 0%, replaced by a tax on gold revenues, which is reflected as royalties within selling expenses.

Historical tax years relating to various companies within the Group remain open for tax audits. The tax authorities in Kazakhstan are able to raise additional tax assessments for five years after the end of the relevant tax period. In Kyrgyzstan, the tax authorities are able to raise additional tax assessments for a period of six years after the end of the relevant tax period. In Russia, the tax authorities are able to raise additional tax assessments for a period of three years prior to the year of review. In all three jurisdictions, under certain circumstances, historical tax years may remain open for inspection for longer periods.

Effective tax rate

The effective tax rate was 21% (2019: 21%). Tax charges are affected by the mix of profits and tax jurisdictions in which the Group operates. The impact of unrecognised tax losses and non-deductible items increases the Group's overall effective tax rate.

Non-deductible expenses

The 2020 non-deductible items were mainly comprised of certain social responsibility costs and costs resulting from the Recommended Offer. In 2019, non-deductible items were mainly comprised of certain social responsibility costs, fines and penalties, and other non-deductible expenses.

Further information relating to income taxes and the change in the effective tax rate is in the Financial review on page 22.

9. Earnings per share

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

$ million (unless otherwise stated)	2020	2019
Profit attributable to equity holders of the Company	**639**	571
Special items net of tax – note 6	**11**	–
Underlying Profit[1]	**650**	571
Weighted average number of ordinary shares of 20 pence each for EPS calculation – basic	**472,438,622**	470,215,553
Potential dilutive ordinary shares, weighted for the period outstanding	**21,009,973**	19,801,180
Weighted average number of ordinary shares of 20 pence each for EPS calculation – diluted	**493,448,595**	490,016,733
Ordinary EPS – basic ($)	**1.35**	1.21
Ordinary EPS – diluted ($)	**1.29**	1.17
EPS based on Underlying Profit[1] – basic ($)	**1.38**	1.21
EPS based on Underlying Profit[1] – diluted ($)	**1.32**	1.17

1 APMs are used to assess the performance of the Group and are not defined or specified under IFRS. For further information on APMs, including justification for their use, please refer to the APMs section on page 58.

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

For the purposes of calculating diluted EPS, it is assumed that the $225 million Deferred Consideration arising on the acquisition of the Baimskaya copper project (see note 12(b)(iii)) will be settled in 21.0 million shares, reflecting the Group's ability to waive the Project Delivery Conditions that are not met and settle in shares.

In 2019, the resulting 21,009,973 potential ordinary shares were weighted over the period they were outstanding, from acquisition on 22 January 2019 to 31 December 2019, providing an additional 19,801,180 shares included in the calculation of diluted EPS.

Further information relating to EPS based on Underlying Profit is in the Financial review on page 23.

10. Dividends

The dividends paid during the years ended 31 December 2020 and 2019 were as follows:

	Per share US cents	Amount $ million
Year ended 31 December 2020		
Interim dividend in respect of year ended 31 December 2020	**4.0**	**19**
Final dividend in respect of year ended 31 December 2019	**8.0**	**38**
Year ended 31 December 2019		
Interim dividend in respect of year ended 31 December 2019	4.0	19
Final dividend in respect of year ended 31 December 2018	6.0	28

The Board have not recommended a final dividend for the year ended 31 December 2020. Further information relating to dividends is in the Financial review on page 23.

11. Other non-current assets

$ million	2020	2019
Non-current inventories[1]	**168**	176
Advances paid for property, plant and equipment and mining assets	**70**	144
Non-current VAT receivable[2]	**15**	15
Long-term bank deposits[3]	**5**	4
Gross value of other non-current assets	**258**	339
Provision for impairment	**(1)**	(1)
	257	338

1 Non-current inventories comprise ore stockpiles that are expected to be processed in excess of 12 months from the balance sheet date and relate mainly to clay ore at Bozshakol and low grade sulphide ore at Aktogay.
2 Comprises VAT incurred at Bozymchak and Koksay which is subject to audit and other administrative procedures prior to refund, with anticipated refund dates in excess of 12 months from the balance sheet date.
3 Long-term bank deposits are monies placed in escrow accounts with financial institutions in Kazakhstan and Kyrgyzstan as required by the Group's site restoration obligations.

12. Share capital and reserves

(a) Allotted share capital

	Number	£ million	$ million
Allotted and called up share capital – ordinary shares of 20 pence each			
At 1 January 2019	458,379,033	92	171
Shares issued	22,344,944	4	6
At 31 December 2019 and 2020	**480,723,977**	**96**	**177**

On 22 January 2019, the Company issued 22,344,944 KAZ Minerals PLC shares allotted as part of the Initial Consideration for the Baimskaya copper project. The issued share capital was fully paid.

(b) Capital reserves

$ million	Notes	Currency translation reserve	Capital redemption reserve	Deferred Consideration reserve	Total
At 1 January 2019		(2,488)	31	–	(2,457)
Exchange differences on retranslation of foreign operations		65	–	–	65
Deferred Consideration on acquisition of the Baimskaya copper project		–	–	225	225
Part disposal of subsidiary	13	9	–	–	9
At 31 December 2019		(2,414)	31	225	(2,158)
Exchange differences on retranslation of foreign operations		**(335)**	**–**	**–**	**(335)**
At 31 December 2020		**(2,749)**	**31**	**225**	**(2,493)**

(i) Currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of subsidiaries whose functional currency is not the US dollar into the Group's presentation currency. The decrease in the US dollar value of the Group's foreign currency operations attributable to equity holders of the Company of $335 million (2019: increase of $65 million) follows a 10% decrease in the value of the tenge from 31 December 2019 to 31 December 2020.

(ii) Capital redemption reserve

As a result of the share buy-back programme undertaken in 2008 and the repurchase of Company shares in 2013, transfers were made from share capital to the capital redemption reserve based on the nominal value of the shares cancelled.

(iii) Deferred Consideration reserve

On 22 January 2019, the Group announced the Initial Completion of the acquisition of the Baimskaya copper project in the Chukotka region of Russia. The Deferred Consideration of $225 million represents the consideration for the remaining interest in Baimskaya and is payable in 21.0 million shares, subject to the achievement of certain Project Delivery Conditions, including a pre-determined level of throughput and development of infrastructure by the Russian state. Under the Baimskaya share purchase agreement, the Group can at any time waive in whole or in part, conditionally or unconditionally any of the Project Delivery Conditions by notice to the Vendor and hence has the right to settle in shares. To the extent these conditions are not met or waived by the Group and therefore not settled in shares, the Deferred Consideration will become payable in cash on 31 March 2029.

The Deferred Consideration has been included within equity, representing the Group's ability to settle this amount through the issue of 21.0 million shares, measured according to the fair value of the asset acquired on Initial Completion.

Under the Baimskaya share purchase agreement the Vendor has the right, in limited circumstances, to fix an earlier date for the settlement of the Deferred Consideration, at which point the $225 million will become payable in cash and not shares. These circumstances include the cancellation of the premium listing of KAZ Minerals shares on the official list, which Nova Resources has stated that it intends to do as soon as reasonably practicable in the event of the Recommended Offer becoming wholly unconditional. If cancellation of the premium listing of KAZ Minerals shares occurs and the Vendor chooses to exercise its right to fix an earlier date for the settlement of the Deferred Consideration, the resulting cash payment will be accounted for as the settlement of the obligation.

13. Non-controlling interests

Non-controlling interests that are material to the Group are reflected in the table below, relating to the transfer of a 19.4% equity stake in KAZ Minerals Koksay B.V., the parent company of the entity which holds the Koksay mining licence in Kazakhstan, to NFC in July 2019. The $70 million cash consideration (including $45 million received in 2019 and $25 million received in 2018) invested by NFC is being used solely for the development of Koksay, including a feasibility study, which will determine the detailed design for mining and processing operations and the associated capital budget. Following completion of the transaction in 2019, NFC's interest in KAZ Minerals Koksay B.V. was reflected as a non-controlling interest of $59 million, being its share of Koksay's net assets, with the remaining amount recognised directly within equity and attributed to the Group's shareholders. The principal operations of KAZ Minerals Koksay B.V. relate to the Koksay exploration licence located in Kazakhstan.

Summarised financial information on a 100% basis for Koksay is as follows:

$ million	**2020**	2019
Non-current assets	**241**	243
Current assets[1]	**59**	64
Non-current liabilities	**(3)**	(3)
Current liabilities	**–**	(1)
Net assets	**297**	303
Attributable to non-controlling interests	**58**	59
Attributable to KAZ Minerals PLC	**239**	244

1 Current assets comprise cash and cash equivalents of $59 million (2019: $64 million) which are to be used solely for the investment into the Koksay project.

The loss for the year and net movement in cash and cash equivalents for Koksay was as follows:

$ million	**2020**	2019
Loss for the year	**(1)**	(1)
Net (decrease)/increase in cash and cash equivalents	**(5)**	39
Net cash flows used in operating activities	**(1)**	(1)
Net cash flows used in investing activities	**(4)**	(5)
Net cash flows from financing activities	**–**	45

14. Borrowings

	Maturity	Average interest rate during the year	Currency of denomination	Current $ million	Non-current $ million	Total $ million
At 31 December 2020						
CDB-Bozshakol and Bozymchak (US$ LIBOR + 4.50%)	2025	5.72%	US dollar	**181**	**804**	**985**
CDB-Aktogay facility (PBoC 5 year, amended to fixed 4.90%)1	2028	3.99%	CNY	**12**	**80**	**92**
CDB-Aktogay facility (US$ LIBOR + 4.20%)	2029	5.23%	US dollar	**107**	**904**	**1,011**
PXF facility (US$ LIBOR + 2.25% to 3.50%)	2024	2.99%	US dollar	**163**	**826**	**989**
DBK-Aktogay facility (US$ LIBOR + 4.50%)	2025	5.62%	US dollar	**43**	**148**	**191**
DBK-Aktogay expansion facility (US$ LIBOR + 3.90%)	2034	4.87%	US dollar	**–**	**545**	**545**
CAT facility (US$ LIBOR + 2.25% to 3.50%)	2025	3.72%	US dollar	**22**	**65**	**87**
				528	**3,372**	**3,900**
At 31 December 2019						
CDB-Bozshakol and Bozymchak (US$ LIBOR + 4.50%)	2025	7.06%	US dollar	180	985	1,165
CDB-Aktogay facility (PBoC 5 year)1	2028	5.42%	CNY	12	85	97
CDB-Aktogay facility (US$ LIBOR + 4.20%)	2029	6.69%	US dollar	105	1,012	1,117
PXF facility (US$ LIBOR + 3.00% to 4.50%)	2021	5.30%	US dollar	200	100	300
DBK-Aktogay facility (US$ LIBOR + 4.50%)	2025	7.11%	US dollar	43	191	234
DBK-Aktogay expansion facility (US$ LIBOR + 3.90%)	2034	5.98%	US dollar	–	315	315
CAT facility (US$ LIBOR + 3.00% to 4.50%)	2024	4.91%	US dollar	5	67	72
				545	2,755	3,300

1 The average interest rate during the year shown for the CDB-Aktogay CNY facility reflects US$ interest paid under the cross currency interest rate swaps.

CDB-Bozshakol and Bozymchak facilities

At 31 December 2020, $1.0 billion (2019: $1.2 billion) was drawn under the facility agreements. The facilities accrue interest at US$ LIBOR plus 4.50% and arrangement fees with an amortised cost at 31 December 2020 of $6 million (2019: $9 million) have been netted off against these borrowings in accordance with IFRS 9 '*Financial Instruments*'. During 2020, $183 million of the borrowing was repaid, with $181 million due to be repaid within 12 months of the balance sheet date (including $2 million of unamortised debt costs). The facilities are repayable in semi-annual instalments in January and July with final maturity in 2025. KAZ Minerals PLC acts as guarantor of the facilities.

CDB-Aktogay facilities

The CDB-Aktogay facilities consist of a CNY 1.0 billion facility and a $1.3 billion US dollar facility. KAZ Minerals PLC acts as guarantor of both facilities.

At 31 December 2020, the drawn US dollar equivalent amount under the CNY facility was $92 million (2019: $97 million). During 2020, the CNY interest basis was amended to a fixed rate of 4.90% consistent with the previous benchmark lending rate published by the People's Bank of China. This facility is repayable in semi-annual instalments in March and September of each year until final maturity in 2028. $11 million was repaid in 2020, while $12 million is due to be repaid within 12 months of the balance sheet date. To protect the Group from currency risks arising on the CNY denominated debt, the Group has entered into CNY/US$ cross currency interest rate swaps for a portion of the exposure. This derivative instrument provides a hedge against movements in the CNY exchange rate against the US dollar and also swaps the interest basis from the fixed CNY interest rate of 4.90% into a fixed US$ interest rate of 3.67% effective from 20 March 2020. The fair value of the swaps at 31 December 2020, included within payables, was $8 million (2019: $12 million).

The US dollar facility accrues interest at US$ LIBOR plus 4.20%. At 31 December 2020, $1.0 billion (2019: $1.1 billion) was outstanding under the facility. Arrangement fees with an amortised cost of $8 million (2019: $9 million) have been netted off against these borrowings in accordance with IFRS 9. The facility is repayable in semi-annual instalments in March and September until final maturity in 2029. During 2020, $107 million was repaid, with $107 million due to be repaid within 12 months of the balance sheet date (including $2 million of unamortised debt costs).

PXF facility

On 28 January 2020, the Group completed an amendment and extension of the PXF facility which includes an increase in facility commitments to $1.0 billion, an extension of the loan tenor and a reduction in the facility margin. The amendment represented a net increase of $700 million above the $300 million outstanding under the previous facility and the maturity profile was extended by 3.5 years, from June 2021 until December 2024 with two annual extension options which, if exercised, would extend final maturity of the facility to December 2025 or December 2026 respectively. The amended facility accrues interest at a variable margin of between 2.25% and 3.50% above US$ LIBOR (previously between 3.00% and 4.50% above US$ LIBOR), dependent on the ratio of net debt to EBITDA which will be tested semi-annually. Monthly repayments commenced in January 2021, with a final balloon repayment of one-third of the facility amount ($333 million) due in December 2024, which will be amortised during 2025 and 2026 if the extension options are exercised. In November 2020, all lenders agreed to postpone the period during which the Group is permitted to deliver the first annual extension request by six months to 28 May 2021.

At 31 December 2020, $1.0 billion (2019: $300 million) was drawn under the PXF facility, with a repayment in January 2020 of $17 million and subsequent drawings of $702 million (net of arrangement fees) in the first quarter of 2020. As the present value of the cash flows under the previous facility was not determined to be substantially different, arrangement fees relating to the amendment have been netted off against these borrowings in accordance with IFRS 9 with an amortised cost at 31 December 2020 of $11 million (2019: $nil). $163 million was due to be repaid within 12 months of the balance sheet date (including $4 million of unamortised debt costs). KAZ Minerals PLC, Vostoktsvetmet LLC and KAZ Minerals Sales Limited act as guarantors of the facility.

DBK-Aktogay facilities

The DBK-Aktogay facilities consist of a $600 million credit facility agreement relating to the Aktogay expansion project and a $300 million facility relating to the original Aktogay project. KAZ Minerals PLC acts as guarantor of both facilities.

The $600 million facility was entered into in June 2019 and will be drawn in accordance with capital expenditure incurred on certain contracts committed for the Aktogay expansion project. At 31 December 2020, $549 million (2019: $320 million) was drawn under the facility, with drawings of $229 million in the year. Arrangement fees with an amortised cost of $4 million (2019: $5 million) have been netted off against these borrowings in accordance with IFRS 9. The facility extends for a term of 15 years and accrues interest at a rate of US$ LIBOR plus 3.90%. The facility is repayable in instalments with the first repayment due in June 2022, followed by semi-annual repayments in May and November of each year from November 2022 until the final repayment in 2034.

The $300 million facility was entered into in December 2016 and was fully drawn at 31 December 2016. The facility extends for a term of eight and a half years and accrues interest at US$ LIBOR plus 4.50%. The facility is repayable in semi-annual instalments in May and November with a final repayment in 2025. At 31 December 2020, $192 million (2019: $235 million) was drawn under the facility. Arrangement fees with an amortised cost of $1 million (2019: $1 million) have been netted off against these borrowings in accordance with IFRS 9. During 2020, $43 million of the borrowing was repaid, with $43 million due to be repaid within 12 months of the balance sheet date.

CAT facility

On 15 November 2019, the Group entered into a credit facility with CAT of up to $100 million. On 7 December 2020, the CAT facility agreement was amended and restated to include an extension of the availability period, adjustments to the drawing and repayment profile and a reduction in the facility margin so it is aligned with the margin in the PXF facility. At 31 December 2020, $88 million (2019: $74 million) was drawn under the facility. Arrangement fees with an amortised cost of $1 million (2019: $2 million) have been netted off against these borrowings in accordance with IFRS 9. The facility accrues interest with a variable margin of between 2.25% and 3.50% above US$ LIBOR (previously 3.00% and 4.50% above US$ LIBOR), dependent on the ratio of net debt to EBITDA which will be tested semi-annually. It is comprised of two sub-facilities of $40 million and $60 million secured against existing and new Caterpillar equipment, which will be drawn by December 2021 (previously March 2021). The facility is repayable in quarterly instalments commencing in December 2020 until final maturity at the end of 2025 (previously 2024). During 2020, drawings of $19 million and repayments of $5 million were made, with $22 million due to be repaid within 12 months of the balance sheet date. KAZ Minerals PLC acts as guarantor of the facility.

Undrawn facilities

At 31 December 2020, $51 million (2019: $280 million) remained to be drawn under the DBK-Aktogay expansion facility and $11 million (2019: $26 million) remained to be drawn under the CAT facility. All other debt facilities were fully drawn at 31 December 2020 and 2019.

15. Consolidated cash flow analysis

(a) Reconciliation of profit before tax to net cash inflow from operating activities

$ million	Notes	2020	2019
Profit before tax		**804**	726
Finance income	7	**(14)**	(18)
Finance costs	7	**146**	195
Share-based payments		**3**	3
Depreciation, depletion and amortisation		**235**	251
Impairment losses	5	**3**	5
Unrealised foreign exchange loss and other movements		**71**	20
Operating cash flows before changes in working capital and provisions		**1,248**	1,182
Increase in inventories		**(127)**	(161)
Increase in prepayments and other current assets		**(136)**	(113)
Decrease/(increase) in trade and other receivables		**23**	(51)
Increase/(decrease) in trade and other payables and provisions		**130**	(23)
Cash flows from operations before interest and income taxes paid		**1,138**	834

(b) Cash and cash equivalents

$ million	2020	2019
Cash deposits with maturities of less than three months[1]	**841**	517
Cash at bank	**33**	24
	874	541

1 Excludes term deposits with original maturity of greater than three months which are classified within current investments. Included within cash and cash equivalents is $59 million (2019: $64 million) which is to be used solely for the investment into the Koksay project (see note 13).

(c) Movement in net debt

$ million	At 1 January 2020	**Cash flow**	**Other movements**	**At 31 December 2020**
Cash and cash equivalents	**541**	**331**	**2**	**874**
Current investments[1]	**–**	**425**	**–**	**425**
Borrowings[2]	**(3,300)**	**(584)**	**(16)**	**(3,900)**
Net debt[3]	**(2,759)**	**172**	**(14)**	**(2,601)**

$ million	At 1 January 2019	Cash flow	Other movements	At 31 December 2019
Cash and cash equivalents	1,219	(676)	(2)	541
Less: restricted cash	(2)	–	2	–
Current investments[1]	250	(250)	–	–
Borrowings[2]	(3,453)	158	(5)	(3,300)
Net debt[3]	(1,986)	(768)	(5)	(2,759)

1 Current investments include term deposits with original maturity of greater than three months.
2 The cash flows on borrowings in 2020 reflect repayments on existing facilities of $366 million (2019: $545 million) and drawings of $950 million (2019: $387 million), net of arrangement fees (see note 14). Other movements include non-cash amortisation of fees on borrowings of $10 million (2019: $6 million) and foreign exchange losses on the CDB-Aktogay CNY facility of $6 million (2019: $1 million gain).
3 APMs are used to assess the performance of the Group and are not defined or specified under IFRS. For further information on APMs, including justification for their use, please refer to the APMs section on page 58.

16. Financial instruments

The carrying amounts of financial assets and liabilities by categories are as follows:

$ million	Notes	**2020**	2019
Financial assets at amortised cost			
Long-term bank deposits	11	**5**	4
Trade and other receivables not subject to provisional pricing		**12**	18
Current investments	17(c)	**425**	–
Cash and cash equivalents	17(b)	**874**	541
		1,316	563
Financial assets at fair value through profit or loss			
Trade receivables subject to provisional pricing[1]		**143**	158
Financial liabilities at amortised cost			
Borrowings[2]	14	**(3,900)**	(3,300)
Other liabilities[3]		**(14)**	(15)
Trade and other payables[4]		**(216)**	(276)
		(4,130)	(3,591)
Financial liabilities at fair value through profit or loss			
Derivative instrument[5]		**(8)**	(12)

1 Trade receivables subject to provisional pricing include a $16 million favourable adjustment (2019: $12 million) arising from the marked to market valuation on provisionally priced contracts at the year end. These are measured according to quoted forward prices in a market that is not considered active, which is a level 2 valuation method within the fair value hierarchy.
2 The fair value of borrowings approximates its carrying value and is measured by discounting future cash flows using currently available interest rates for debt of similar maturities, which is a level 3 valuation method within the fair value hierarchy.
3 Excludes non-current other taxes payable that are not regarded as financial instruments.
4 Excludes payments received in advance from customers, other taxes payable and MET and royalties payable that are not regarded as financial instruments.
5 Derivative financial instruments, representing a cross currency and interest rate swap, are measured according to inputs other than quoted prices that are observable for the derivative financial instrument, either directly or indirectly, which is a level 2 valuation method within the fair value hierarchy.

The fair values of each category of financial asset and liability are not materially different from their carrying values as presented.

17. Commitments and contingencies

(a) Legal claims

In the ordinary course of business, the Group is subject to legal actions and complaints. The Directors believe that the ultimate liability, if any, arising from such actions or complaints will not have a materially adverse effect on the financial condition or results of operations of the Group. As of 31 December 2020 and 2019, the Group was not involved in any significant legal proceedings, including arbitration, which may crystallise a material financial loss for the Group.

(b) Tax audits

Historical tax years relating to various companies within the Group remain open for inspection during a tax audit. The tax authorities in Kazakhstan are able to raise additional tax assessments for five years after the end of the relevant tax period in respect of all taxes. In Kyrgyzstan, tax authorities are able to raise additional tax assessments for a period of six years after the end of the relevant tax period. In Russia, the tax authorities are able to raise additional tax assessments for a period of three years prior to the year of review. In all three jurisdictions, under certain circumstances, historical tax years may remain open for inspection for longer periods. A number of the Group's operating subsidiaries in Kazakhstan are currently undergoing or expected to undergo routine tax audits which could give rise to substantial tax assessments. As such, additional tax payments could arise for the Group.

(c) Capital expenditure commitments

The Group has capital expenditure commitments for the purchase of property, plant and equipment as well as commitments under its mining subsoil agreements. The total commitments for property, plant and equipment at 31 December 2020 amounted to $424 million (2019: $537 million). These amounts relate mainly to the Aktogay expansion, the Artemyevsky expansion and the Baimskaya copper project, which reflect contractual commitments, not the minimum cost which would be incurred in the event of delay or cancellation.

18. Related party disclosures

(a) Transactions with related parties

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties, including Kazakhmys Holding Group, are disclosed below.

The following table provides the total amount of transactions which have been entered into with related parties for the relevant financial year:

$ million	Sales to related parties	Purchases from related parties	Amounts owed by related parties[1]	Amounts owed to related parties
Kazakhmys Holding Group				
2020	**1**	**105**	**3**	**8**
2019	1	113	3	4

1 No provision is held against the amounts owed by related parties at 31 December 2020 and 2019.

Kazakhmys Holding Group

The related party transactions and balances with companies which are part of the Kazakhmys Holding Group (a company owned by Vladimir Kim, a Director of the Company, and Eduard Ogay, a former Director of the Company) include the provision of smelting and refining of the Group's copper concentrate at the Balkhash smelter, electricity supply and certain maintenance functions. The Group additionally commenced renting office space in Almaty from Kazakhmys Holding Group in December 2020, for which the remaining liability of $3 million is payable over the three year lease term. In 2019, the Group sold the Belousovsky concentrator and the associated site restoration obligation to a subsidiary of the Kazakhmys Holding Group for proceeds of less than $1 million, which resulted in no material gain or loss on disposal.

At 31 December 2020, the Group's joint operation, ICG, held cash and cash equivalents of $nil (2019: $3 million) with Bank RBK JSC (a company majority owned by Vladimir Kim, a Director of the Company). Joint operations are proportionally consolidated such that the Group's share of its cash and cash equivalents are included within the condensed consolidated financial statements.

(b) Terms and conditions of transactions with related parties

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

19. Post balance sheet events

Recommended Offer

On 4 February 2021, it was announced that the Recommended Offer was increased to 780 pence in cash for each KAZ Minerals share. The offer has been unanimously recommended by the Independent Committee of KAZ Minerals. In the event of the Recommended Offer becoming wholly unconditional it would be expected to complete in the first half of 2021. Further details in respect of the Recommended Offer and expected timetable are included in the Offer Document which is published on the Group's website.

In the event that the Recommended Offer becomes wholly unconditional, Nova Resources have stated an intention to delist the Company from the London Stock Exchange and Kazakhstan Stock Exchange and focus on the execution of a higher risk, capital intensive strategy to deliver the Baimskaya copper project.

Upon delisting of the Company from the London Stock Exchange, the Vendor would have the right to accelerate Deferred Consideration of $225 million, which if exercised, would be payable in cash (see note 12(b)(iii)). The Group's sales contract with Advaita contains a clause such that the agreement terminates in the event of a change of control. This contract may therefore be subject to renegotiation in the event the Recommended Offer becomes wholly unconditional (see note 4(b)). There are no other significant change of control clauses contained in the Group's material contracts which would be affected by the Recommended Offer, including in respect of the Group's debt facilities.

In the event that the Recommended Offer becomes wholly unconditional and subject to the delisting of the Company, it has been agreed to grant transition awards to the Chief Executive Officer and Chief Financial Officer. The transition awards would replace certain existing share incentives. More information on the transition awards can be found in the Offer Document.

ALTERNATIVE PERFORMANCE MEASURES

Alternative Performance Measures (APMs) are measures of financial performance, financial position or cash flows that are not defined or specified under IFRS. APMs are used by the Directors internally to assess the performance of the Group and assist in providing relevant and useful information to users of the Annual Report and Accounts.

APMs are not uniformly defined by all companies, including those in the Group's industry. APMs used by the Group may not be comparable with similarly titled measures and disclosures made by other companies. APMs should be considered in addition to and not as a substitute for measures of financial performance, financial position or cash flows reported in accordance with IFRS.

The Group uses APMs to improve the comparability of information between reporting periods and segments, either by adjusting for special items which impact upon IFRS measures or by aggregating or disaggregating IFRS measures, in order to aid understanding of the Group's performance. The definitions and relevance of the APMs used by the Group are set out below, and are consistent with the previous reporting period.

(a) EBITDA

EBITDA is defined as earnings before interest, taxation, depreciation, depletion, amortisation, MET and royalties and special items[1]. EBITDA is a key non-IFRS measure that the Directors use internally to assess the performance of the Group's segments and is viewed as relevant to capital intensive industries with long life assets. The Directors believe that the exclusion of MET and royalties provides an informed measure of the operational profitability given the nature of the taxes, as further explained in the 'Taxation' section on page 22. Special items are excluded to enhance the comparability of EBITDA and certain other APMs from period to period. This performance measure is one of the Group's KPIs, the relevance of which is shown on page 28 of KAZ Minerals' 2019 Annual Report and Accounts. A reconciliation to operating profit is provided in note 4(a)(i) to the condensed consolidated financial statements.

(b) Underlying Profit

Underlying Profit is defined as profit excluding special items[1] and their resulting tax and non-controlling interest effects. This measure is considered to be useful as it provides an indication of the profit resulting from the underlying trading performance of the Group. Underlying Profit is reconciled from net profit attributable to equity holders of the Company on page 23 and as set out in note 9 to the condensed consolidated financial statements.

(c) EPS based on Underlying Profit

EPS based on Underlying Profit is profit excluding special items[1] and their resulting tax and non-controlling interest effects, divided by the weighted average number of ordinary shares in issue during the period. This is one of the Group's KPIs for measuring financial performance, the relevance of which is outlined on page 28 of KAZ Minerals' 2019 Annual Report and Accounts. A calculation of EPS based on Underlying Profit is included within note 9 to the condensed consolidated financial statements.

(d) Gross liquid funds

Gross liquid funds is defined as the aggregate of cash and cash equivalents and current investments less restricted cash.

$ million	**2020**	2019
Cash and cash equivalents	**874**	541
Current investments	**425**	–
Gross liquid funds	**1,299**	541

(e) Net debt

Net debt is the excess of current and non-current borrowings over gross liquid funds. The Board uses this measure for the purposes of capital management. A reconciliation of net debt is included in note 15(c) to the condensed consolidated financial statements on page 55.

1 Special items are defined as those items which are non-recurring or variable in nature and do not impact the underlying trading performance of the Group. In 2020, special items of $11 million (2019: none) were excluded from EBITDA. Special items are identified in note 6 to the condensed consolidated financial statements.

(f) Free Cash Flow

Free Cash Flow is net cash flows from operating activities, as reflected in the condensed consolidated statement of cash flows on page 35, before capital expenditure and VAT associated with major growth projects less sustaining capital expenditure. This is one of the Group's KPIs for measuring financial performance, the relevance of which is outlined on page 28 of KAZ Minerals' 2019 Annual Report and Accounts. A reconciliation from net cash flows from operating activities is provided below.

$ million	**2020**	2019
Net cash flows from operating activities	**807**	512
Net VAT paid associated with major growth projects	**8**	41
Less: sustaining capital expenditure	**(124)**	(142)
Free Cash Flow	**691**	411

(g) Gross cash costs

Gross cash costs are defined as cash operating costs, including pre-commercial production costs, excluding purchased cathode plus TC/RC on concentrate sales, divided by the volume of own copper sales. Gross cash costs exclude certain costs which are not directly associated with production, including Corporate costs and other non-recurring items which are not directly attributable to mining and processing. Cash costs are a standard industry measure applied by most major copper mining companies. The Directors use gross cash costs to measure the performance of the Group in managing its costs. A reconciliation from revenues is shown below.

$ million (unless otherwise stated)	**2020**	2019
Revenues	**2,355**	2,266
Less: EBITDA – see note 4(a)(i)	**(1,431)**	(1,355)
Cash operating costs	**924**	911
Less: cash operating costs excluded from gross cash costs (including Corporate)	**(57)**	(37)
Add: TC/RC on concentrate sales	**82**	104
Gross cash costs	**949**	978
Own copper sales (kt)	**300.4**	316.9
Gross cash costs ($/t)	**3,159**	3,086
Gross cash costs (USc/lb)	**143**	140

(h) Net cash costs

Net cash costs are defined as gross cash costs less by-product revenues, divided by the volume of own copper sales. This is one of the Group's KPIs for measuring cost performance, the relevance of which is outlined on page 29 of KAZ Minerals' 2019 Annual Report and Accounts. A reconciliation from gross cash costs is shown below.

$ million (unless otherwise stated)	**2020**	2019
Gross cash costs – see note (g) above	**949**	978
Less: by-product revenues – see note 4(b), excluding tolling revenues	**(525)**	(442)
Net cash costs	**424**	536
Own copper sales (kt)	**300.4**	316.9
Net cash costs ($/t)	**1,411**	1,691
Net cash costs (USc/lb)	**64**	77

(i) Maintenance spend per tonne of copper produced

Maintenance spend per tonne of copper produced is defined as sustaining capital expenditure, divided by copper production volumes. This is one of the Group's KPIs which indicates how much cash is required to maintain current output and the efficiency of the Group's sustaining capital expenditure, as outlined on page 29 of KAZ Minerals' 2019 Annual Report and Accounts. A reconciliation from capital expenditure included within the condensed consolidated statement of cash flows is shown below.

$ million (unless otherwise stated)	**2020**	2019
Purchase of intangible assets – cash flow statement	**2**	1
Purchase of property, plant and equipment – cash flow statement	**427**	737
Investments in mining assets – cash flow statement	**155**	122
Less: expansionary and new project capital expenditure – see Financial review	**(460)**	(718)
Sustaining capital expenditure	**124**	142
Copper production (kt)	**305.7**	311.4
Maintenance spend per tonne of copper produced ($/t)	**406**	456

GLOSSARY

Aktogay expansion
the expansion project at Aktogay to increase sulphide processing capacity at the site

APMs
Alternative Performance Measures being measures of financial performance, financial position or cash flows that are not defined or specified under IFRS but used by the Directors internally to assess the performance of the Group

Baimskaya or Baimskaya copper project
the mining licence covering the Peschanka copper deposit, located in the Chukotka region of Russia

Bankable Feasibility Study
the feasibility study for the Baimskaya copper project

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

cash operating costs
all costs included within profit before finance items and taxation, net of other operating income, excluding MET, royalties, depreciation, depletion, amortisation and special items

CAT
Caterpillar Financial Services (UK) Limited, a subsidiary of Caterpillar Financial Services Corporation and Caterpillar Inc.

CDB or China Development Bank
China Development Bank Corporation

CIS
Commonwealth of Independent States, comprising former Soviet Republics

CIT
corporate income tax

CNY
Chinese yuan, basic unit of the renminbi, the official currency of the People's Republic of China

CO_2
carbon dioxide

Committee or Committees
any or all of the Audit; Health, Safety and Sustainability; Remuneration; Nomination; and Projects Assurance Committees depending on the context in which the reference is used

Company or KAZ Minerals
KAZ Minerals PLC

Competent Person
a minerals industry professional responsible for preparing and/or signing off reports on exploration results and mineral resources and reserves estimates and who is accountable for the prepared reports. A Competent Person has a minimum of five years' relevant experience in the style of mineralisation or type of deposit under consideration and in the activity which that person is undertaking

Completion of the Recommended Offer
should the Recommended Offer become wholly unconditional it is expected to complete in the first half of 2021

Consortium
together, Oleg Novachuk and Vladimir Kim

Copper Equivalent Production
copper equivalent production units, consisting of copper production plus gold production converted into copper units, assuming analyst consensus long-term average price forecasts of $6,700/t for copper and $1,300/oz for gold

Covid-19
disease caused by Severe Acute Respiratory Syndrome Coronavirus-2

DBK
Development Bank of Kazakhstan

Deferred Cash Consideration
$225 million in cash payable to the Vendor at the Long Stop Date, in lieu (in whole or in part) of payment of Deferred Equity Consideration at Final Completion, if and to the extent that the Project Delivery Conditions are not satisfied at the date of Commercial Production under the Baimskaya acquisition agreement

Deferred Consideration
any Deferred Equity Consideration payable at Final Completion and any Deferred Cash Consideration payable at the Long Stop Date, with a total value of $225 million under the Baimskaya acquisition agreement

Deferred Equity Consideration
up to 21,009,973 KAZ Minerals shares to be issued to the Vendor or its nominee at Final Completion, if and to the extent that the Project Delivery Conditions are satisfied at the date of Commercial Production under the Baimskaya acquisition agreement

Directors
the Directors of the Company

dollar or $ or US$
United States dollar, the currency of the United States of America

EBITDA
earnings before interest, taxation, depreciation, depletion, amortisation, MET and royalties and special items. A reconciliation to operating profit is in note 4(a)(i) of the consolidated financial statements

EPS
earnings per share

EPS based on Underlying Profit
profit excluding special items and their resulting tax and non-controlling interest effects, divided by the weighted average number of ordinary shares in issue during the period (see note 9 of the consolidated financial statements)

EU
European Union

EUR
Euro, the currency of certain member states of the European Union

Final Completion
completion of the acquisition by KAZ Minerals of the remaining 25 per cent interest in the Baimskaya copper project, which will be at the earlier of (i) a date shortly after the date of Commercial Production and (ii) the Long Stop Date under the Baimskaya acquisition agreement

Free Cash Flow
net cash flows from operating activities before capital expenditure and VAT associated with major growth projects less sustaining capital expenditure (see page 59 for a reconciliation to the closest IFRS based measure)

g/t
grammes per metric tonne

gross cash costs
cash operating costs, including pre-commercial production costs, excluding purchased cathode plus TC/RC on concentrate sales, divided by the volume of own copper sales

gross liquid funds
the aggregate amount of cash and cash equivalents and current investments less restricted cash

the Group
KAZ Minerals PLC and its subsidiary companies

HSS
Health, Safety and Sustainability

IAS
International Accounting Standard

IASB
International Accounting Standards Board

ICG
Industrial Construction Group LLC

ICMM
International Council on Mining and Metals

IFRS
International Financial Reporting Standard

Independent Committee
the committee of the board of KAZ Minerals formed for the purposes of considering the Recommended Offer, consisting of the Directors other than Oleg Novachuk and Vladimir Kim

Initial Cash Consideration
$436 million in cash under the Baimskaya acquisition agreement

Initial Completion
completion of the acquisition by KAZ Minerals of a 75 per cent interest in the Baimskaya copper project in the first half of 2019, after obtaining anti-monopoly and other regulatory approvals and satisfaction of certain other conditions under the Baimskaya acquisition agreement

Initial Consideration
the Initial Cash Consideration and the Initial Equity Consideration payable at Initial Completion, with a total value of $675 million (at 31 July 2018) under the Baimskaya acquisition agreement

Initial Equity Consideration
22,344,944 new KAZ Minerals shares valued at $239 million at 31 July 2018 under the Baimskaya acquisition agreement

JORC
Joint Ore Reserves Committee

JORC Code
the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, a professional code of practice that sets minimum standards for Public Reporting of Minerals Exploration Results, Mineral Resources and Ore Reserves

Kazakhmys Holding Group
Kazakhmys Holding Group B.V., the entity to which the mining, processing, auxiliary, transportation and heat and power assets of the Group in the Zhezkazgan and Central Regions of Kazakhstan were transferred (formerly Cuprum Netherlands Holding B.V.), a company owned by Vladimir Kim, a Director of the Company, and Eduard Ogay, a former Director of the Company

Kazakhstan
the Republic of Kazakhstan

KAZRC
The Kazakhstan Code for the public reporting of Exploration Results, Mineral Resources and Mineral Reserves, which sets out minimum requirements for public reporting by Kazakhstan mining and exploration companies

koz
thousand ounces

KPI
key performance indicator

kt
thousand metric tonnes

Kyrgyzstan
the Kyrgyz Republic

KZT or tenge
the official currency of the Republic of Kazakhstan

lb
pound, unit of weight

LBMA
London Bullion Market Association

LIBOR
London Interbank Offered Rate

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

Listing Rules
the Listing Rules of the UK Listing Authority

LME
London Metal Exchange

Long Stop Date
31 March 2029

major growth projects
the initial construction of Aktogay, Bozshakol, the Aktogay expansion project and the Baimskaya copper project

MET
mineral extraction tax

Moz
million ounces

Mt
million metric tonnes

Mtpa
million metric tonnes per annum

net cash costs
gross cash costs less by-product revenues, divided by the volume of own copper sales

net debt
the excess of current and non-current borrowings over gross liquid funds. A reconciliation of net debt is in note 15(c) of the consolidated financial statements

NFC
China Non Ferrous Metal Industry's Foreign Engineering and Construction Co., Ltd

Nova Resources
Nova Resources B.V. Nova Resources B.V., a private company with limited liability incorporated in the Netherlands and indirectly owned by joint offerors Oleg Novachuk and Vladimir Kim

Offer Document
the document sent to KAZ Minerals shareholders and persons with information rights by Nova Resources on 8 February 2021 containing, amongst other things, the terms of the Recommended Offer

Offer Period
the period commencing on (and including) 28 October 2020 and ending on whichever of the following dates shall be the latest of: (i) the date on which the Recommended Offer lapses or is withdrawn; and (ii) the time and date on which the Recommended Offer becomes or is declared unconditional as to acceptances

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

PBoC
People's Bank of China

PCR test
polymerase chain reaction test

Project Delivery Conditions
conditions to the payment of Deferred Equity Consideration at Final Completion in lieu of payment of Deferred Cash Consideration at the Long Stop Date, which relate to state construction of transport and power infrastructure, confirmation of federal tax incentives and demonstration of year-round concentrate shipment from the port of Pevek on agreed terms under the Baimskaya acquisition agreement

PXF
pre-export finance debt facility

Recommended Offer
the recommended cash offer as described in the Offer Document being made by Nova Resources by way of a takeover offer as defined in Chapter 3 of Part 28 of the Companies Act to acquire the entire issued and to be issued share capital of KAZ Minerals (other than the KAZ Minerals shares already owned or controlled by either Oleg Novachuk or Vladimir Kim), on the terms and subject to the conditions set out in the Offer Document (and, where the context admits, any subsequent revision, variation, extension or renewal of such offer, including any revision, variation, extension or renewal of such offer)

Recordable Injury
a new occupational injury of sufficient severity that it requires medical treatment beyond first aid or results in the worker's inability to perform his or her routine function on the next calendar day

Restructuring
the transfer of the mining, processing, auxiliary, transportation and heat and power assets of the Group in the Zhezkazgan and Central Regions of Kazakhstan to Kazakhmys Holding Group, which was approved by shareholders at the General Meeting on 15 August 2014 and completed on 31 October 2014. The assets transferred included 12 copper mines, mine development opportunities, four concentrators, two smelters, two coal mines and three captive heat and power stations.

rouble or RUB
the official currency of the Russian Federation

Russia
Russian Federation

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

som
the official currency of Kyrgyzstan

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

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

t
metric tonnes

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

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

UK
United Kingdom

Underlying Profit
profit excluding special items and their resulting tax and non-controlling interest effects. Underlying Profit is set out in note 9 to the consolidated financial statements

US
United States of America

USc/lb
US cents per pound

Vendor
Aristus Holdings Limited, a company owned and controlled by a consortium of individual investors including Roman Abramovich and Alexander Abramov